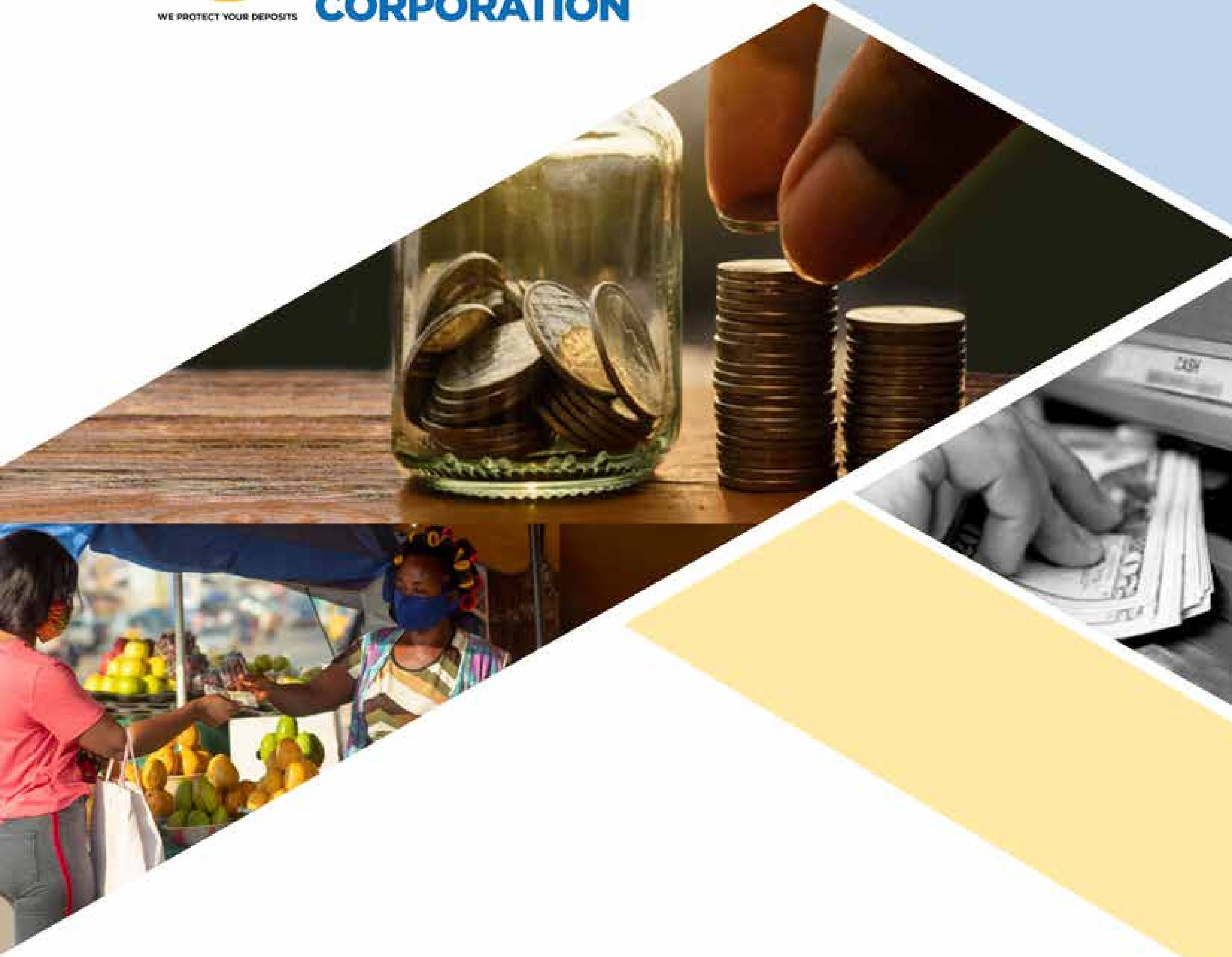
GHANA DEPOSIT PROTECTION CORPORATION

WE PROTECT YOUR DEPOSITS



# 2021 ANNUAL REPORT AND FINANCIAL STATEMENTS

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# ABBREVIATIONS

| | |
|---|---|
| AFH | Association of Finance Houses |
| AM I | Accompanying Measure I |
| AM II | Accompanying Measure II |
| ARC | Africa Regional Committee |
| ASSFIN | Association of Financial Non-Governmental Organizations |
| BoG | Bank of Ghana |
| CDIC | Canada Deposit Insurance Corporation |
| CIB | Chartered Institute of Bankers |
| DPC | Deposit Protection Coverage |
| DPF | Deposit Protection Fund |
| EAD | Exposure at Default |
| ECL | Expected Credit Loss |
| ETC | Entity Tender Committee |
| EXCO | Executive Management Committee |
| FDIC | Federal Deposit Insurance Corporation |
| FSB | Financial Stability Board |
| FSC | Financial Stability Council |
| FVOCI | Fair Value through Other Comprehensive Income |
| FVTPL | Fair Value Through Profit and Loss |
| GAB | Ghana Association of Bankers |
| GAMC | Ghana Association of Microfinance Companies |
| GBDS | Global Banking Development Solutions |
| GDP Act | Ghana Deposit Protection Act 2016, Act 931, as amended |
| GDPC | Ghana Deposit Protection Corporation |
| GDPS | Ghana Deposit Protection Scheme |
| GHASALC | Ghana Association of Savings and Loans Companies |
| GRA | Ghana Revenue Authority |
| IAC | Executive Investment Advisory Committee |
| IADI | International Association of Deposit Insurers |
| IASB | International Accounting Standards Board |
| ICAG | Institute of Chartered Accountants, Ghana |
| ICEPA | International Code of Ethics for Professional Accountants |
| IESBA | International Ethics Standards Board for Accountants |
| IFRS | International Financial Reporting Standards |
| IMF | International Monetary Fund |
| ISA | International Standard on Auditing |
| ISA | International Standards on Auditing |
| LGD | Loss Given Default |
| MFIs | Microfinance Institutions |
| MoU | Memorandum of Understanding |
| NDIC | Nigeria Deposit Insurance Corporation |
| NIC | National Insurance Commission |
| NPRA | National Pensions Regulatory Authority |
| PAB | Payout Agent Bank |
| PD | Probability of Default |
| RCB | Rural and Community Bank |
| SCV | Single Customer View |
| SDI | Specialized Deposit-Taking Institution |
| SEC | Securities and Exchange Commission |
| SPPI | Solely Payments of Principal and Interest |
| SSNIT | Social Security and National Insurance Trust |
| TEP | Tender Evaluation Panels |

# Mandate

The mandate of the Ghana Deposit Protection Scheme is a paybox. A deposit protection scheme with a paybox mandate is responsible for the reimbursement of insured deposits in the event of the failure of a member institution.

**Objectives**

The objective of GDPC is to manage the scheme efficiently and effectively towards the attainment of the following:

- Protect a small depositor from loss incurred by the depositor as a result of the occurrence of an insured event.[1]
- Support the development of a safe, sound, efficient and a stable market-based financial system in Ghana by ensuring prompt payouts to insured depositors on the occurrence of an insured event.

# Our Vision

To be a reliable and efficient deposit protection scheme that is responsive to the needs of the depositor.

# Our Mission

To build and sustain confidence in the banking system by ensuring protection and making prompt payment to the depositor.

# Our Core Values

**Teamwork** - We provide an environment of open communication, collaboration and support each other in our work.

**Results-Oriented** - We set clear objectives knowing which results are important and focus our resources to achieve them.

**Responsiveness** - We are proactive in our work, anticipating the needs of the industry and coming up with innovative solutions.

**Integrity** - We exhibit consistent moral and ethical standards, striving to do the right thing and treating relationships well.

**Professionalism** - We are highly competent and skilled and demonstrate excellence and confidentiality in our work.

*1-An **insured event** occurs when the licence of a bank or specialised deposit-taking institution (SDI) is withdrawn by the Bank of Ghana and a receiver is appointed.*

# OUR STAKEHOLDERS

## A Internal Stakeholders

- GDPC Board of Directors
- GDPC Management
- GDPC Staff

## B Member Institutions and Umbrella Bodies

- Banks
- Savings and Loans Companies
- Rural and Community Banks
- Finance Houses
- Microfinance Institutions
- Ghana Association of Bankers (GAB)
- Ghana Association of Savings and Loans Companies (GHASALC)
- ARB Apex Bank
- Association of Finance Houses (AFH)
- Ghana Association of Microfinance Companies (GAMC)

## C Financial Stability Council (FSC)

- Ministry of Finance
- Bank of Ghana
- Securities and Exchange Commission (SEC)
- National Insurance Commission (NIC)
- National Pensions Regulatory Authority (NPRA)

## D International Partners

- KFW Development Bank
- International Association of Deposit Insurers (IADI)
- The World Bank
- Federal Deposit Insurance Corporation (FDIC)
- Nigeria Deposit Insurance Corporation (NDIC)
- Canada Deposit Insurance Corporation (CDIC)
- Global Banking Development Solutions (GBDS)
- Ernst & Young (EY)
- Financial Stability Institute (FSI)

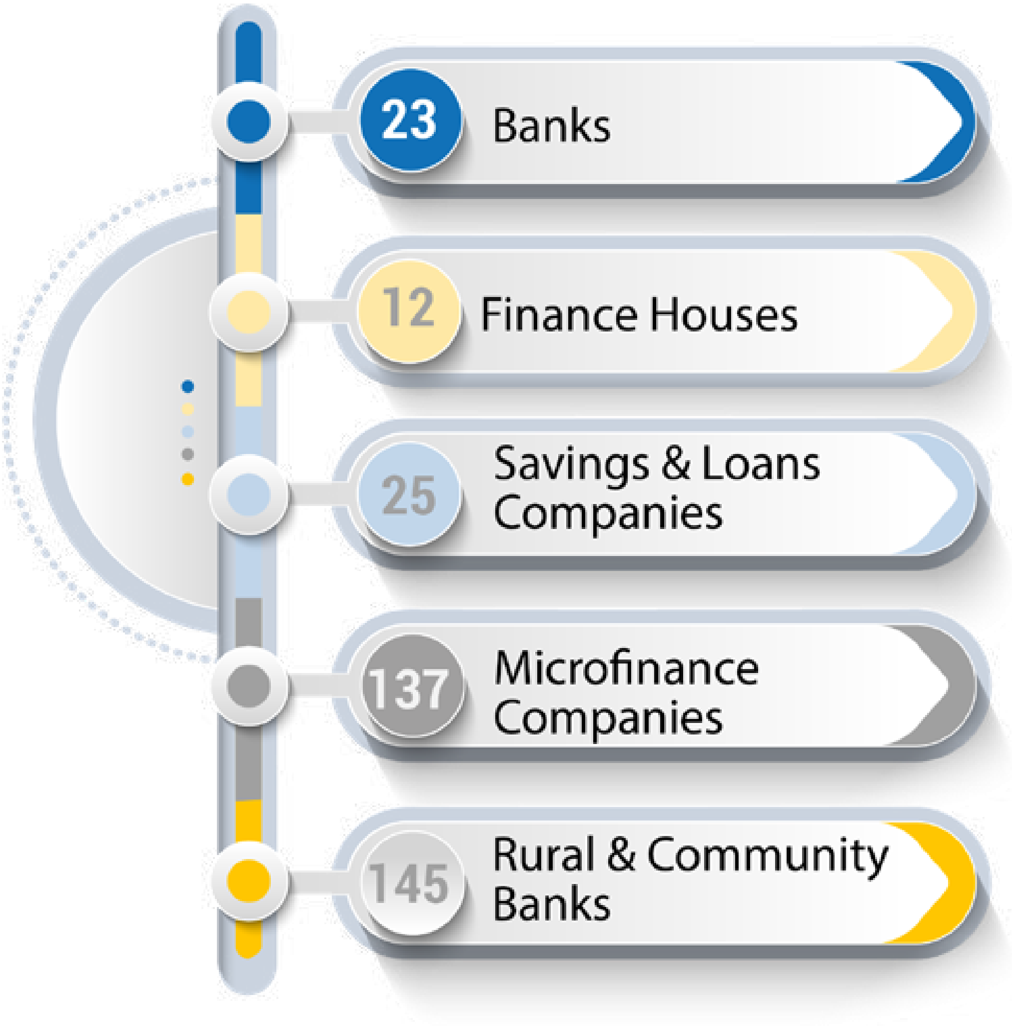
## E Government Agencies

- Ministry of Finance
- Parliament of Ghana
- Bank of Ghana
- Data Protection Commission
- Financial Stability Institute (FSI)

## F Other Important Stakeholders include:

- The media which provides channels through which the Corporation educates the public about deposit protection;
- The general public whose deposits at banks and SDIs are protected by the Scheme.

# MEMBER INSTITUTIONS




- Membership of the Ghana Deposit Protection Scheme is compulsory for all deposit-taking institutions licensed by Bank of Ghana;
- Members are required to pay initial and annual premiums to the Scheme;
- Member institutions are required to display membership certificates at a conspicuous place at their main office and branches;
- Members are required to display a GDPC logo poster at their main office and branches;
- Members are required to educate their clients about the deposit protection scheme.

Dr. Ernest Addison

(Chairman and Non-Executive Director)

# CHAIRMAN'S FOREWORD

It is my pleasure to present the Annual Report and Financial Statements of the Ghana Deposit Protection Corporation (GDPC) for the financial year 31st December 2021 on behalf of the Board and Management of the Corporation.

In 2021, the economic environment reflected strong growth recovery despite the lingering effects of the COVID-19 pandemic shock, which stoked inflationary pressures in the last quarter. Real GDP growth rebounded to 5.4 percent, compared to 0.5 percent growth in 2020. The steady rise in inflation during the year stemmed mainly from a sharp increase in international crude oil prices and the attendant adjustments in ex-pump petroleum prices and transport fares, and food price increases due to supply bottlenecks. Headline inflation as at December 2021 was 12.6%, above the upper band of the Bank of Ghana's(BoG) medium-term inflation target by 2.6 percent. Comparatively, inflation ended 2020 at 10.4 percent.

Amid these developments, GDPC chalked a number of successes during the year, and attained 'sufficiently operational' status under the conditions precedent to accessing the second tranche of the Government of Ghana seed funding. These conditions included: the approval of all key policies and manuals by the Board for the efficient operation of GDPC; the selection and agreement with a pay-out agent bank (PAB) to assist in a pay-out on the occurrence of an insured event; and, finally, the implementation and testing of GDPC's payout software. With the attainment of this milestone, the GDPC project officially moved from the phase of being a project under BoG.

In the course of the year, virtual capacity-building initiatives and other engagements took place between the GDPC and the International Association of Deposit Insurers Community. Special thanks go to the Nigerian and Canadian Deposit Insurance Corporations for training GPDC staff on pay-out simulations and on-site examinations. To further strengthen its operational processes, the Corporation signed a Memorandum of Understanding with the Nigerian Deposit Insurance Corporation to build partnerships through knowledge-sharing and technical collaboration.

Bank of Ghana also continued to provide strong support and collaborated with the Corporation on capacity-building workshops, onsite examinations, verification of member data, and exchange of information, among others.

Operationally, GDPC recorded significant growth in 2021. The Deposit Protection Fund and Reserves improved to GH¢813.7 million at the end of December 2021, from GH¢ 406.7 million at the end of 2020. Total assets of the Corporation grew by 90.0 percent to GH¢843.8 million from GH¢443.7 million during the same comparative period. The Corporation continued to sustain prudent investments of the Deposit Protection Funds towards meeting the Fund Target.

In the year ahead, GDPC will continue to develop and enhance processes to deliver on its mandate as a reliable and efficient deposit protection scheme that is responsive to the needs of the depositor. On behalf of the GDPC Board and Management, let me thank the Government for the continuous assistance, as well as our partners – KfW, GBDS, BoG and IADI – for the financial and technical support extended to GDPC. Finally, let me thank the Board, Management, and staff of the Corporation for their hard work; together, we look forward to more achievements in the years ahead.

Dr. Ernest K. Y. Addison
Board Chairman

Mrs. Pearl Esua-Mensah

*CEO of GDPC*

# MESSAGE FROM THE CHIEF EXECUTIVE OFFICER

GDPC worked diligently during the year to complete all structures necessary to be out of the project phase to operational.

All conditions precedent to the disbursement of the second tranche of the Government of Ghana seed funding have been met resulting in the disbursement of the funds (€6.5m/ GHS44.9m).

## Financial Performance

GDPC's financial strength significantly improved during the period despite the lingering effects of the COVID-19 pandemic and the rising inflation in the last quarter of the year.

The Corporation ended the year with a surplus of GH¢362.91million, the effect of prudent management of available funds for operating expenses. This brings the reserve fund to a total of GH¢24.3 million and a balance of GH¢23.1million of grant funding to support operating costs in the future.

The combined balance of the two Deposit Protection Funds increased significantly to GH¢789.39 million (Fund A: GH¢ 721.7 million and Fund B: GH¢ 67.6 million) at 31st December 2021 from GH¢400.33 million at 31st December 2020, representing a growth of 97%. As a result, total assets of the Corporation grew by 90% to GH¢843.7 million from GH¢443.7 million with investments growing to GHS692.9 million from GH¢367.5 million.

We are very excited to have selected three Payout Agent Banks to support any payout event that may occur. We will be working with them in 2022 to test and polish up processes to ensure smooth payouts.

To ensure our preparedness for the delivery on our mandate, a lot of preparatory work is required, and our systems ought to be constantly tested to gain some assurance of their effectiveness. This was started in the year with a bigger focus planned for 2022. Extensive work has been done to enhance our software and systems technology to improve the quality and timeliness of data from members; this goes a long way to give assurance of the level of exposure of the Corporation in the event of a payout.

In line with the current operating environment, structures have been put in place to allow for the ability to work remotely and in-house safely and efficiently, this has become important not only to safeguard employee welfare but to ensure the agility of the Corporation in a constantly changing environment. In line with this, an extensive vulnerability assessment and penetration testing of our systems was completed.

GDPC completed the recruitment of staff, bringing the total number of staff to 32 and said goodbye to the Bank of Ghana staff on secondment. We start the new year with a full complement of skilled passionate staff eagerly looking forward to the work ahead of them.

I would like to take this opportunity to thank the Bank of Ghana staff on secondment whose pioneering spirit and hard work has fueled GDPC's achievements to date.

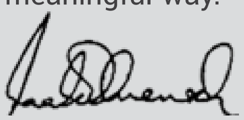
## Looking Forward

With a rapidly growing fund, a full complement of staff and adequate reserves to fund operations, GDPC is poised to achieve its strategic objectives in full.

The focus of 2022 will be to rigorously test our systems and processes and proactively manage the fund to ensure readiness for efficient and effective delivery of our mandate. This will involve a lot of collaboration from our key stakeholders especially Bank of Ghana and our PABs. We will be leveraging our membership of IADI to continue to build the capacity of our staff as well as the industry.

## Conclusion

As a result of the effort, dedication and resilience of our Board and staff, I am confident that a strong foundation has been built to support and grow the Deposit Insurance Scheme. I take this opportunity to say a big thank you to the Chairman of the Board and the board members for their direction, guidance and support in getting us to this point. Our sincere gratitude goes to Bank of Ghana for their invaluable support and collaboration, IADI and IADI members especially NDIC, CDIC and to our technical consultants GDBS, and all our stakeholders for the varied roles played in the development of our story so far.
As a Corporation that is constantly on standby, our work is never complete. We will leverage on the foundation of our achievements this year to continue to build an institution that is able to support the financial stability of Ghana in a meaningful way.



Pearl Esua-Mensah
Chief Executive Officer

# ACHIEVEMENTS

The Corporation achieved the status of sufficiently operational. Bank of Ghana officially handed over the management of the project to the GDPC Board;

Draw down of the second tranche of Government of Ghana Seed Funding was completed, thus adding GHS 44.5 million to the deposit protection fund;

Staffing: Selection of full complement of staff was completed. Total staff strength is now 32, with no staff on secondment from Bank of Ghana;

The Internal Audit function started with the recruitment of the Internal Auditor. The Audit Committee was set up, inaugurated and onboarded;

Policies and procedures: All policies and procedures are now in place. A total of 36 policies and manuals have been reviewed and approved by the Board during the year;

The set up of GDPC's disaster recovery site was completed, and regular backup of the latest updates are sent from GDPC's primary site to perform updates.

GDPC developed a portal to enable member institutions to electronically submit their monthly returns in the interim while the Corporation awaits the completion of the BoG ORASS;

To ensure that GDPC's Information Technology Infrastructure is secure and resilient, the Corporation performed a Vulnerability Assessment and Penetration Testing (VAPT) Project and exercise to remediate any vulnerabilities that we discovered during the testing.

GDPC's website was upgraded with the introduction of a "Members Only" portal that gives member institutions access to useful learning materials, templates and information on the Scheme;

Strategic partnerships: An MoU was signed between GDPC and NDIC. This agreement provides for capacity building and information sharing between the two institutions;

GDPC embarked on its first onsite examinations of nine (9) Rural and Community banks within the Ashanti Region. This was done in collaboration with BoG's Other Financial Institutions Supervision Department (OFISD)

The Corporation negotiated and signed standby payout agent agreements with selected payout agent banks (PABs) for the training of staff of the PABs and simulation of the reimbursement processes.

The Corporation conducted its first simulation exercise to test its operational readiness to execute a payout;

The Board carried out a self evaluation exercise to assess its performance;

GDPC grew the protection fund to GHS789.39 million by the end of 2021.

# FINANCIAL HIGHLIGHTS

**PREMIUMS**

Increased by 29% to GHS 274 million.

**TOTAL INCOME**

Grew to GHS 380 million, representing an increase of 48% from 2020.

**TOTAL FUND SIZE**

GHC 789 million
- Fund A: GHS 722 million;
- Fund B: GHS 67 million;

**SURPLUS**

GHS 17.9 million

**TOTAL RESERVES**

GHS 24.3 million

# CORPORATE GOVERNANCE REPORT

Corporate governance is the exercise of ethical and effective leadership by the governing body towards the achievement of four governance outcomes; ethical culture, good performance, effective control and legitimacy. Corporate governance seeks the achievement of the long-term goals of the organisation while maintaining the right balance with stakeholders' interests.

In our quest to achieve the Corporation's Corporate Governance Policy objectives, GDPC executes its operations in strict adherence to international best practices. As such, a framework that facilitates checks, balances, and ensures that appropriate controls are put in place to facilitate best practices for the Board of Directors and Senior Management to maximise stakeholder value governs the Corporation. There are currently three (3) main committees through which the Board of Directors discharges its functions: Board Risk and Strategy Committee; Board Technical, Finance and Investment Committee and the Board Human Resource, Corporate Governance and Legal Committee.

Further, there is an established Audit Committee, independent of the Executive Management, drawn from Internal Audit Agency, Institute of Chartered Accountants (Ghana) and the Board.

In addition to the Board Committees, there are three (3) Management Committees to ensure effective and good corporate governance at the Management level.

## The Board & Board Committees

The Board of Directors is committed to ensuring consistent ethical leadership of the GDPC. The Board of Directors is made up of a Non-Executive Chairman, five (5) other Non-Executive Directors and one (1) Executive Director/Chief Executive Officer (CEO).

The Board comprises persons of mixed skills with experience in different fields of human endeavour. The Directors possess the requisite skills and experience, integrity and business acumen to bring independent judgment to bear on Board deliberations for the good of the Corporation. The Directors are conscious of their statutory responsibilities as well as their responsibilities to stakeholders. The Board is responsible for the strategic direction of the Corporation.

**Separation of Powers**

The roles of Chairman and Chief Executive Officer are separate with a clear division of responsibilities between them.

## Functions of the Board

The board is responsible for providing oversight, insight, and foresight for the operations of GDPC to ensure long term success of the institution in line with the GDPC Act. The functions of the board include:

- Recommending the Chief Executive Officer of the Corporation for appointment by the President;
- Making rules and prescribing procedures for the management and operations of the Corporation;
- Approving the financial and operational plans, budget and financial statements of the Corporation;
- Approving investments and other policies, and guidelines of the Corporation;
- Proposing amendments to the GDP Act based on operational experiences in the implementation of the GDP Act;
- Approving payments for reimbursement of depositors on the occurrence of an insured event;
- Managing the Protection Fund;
- Approving emergency funding and borrowing for emergency purposes in accordance with section 46 of the GDP Act;
- Approving the number of staff as recommended by the Chief Executive Officer; and
- Approving international bodies of which the Corporation may become a member.

## Business Strategy

The Board meets at least once every quarter but may hold extraordinary meetings as the business of the Corporation demands.

The Board approves and monitors the overall business strategy of the Corporation taking into account the long-term financial interest of the Corporation, its exposure to risk and its ability to manage risk effectively. The Board approves and oversees the formulation and implementation of:

I. overall risk strategy, including its risk tolerance/appetite;
II. policies for risk, risk management and compliance;
III. internal control systems;
IV. corporate governance framework, principles and corporate values including a code of conduct and
V. compensation system.

## Corporate Culture & Values

The Board has established corporate culture and values for the Corporation that promote and reinforce norms for responsible and ethical behavior in terms of the Corporation's risk awareness, investment, and risk management. The Corporation has put in place an Employee Code of Conduct Policy to guide the business of Deposit Insurance by staff and Board at GDPC.

## Related Party Transactions

The Board ensures that transactions with related parties are disclosed prior to their execution and devoid of conflict of interest. No related party transaction occurred in the period under review.

## Succession Plan

The Corporation has empowered its staff and executives to be capable of taking up any opportunity that presents itself in the near future. This deliberate effort focuses on developing human resources to enable the Corporation to retain a pool of qualified candidates who are ready to compete for key positions when they become vacant. This is to ensure effective continuity of the deposit insurance business.

## The Board Chairman

The Chairman of the Board is a non-executive director and the Governor of Bank of Ghana in accordance with the GDP Act. The Chairman provides leadership to the Board and ensures that Board decisions are taken on a sound and well-informed basis. The Chairman encourages, promotes critical discussion, and ensures that dissenting views can be expressed and discussed within the decision-making process. The Chairman encourages constructive relationship within the Board and between the Board and Management. He promotes checks and balances in the governance structure of the Corporation. He does not serve as a Chairman or member of any of the Board subcommittees.

## The Board Secretary

The Board Secretary serves as an interface between the Board and Management and supports the Chairman in ensuring the smooth functioning of the Board. The Board Secretary advises the Board on matters relating to statutory duties of the Directors under the law, disclosure obligations, and the GDP Act as well as on matters of corporate governance requirements and effective Board processes. The Board Secretary ensures that Directors are provided with complete, adequate and timely information prior to Board meetings.

## Schedule of attendance at Board Meetings

Below is the schedule of attendance at Board meetings during the year.

| | 6th Meeting | 7th Meeting | 8th Meeting | 9th Meeting | 10th Meeting |
|---|---|---|---|---|---|
| Name | 15th March 2021 | 11th June 2021 | 13th August 2021 | 5th November 2021 | 17th December 2021 |
| Dr. Ernest Addison | Yes | Yes | Yes | Yes | Yes |
| Dr. Daniel K. Seddoh | Yes | Yes | Yes | Yes | Yes |
| Bishop Mrs. Patricia Sappor | Yes | Yes | Yes | Yes | Yes |
| Mr. Sampson Akligoh | No | Yes | Yes | Yes | Yes |
| Mr. George Amissah Jnr. | Yes | Yes | Yes | Yes | Yes |
| Mrs. Pearl Esua-Mensah/ CEO | Yes | Yes | Yes | Yes | Yes |
| Mr. Andy Mensah | Not Appointed | Not Appointed | Not Appointed | Yes | Yes |

## Board Committee

The Board delegates certain functions to well-structured committees without abdicating the Board's responsibilities. These Committees have been set up in accordance with statutory requirements and the Board Charter. Each Committee has well-defined terms of reference to guide their functions. The Committees consider only matters that fall within their purview to avoid decision overlaps. The CEO sits in attendance of all committee meetings and other members of staff may be invited to attend. The Board Secretary serves as secretary to all the committees.

## Board Risk & Strategy Committee

There are three (3) members of this committee with the CEO in attendance. The Committee is made up of three (3) non-executive Directors. Members of the Committee are:

| Name | Position |
|---|---|
| Mr. Sampson Akligoh | Chairman |
| Dr. Daniel Seddoh | Member |
| Mr. George Amissah Jnr | Member |

The Committee's primary role is to ensure adherence to the development and achievement of corporate strategy and risk, as well as identification and management of financial risk. The Committee reports and makes its recommendations to the board at each board meeting.

## Board Technical, Finance and Investment Committee

The Board's Technical, Finance and Investment Committee is responsible for overseeing and facilitating the development and implementation of the Corporations ongoing technical and investment strategy. It also ensures that the Corporation's budget is prepared and approved on schedule and investments are made in accordance with the GDP Act.

The Committee is also responsible for ensuring that the Corporation's internal control procedures in the area of operation, investment and finance remain high to safeguard and grow the Protection Fund for the achievement of the Corporation's mandate.

The Board Technical, Finance and Investment Committee is made up of four (4) Non-Executive Directors as listed below:

| Name | Position |
|---|---|
| Dr. Daniel K. Seddoh | Chairman |
| Mr. Sampson Akligoh | Member |
| Bishop Mrs. Patricia Sappor | Member |
| Mr. Andy Mensah | Member |

The Committee reviews and submits reports to the Board on the Corporation's integration plans, performance, external economic developments, market conditions and annual operating budget among others.

## Board Human Resources, Corporate Governance and Legal Committee

The general purpose of the Human Resources, Corporate Governance and Legal Committee is to assist the Board in fulfilling its oversight responsibilities in relation to the compensation, benefits and other human resource matters affecting the employees of the Corporation as well as overseeing corporate governance and legal matters.

The Committee is charged with strategic man-power development, enduring corporate governance system and legal compliance with laws, rules and regulations to execute the Corporation's mandate enshrined in the GDP Act.

The Committee is composed of three (3) Non-Executive Directors as listed below:

| Name | Position |
|---|---|
| Bishop Mrs. Patricia Sappor | Chairperson |
| Mr. George Amissah Jnr | Member |
| Mr. Andy Mensah | Member |

## Audit Committee

The Audit Committee is to provide an independent objective assurance and value, and improve on GDPC's operations. In particular, the Committee is to help bring a systematic disciplined approach to evaluate and improve the effectiveness of risk management, controls, and governance processes at the Corporation. The Committee is set up in accordance with Sections 86 and 87 of Financial Management Act 2016 (Act 921).

The Committee is composed of five (5) Non-Executive Members; two (2) nominated from Internal Audit Agency, one (1) nominated from Institute of Chartered Accountants (Ghana), who has been elected chairman of the Committee and two (2) from the Board of Directors of GDPC. The Chief Executive Officer and Internal Audit Manager attend all meetings. Members are as listed below:

| Name | Position |
|---|---|
| Mr. Stephen Frimpong | Chairman (external) |
| Miss Pamela Osei | Member (external) |
| Mr. Frank Amedume | Member (external) |
| Bishop Mrs. Patricia Sappor | Member (GDPC board member) |
| Dr. Daniel K Seddoh | Member (GDPC board member) |

## Management Committees

Management Committees are various committees comprising of senior management of the Corporation. The Committees are risk driven and are set up to identify, analyse and make recommendations on risks arising from the day-to-day activities of the Corporation. They also ensure that the Corporation operates within the risk appetite as contained in the governance policies in line with the GDP Act. They provide inputs for the respective Board Committees and ensure that recommendations of the Board and Audit Committee, as well as external Auditors are effectively and efficiently implemented.

They meet as frequently as the risk issues occur to immediately take actions and decisions within the confines of their powers. The key Management Committees in the Corporation are:

- Executive Management Committee (EXCO)
- Investment Advisory Committee (IAC)
- Entity Tender Committee (ETC)

## Executive Management Committee (EXCO)

The Committee is the highest management decision-making body, chaired by the Chief Executive Officer. Other members are the Head of Risk & Strategy, the Head of Operations and Information Technology, the Head of Legal and the Head of Finance.

The Committee meets every week to review implementation of Corporation's strategy, technical and operational performance, management information system, IT deployments, infrastructure, network and applications. Other critical areas considered are legal and governance issues, financial performance, investments, fund management, human capital efficiency, PR and Communication activities and general administration.

## Investment Advisory Committee (IAC)

The Committee Chair is the Chief Executive Officer. Other members are the Head of Risk & Strategy, the Head of Operations and Information Technology, and Head of Finance with other investment managers and officers in attendance.

The Committee is charged with the implementation of the Board approved Investment Policy and Strategy of the

Corporation, with the objective of growing the Deposit Protection Fund Scheme in a safe, sound and sustainable manner, in line with the GDP Act.

## Entity Tender Committee

The Corporation has an Entity Tender Committee (ETC), in line with the Public Procurement Act, 2003 (Act 663) as amended by the Public Procurement (Amendment) Act, 2016 (Act 914) that ensures procurement procedures for goods, services and works have been adhered to as prescribed by the Public Procurement Act, 2003 (Act 663), as amended.

## Systems of Internal Control

The Corporation has well-established internal control systems for identifying, managing and monitoring risks. These are designed to provide reasonable assurance of the effectiveness of operations, reliability of financial reporting and compliance with applicable laws and Acts.

## Code of Ethics

The Board is guided to maintain a strong ethical culture communicated in the Board Charter and the Oath of Confidentiality every member took on induction to the Board. Also, Management has communicated the principles in the Staff Manual to its employees in the discharge of their duties. This manual sets the professionalism and integrity required for business operations which covers compliance with the law, confidentiality, conflict of interest, bribery and strict adherence to these principles to eliminate the potential for illegal practices.

## Conflict of Interest

Directors and staff have a statutory duty in terms of the GDP Act, not to place themselves in a position which gives rise to real, perceived, or substantial possibility of conflict of interest or duty in relation to any matter(s) which is, or are likely to be brought, before the Board.

## Annual Certification

The Board certifies that:

It has independently assessed and documented the corporate governance process of the Corporation and has generally achieved its objectives. The Directors are aware of their responsibilities to the Corporation as persons charged with governance.

It confirms that it shall report any material deficiencies and weaknesses that it identifies in the course of the year along with action plans and timetables for any corrective action.

# Profile of the Board of Directors

*Dr. Ernest Addison is Chairman of the Board of Directors. He was appointed to the Board of the Corporation in November 2019 as an Independent Non-Executive Director in line with Act 931, as amended. He is currently the Governor of Bank of Ghana.*

## Dr. Ernest Addison

***Chairman and Non-Executive Director***

Dr. Addison has worked extensively in the Economic Policy arena, with a focus on Economic Development, Monetary Policy Formulation and Implementation, and Macroeconomic Surveillance. He has chaired several Committees including the International Taskforce on WAMZ, Economic Policy Coordinating Committee, and the Technical Committee on Redenomination of the Cedi, and the Taskforce on Second Monetary Zone Project.

Dr. Addison was appointed the Lead Economist, Regional Operations South B, at the African Development Bank from 2011 to 2013, and then as Lead Regional Economist Southern African Resource Centre from 2014 to 2016 where he led the policy dialogue in the Southern African region of the African Development Bank. Dr. Addison was appointed Governor of the Bank of Ghana on April 3, 2017.

Dr. Addison was elected the 2020 Chair of the Board of Governors of the IMF and World Bank at the 2020 Annual meetings of the World Bank and the IMF in Washington DC. He is currently a Co-chair of the Financial Stability Board (FSB), a Regional Consultative Group for Sub-Saharan Africa, Chairman of the Board of Directors of the Ghana International Bank, and a member of the Ghana Cocoa Board, among others.

Dr. Ernest Addison graduated from the University of Ghana with B. A. (Hons) Economics in June 1986, attained an M. Phil. In Economics and Politics at the Cambridge University in the United Kingdom, and then obtained a PhD in Economics at McGill University in Montreal, Canada in June 1993 with specialization in Monetary Economics, Economic Development and International Economics. In addition to these degrees, Dr. Addison has taken several central banking training programmes in the USA, Switzerland, England, and Israel, to name a few.

Dr. Addison demonstrates strong leadership, management and policy skills, and inspires confidence and credibility within the financial sector.

## Mrs. Pearl Esua-Mensah

***Chief Executive Officer of GDPC***

Mrs. Pearl Esua-Mensah is an experienced business leader with a demonstrated history of working experience in the financial services industry. Prior to being appointed Chief Executive Officer of GDPC, she was Founder and Managing Consultant of Feniks Ltd (a business consulting firm). She was the Group CEO of Media General Ltd, a group of media organizations in Ghana and prior to that served as the Deputy Managing Director of UT Bank Ghana. Other appointments include Group Financial Accountant for Parity Group PLC and Group Reporting Accountant for Kantar Group in the United Kingdom.
She is the immediate past chairperson of the Ashesi University's Board of Directors, having served on the Board since 2014 and headed the Board's Finance Committee till she became its chairperson in 2017 till January 2022. Mrs. Esua-Mensah has over 25 years global experience in a number of sectors including Banking and Finance, IT and Media. She has experience in mergers and acquisitions, capital raising, total business reorganisations, strategy development and implementation, project management and development of operational systems.

Mrs. Esua-Mensah holds a BSc in Business Administration from the University of Ghana, Legon and an MBA from the Manchester Business School. She is also a Fellow of the Association of Chartered Certified Accountants (FCCA).

## Dr. Daniel K. Seddoh

***Non-Executive Director***

Dr. Daniel K. Seddoh is the former Chief Executive Officer of the National Pensions Regulatory Authority. He was also the Acting Managing Director of Universal Merchant Bank during the bank's transitional period.

Dr. Seddoh served as a Board Member and the Audit Committee Chairman for Universal Merchant Bank for four years and also served as the Board Chairman for All Terrain Services Limited, (a hospitality company which operates in over ten countries across Africa), Millennium Insurance Company Limited and Appointed Time Screen Printing Company Limited. He is currently a Non-Executive Director of Databank MFund Limited and Kasapreko Company Limited. He is also an Executive Director of Riscovery Limited, an insurance brokerage and consultancy firm.

Dr. Seddoh's employment history spans across the financial services sector (pensions, insurance, banking, finance and leasing among others); and his relationship with the insurance industry covers over two decades. Dr. Seddoh as a Chartered Accountant trained with KPMG. His formal education took him through the Manchester Business School for his Master's in Business Administration and University of Bradford for his doctorate in Business Administration, all in the United Kingdom. Dr Seddoh is a member of the Institute of Chartered Accountants-Ghana, Chartered Institute of Taxation-Ghana and Chartered Insurance Institute of Ghana. He is the representative of the Institute of Chartered Accountants, Ghana (ICAG) on the Board.

## Bishop Mrs. Patricia Sappor

***Non-Executive Director***

Bishop Mrs. Patricia Sappor is the immediate past President of the Chartered Institute of Bankers (CIB), Ghana. She previously served as Group Head of Customer Service for Ecobank, ensuring a positive customer experience across the 26 countries in Africa where Ecobank was present at the time. Bishop Mrs. Sappor later rose to the position of Regional Head of Corporate Communications, Ecobank Ghana, Anglophone West Africa (AWA), where she became responsible for corporate communications and marketing for Ecobank Ghana, Liberia, Sierra Leone, Gambia and Guinea. She had previously worked in various areas of banking such as risk management, treasury, operations, trade service, retail and branch banking among others.
Prior to being elected President of CIB, Bishop Mrs. Sappor served as Vice President of the Institute from 2012 to 2016, after having served for over 13 years representing Ecobank on the Institute's governing council. She is a proactive and results-oriented professional with over 33 years' experience in banking.

Bishop Mrs. Sappor is a Chartered Banker with the Institute of Financial Services UK, and an alumnus of the University of Leicester, U.K, where she graduated with an MBA (Finance Option). She also holds a CPD diploma in Public Relations and Reputational Management with the London School of Public Relations.

She is the representative of the Chartered Institute of Bankers (Ghana) on the Board.

## Mr. George Amissah Jnr.

***Non-Executive Director***

Mr. George Amissah Jnr. is an Attorney and a Notary Public with over twenty-five (25) years of post- qualification experience in legal practice at the Ghana Bar. He was called to the Ghana Bar in October 1992 and has been in private practice since then. His specialization includes corporate and investment law, banking and finance law, international business law, corporate governance, corporate finance, labour and employment law, family law, immigration law, among others.

He holds an LLB degree from the University of Ghana, and a Bachelor of Laws degree from the Ghana School of Law. He is a member of the International Bar Association and the Ghana Bar Association.

George Amissah Jnr. is currently the Managing Partner of Amissah, Amissah & Co., a legal and consulting firm registered in 2009. He is also serving on the Board of Newco Catering and Logistics Services Limited, an Offshore Catering Company and was for several years on the Board of City Car Parks Limited. George has also served on the Electoral Commission of the Ghana Bar Association and as a member of the Disciplinary and Appeals Committee of the Ghana Football Association.

George Amissah is the current representative of the Ghana Bar Association on the Board of the Ghana Deposit Protection Corporation.

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## Mr. Sampson Akligoh

***Non-Executive Director***

Mr. Sampson Akligoh is the Acting Director of the Financial Sector Division of the Ministry of Finance.
He also serves on the Boards of GCB Capital Limited, National Insurance Commission, Ghana Amalgamated Trust Plc and was a Director at National Investment Bank Limited. Prior to his role at the ministry; he worked in the financial services industry in the fields of Asset Management, Advisory Services and Economics.

Mr. Akligoh was the Managing Director of InvestCorp, a financial services firm in Accra, Ghana. He also served as a Vice President at Databank where he was Head of Research and a Fixed Income Strategist. Mr. Akligoh also worked at SIC Financial Services Limited and with ADC African Development Corporation AG in Frankfurt, Germany.

Mr. Akligoh holds a BA in Economics and Law (First Class Honours) from the Kwame Nkrumah University of Science & Technology, Ghana, and a Master's degree in Economic Policy and Corporate Strategy from the Maastricht School of Management in the Netherlands.

He is the representative of the Ministry of Finance on the Board.

## Mr. Andy Mensah

***Non-Executive Director***

Mr. Andy Mensah has over 18 years working experience with many organizations spanning public services, manufacturing, and IT sectors with about 12 years in senior management. He started his career with the Coca Cola bottling plant in Kumasi, before moving to the UK where he worked for Birmingham City Council and Denise Mastersons International Ltd.
He has also worked with Ayum Forest Products Ltd, a timber manufacturing and exporting firm in Ghana as a Chief Accountant and subsequently joined IBM Ghana Limited as a Financial Analyst until he was later asked to start the HR practice for IBM in Ghana. At IBM, Mr. Mensah was later given the added responsibility for Middle East Africa, advising managers on HR and ER matters. He is currently the Human Resource and Administration Manager for Tropical Cable & Conductor Ltd, and also serves on the management teams of Western Rod & Wire Ltd as well as Premier Quality Ltd.

Andy Mensah is a Fellow of the Chartered Institute of Management Accountants (CIMA), holds a Master of Science in Development Finance degree from the University of Ghana Business School, as well as a Senior Professional in Human Resources (SPHR) qualification. He is a self-driven individual, who enjoys helping and motivating people in all aspects of life and work. He mentors a lot of young people and has speaking engagements with young people in tertiary and other institutions. Overcoming whatever is termed “a challenge” gives him the greatest pleasure.

Mr. Andy Mensah is the AGI representative on the Board.

# Profile of the External Members of the Audit Committee

## Mr. Stephen Frimpong

***Chairman***

Mr. Stephen Frimpong is the Chairman of the Audit Committee. He has held positions such as Financial Management Specialist on the Ghana - World Bank Project on Land Administration and the Forest Investment Programme which were both implemented through the Ministry of Lands and Natural Resources. He has also worked with the Internal Revenue Service (IRS), now the Domestic Revenue Division of the Ghana Revenue Authority (GRA), in the capacity of Inspector of Taxes. Mr. Frimpong is the former Chief Accountant of the Department of Urban Roads in Ghana.

Mr. Frimpong is currently the Director of Finance of the Ghana Freezones Authority, an investment promotion agency spearheading the attraction of local and foreign direct investments into the special economic zones through the granting of incentives to create national economic development in the area of exports promotion.

Mr. Frimpong is a Chartered Accountant and a member of the Institute of Chartered Accountants Ghana (ICAG) since 2007. He holds an MBA in Finance from Wisconsin International University College and a Post Graduate Diploma in Tax Administration from GIMPA. He is the representative of ICAG on the Audit Committee.

## Ms. Pamela Osei Agyekum

***Member***

Ms. Pamela Osei Agyekum is currently the Board Secretary/ Legal Officer at the Internal Audit Agency. She has considerable industry experience with expertise in Retail Lending, Conduct and Compliance, Client Experience, Branch Operations, Business Development and Relationship Management.

She has undertaken a number Of CPD Programmes and has served banks in various capacities.

Ms. Pamela Osei Agyekum holds an EMBA in Human Resource Management from the University of Ghana Business School and a Bachelor of Arts in Psychology and Linguistics from the University of Ghana. She is a representative of the Internal Audit Agency on the Audit Committee.

## Mr. Frank Kwame Amedume

***Member***

Frank Kwame Amedume is a self-motivated, organized and results-oriented personality with considerable experience in Auditing and Accounting in both private and public sectors.

He serves on a number of Audit Committees, including those of Economic and Organised Crime Office (EOCO), Information Services Department (ISD), Volta Lake Transport Company (VLTC) and Land Use and Spatial Planning Authority (LUSPA). He is currently the Deputy Head of Special Investigations Unit (SIU) under the Internal Audit & Special Investigations Division (IASID) of the Internal Audit Agency.

Frank holds an MBA in Accounting and a Bachelor of Commerce (B Com) Degree from the Methodist University College Ghana and University of Cape Coast respectively. He is also a member of the Institute of Internal Auditors (IIA) and Institute of Chartered Accountants (Ghana).
Frank is the representative of the Internal Audit Agency on the Audit Committee.

# PROFILE OF MANAGEMENT TEAM

The management team of GDPC is led by the **CEO, Mrs. Pearl Esua-Mensah** (See her profile on page 19). Other members of the management team are as follows:

## Kwesi Attobrah

***Head of Operations & IT (EXCO Member)***

Kwesi Attobrah leads the Operations and Technology team at GDPC, with the core responsibility of ensuring the efficient and effective management of operational processes, ensuring operational readiness and preparedness to fulfill the Corporation's mandate as a pay-box and to ensure the Corporation has the right IT systems and infrastructure to support its operations.

Kwesi Attobrah is a Finance, Accounting, Auditing and Information Technology professional with 18 years combined experience in the Audit and Assurance practice as well as the banking and financial services industry. Prior to joining GDPC, Kwesi worked with Ecobank for 13 years where he held and managed several roles spanning across Audit, Finance and Consumer Banking.

Before moving to the financial services industry, Kwesi worked with Ernst and Young Ghana as a supervising senior working on a wide range of audit and assurance engagements.

Kwesi is a Chartered Accountant and a member of the Institute of Chartered Accountants in Ghana. He holds a Post Graduate Diploma in Information Technology from the Sikkim Manipal University and an MA in Economic Policy Management from the University of Ghana. He also holds a BSc degree in Business Administration (Accounting) from the University of Ghana.

## Daniel Gaikpah

*Head of Finance (EXCO Member)*

Daniel Gaikpah is the Head of Finance at GDPC, overseeing the functions of Finance, Accounting and Investment. He has over 14 years experience across banking and non-bank financial sector. Positions held by Daniel in the financial sector included Head of Internal Audit and Control, Head of Financial Control and Strategy, Head of Enterprise-Wide Risk, Head of Corporate Banking and Head of Operations from Guaranty Trust Bank, Capital Bank, GCB Bank and SBS Micro Finance Services respectively. Daniel trained as an accountant and worked with KPMG at the Audit and Assurance Department and rose to the level of Senior Associate level, where he carried out statutory financial audit for various institutions across various sectors of the Ghanaian economy, including finance, manufacturing, mining, governmental and non-governmental organisations.

Daniel Gaikpah is a Fellow Certified Chartered Accountant (FCCA) UK, Chartered Accountant (ICA-GH) and holds an MBA in Finance and B. Ed Psychology at first-degree level. Daniel Gaikpah has attended various professional, technical and leadership training courses both locally and internationally in the areas of risk management, IFRS, Fintech, Top Performance Leadership, Advance Credit Management and Bank Management.
Daniel is the author of Step-By-Step Financial Accounting Book for Senior High Schools in Ghana.

## Emmanuel Asare

*Head of Risk and Strategy (EXCO Member)*

Emmanuel Asare is the Head of Risk and Strategy at GDPC. He is an accomplished business professional with over 15 years leadership experience in the banking and financial services industry. He has proven experience in diverse areas including, Enterprise Risk Management, Risk Policy & Strategy development and implementation, Portfolio Management, Investments Management, Treasury Risk Management, Capital Raising & Liquidity Management.

Prior to joining GDPC, he had spent over nine years with Ecobank Transnational Incorporated (ETI), where he served in various capacities including Head of Market & Liquidity Risks for the Ecobank Group. He also served as Executive Director of Ecobank Specialized Finance Company Limited, a wholly owned subsidiary of ETI. Prior to joining Ecobank, he had gained high profile international exposure and experience working as Principal, Treasury Risk Management at the African Development Bank (AfDB), Vice President, Asset/Liability Management at Bank of America (USA) and Assistant Vice President, Capital Markets at Citibank (USA).

Emmanuel holds a bachelor's degree in Economics from the University of Ghana and a master's degree in Business Administration from the Olin School of Business, Washington University in St. Louis, Missouri, U.S.A. In addition, he is a Chartered Financial Analyst (CFA), a Certified Financial Risk Manager (FRM) and a Professional Risk Manager (PRM). Emmanuel has also received senior executive management training from the Kennedy School at Harvard University, The London School of Economics and Political Science (LSE) and the Saïd Business School at Oxford University.

## Sandra Elizabeth Baffoe-Bonnie Anaman

***Head of Legal (EXCO Member)***

Sandra E. B.B. Anaman is the Head of Legal and Acting Board Secretary at GDPC. Sandra is in her 12th year of practice as a lawyer. Her area of expertise is general corporate work, specifically financing transactions, commercial transactions, mergers and acquisitions, capital market transactions and general practice.

Sandra was formerly a Senior Associate in the Law Firm of Bentsi-Enchill, Letsa and Ankomah in the Financial Institutions and Capital Market Practice Group. Sandra has also worked as an Adjunct Lecturer in Commercial and Contract Law with the Ghana Institute of Management and Public Administration.

She holds an LLB degree from the Kwame Nkrumah University of Technology, A qualifying Certificate in Law from the Ghana School of Law, Makola and an LLM in Corporate and Securities Law from the London School of Economics.

## Korantemaa Twumasi

***Human Resource and Administrative Manager***

Korantemaa Twumasi is the HR and Administrative Manager at GDPC. She has over 8 years of management experience in Human Resource Operations. Prior to joining GDPC, she was the Assistant HR Manager at Ghana National Gas Company (Ghana Gas). She also worked at other institutions such as Transglobal Logistics, Rectrain Limited and Barclays Bank of Ghana (now ABSA).

Korantemaa holds a BA (Hons) in International Hospitality and Tourism Management from Bournemouth University, UK and an EMBA in Human Resource Management from the University of Ghana Business School, Ghana. She is also a Senior Certified Professional (SCP) from the Society for Human Resource Management (SHRM) and an Associate Member of the Chartered Institute of Human Resource Management (CIHRM).

## Eugene Yarboi Mensah

***IT Manager***

Eugene Yarboi Mensah is the IT Manager at GDPC. His career began in June 2005 as a Banking Operations Officer at Standard Trust Bank, which is now UBA Ghana Ltd. By 2007, Eugene had been transferred to the IT Operations unit of the bank to support the core banking operations software, Finacle. By 2009, he became the Head of Applications Support Unit at the Bank.

Eugene joined Regional Data Systems in Nairobi Kenya in January 2011 as a Business Analyst for the data wing of the credit reference bureau, CRB Africa and in February 2013 he accepted an appointment to Access Bank Ghana as the Team Lead for the Enterprise Applications Support Unit of the bank. During this period, he had the opportunity to act as the Head of IT for a year when the vacancy presented itself. In March 2016, he moved to the insurance industry as Head of IT for Quality Insurance Company Limited where he worked for five and a half years.

Eugene holds an MBA (Finance) from the University of Leicester, United Kingdom, and a BSc. in Computer Science from KNUST, Kumasi. He is also professionally certified as a PRINCE2 Practitioner, ITIL Foundation Certified Professional, Oracle Certified Professional, Microsoft Certified Professional and IBM Certified Specialist.

## Benedict Amissah-Ocran

***Portfolio Manager***

Benedict Amissah-Ocran is the Portfolio Manager at GDPC. He has expertise in areas of investment strategy, asset allocation, and pension fund administration, and is equipped with the tools and knowledge needed to drive innovation and growth.

Prior to joining Ghana Deposit Protection Cooperation, he was a Portfolio Manager at CAL Asset Management (a wholly owned subsidiary of CAL Bank) and a Senior Operations Analyst at Petra Trust where he provided collaborative support in the portfolio and operations department which monitored key performance indicators on pension schemes by effectively managing service providers and strategically allocating pension fund assets.

Benedict graduated with a Bachelor of Science degree in Actuarial Science (First Class Honours) from KNUST, Ghana. He holds the Ghana Securities Industry Certificate and an MSc. in Development Finance from the University of Ghana Business School. Benedict has also passed the level 1 exam of the Chartered Financial Analyst (CFA) programme.

## Maame Esi Foleson

***Internal Auditor***

Serving as the Internal Auditor at GDPC, Maame Esi Foleson plays a vital role in providing valuable, independent, and objective evaluations of the corporation's activities.
She has over fourteen (14) years' experience working in Ghana's banking, tech and media industries where she has held various roles in internal audit and project management.

Maame Esi has proven to be an adept assurance professional who pays attention to detail and whose recommendations have contributed significantly to the growth of the organizations she has worked for. Continuous improvement is the bedrock of everything she sets out to do.
She is a Chartered Internal Auditor (CMIIA) with CISA and CRISC certification from ISACA. She also has an MBA in Banking from the SOAS (Univ. of London) and a PG. Dip. in Audit Management and Consultancy (Birmingham City University).

## Ebenezer H. Kpentey

***Public Relations and Communication Manager***

Ebenezer has over 14 years of experience as a Communication and Branding Officer working for a number of donor-funded programmes supporting private sector initiatives in Ghana. Endowed with good oral and written communication skills. Ebenezer has written a number of published articles and grant-winning proposals. He also has capabilities in the use of graphic design, presentations and video editing software. Prior to joining GDPC as the PR and Communications Manager, Ebenezer worked as a Communication and Branding Officer for seven years with the BUSAC Fund, a multi-donor funded project that finances private sector business advocacy in Ghana. He has also previously worked as a Communication Officer for FACA-Votech and Aid to Artisans Ghana (ATAG).

Ebenezer holds a Bachelor of Arts degree in Communication Studies (with specialization in Journalism) jointly awarded by the University of Ghana and the Ghana Institute of Journalism.

# Other Management Staff

Edinam Afi Doh

Accountant

Juanita Naa-Dei Kyei

Operations Manager

Louis Yaw Twene Gyimah

Payout Manager

Vida Akanlise

Legal Officer

Wendy Nunoo

Exec. Assistant to the CEO

# KEY CAPACITY BUILDING ACTIVITIES

## CAPACITY BUILDING FOR MEMBER INSTITIUTIONS

Throughout the year 2021, the Corporation organized sensitization seminars to create awareness about deposit protection among the staff of member institutions to enable them to educate their clients on the basic features of the deposit protection scheme. The training also offered staff of member institutions an opportunity to learn how to meet their reporting obligations to the Scheme. In total, GDPC held 26 sensitization seminars for staff of banks, savings and loans companies, finance houses, microfinance companies and rural and community banks between February and September 2021. Topics covered during these seminars include:

- The key features of the Ghana Deposit Protection Scheme (coverage, benefits and limitations).
- Legal and regulatory framework for Deposit Protection in Ghana (Act 931, as amended).
- Coverage limits and payout scenarios.
- Data reporting requirements.
- Completing GDP return templates.
- Deposit Protection FAQs for Financial Institutions.

*The seminars were well attended and received by member institutions. A total of 2,733 staff from all member institutions participated in the sessions.*

## CAPACITY BUILDING FOR GDPC STAFF

Several capacity building programmes were also organized in the course of the year to enhance the capacities of all GDPC staff in various aspects of the Scheme's operations. These capacity building programmes include the following:

A. Training programmes facilitated by international partners

- CDIC - Payout simulation for GDPC staff;
- FDIC - Liquidation and Depositor Reimbursement for Operations and IT staff, and Training on FDIC Virtual 101 Experience;
- IADI – Deposit insurer's role in preparing for a bank failure in a crisis and Training on Navigating the New Normal for Financial Stability, Deposit Insurance and Bank Resolution
- NDIC – On-site examinations, bank deposit liabilities verification,

B. Training workshops facilitated by BoG

- Improving Supervisory Processes - Deposits Validation Process and Lessons Learnt

in the on-going Receivership of banks and SDIs ;
- Technical workshop on bank resolutions;
- Training on on-site examinations for GDPC Operations staff.

### C. Training workshops under AMI and AMII programmes

- GBDS - Capacity building on Payout processes;
- Ernst & Young - Training on Micro Credit Association operations for staff of Operations Department;

### D. Other training programmes

- Data protection process for Operations staff;
- Secondary Market & Investment for Finance Department staff;
- Convene Software for IT staff;
- HR Interactive Processes for HR and Administration staff;
- Women in HR Conference, facilitated by GEA for HR and Administration staff;
- Capacity building on procurement functions for Procurement Unit staff;
- Master Class - Contract Management for Procurement Unit and Legal Department staff;
- Spokespersons' Training on media engagement and speech writing;
- Spokespersons' Training on media engagement for PR staff of FEMCOM member institutions.

# RISK MANAGEMENT

The Board of Directors have the overall responsibility for the establishment and oversight of the GDPC risk management framework. The Board is responsible for setting the risk appetite of the Protection Fund. This involves developing appropriate risk management policies and procedures which facilitate the timely identification, measurement, monitoring and management of risk. The Board is advised by the various technical committees which have been constituted to further enhance the risk management framework.

## RISK MANAGEMENT FRAMEWORK

The Corporation's risk management policies are established to identify and analyse the risks faced by the Corporation, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions, financial industry practices and regulations. The Corporation, through its training, management standards and procedures, aims to develop a disciplined and constructive control environment, in which all employees understand their roles and obligations. The Corporation's aim is to achieve an appropriate balance between risk and return and minimize potential adverse effects on its performance.

The Corporation defines risk as the possibility of losses or profits forgone, or the occurrence of uncertain events, which may be caused by internal or external factors thereby affecting expectations. The key risks faced by the Corporation are:

- Payout Risk
- Liquidity/Funding Risk
- Investment Risk
- Operational Risk
- Compliance Risk

## PAYOUT RISK

The Corporation's core mandate is to pay insured depositors in the event of a bank failure. Payout risk is the risk that the Corporation will not be able to pay depositors within the timeline stipulated in the GDP ACT. This risk has been mitigated to some extent with a well laid out operations procedures manual for handling the depositor payout process and the oversight provided by the Board committee on Finance, Technical and Investment. Activities including the periodic testing of processes and simulations go a long way to reduce such risks. The Corporation has also developed software to generate a consolidated view of all deposit accounts eligible for deposit insurance coverage for a single depositor. This is an invaluable tool for calculating the amounts payable per insured depositor.

## LIQUIDITY RISK

Liquidity risk is the risk that GDPC will not have the requisite funds to pay depositors of a failed member institution within the stipulated timeframe. This could be due to inadequate fund size or the inability to liquidate instruments on time. The Corporation maintains a portfolio of short to medium-term liquid assets, largely government investment securities for which there is an active and liquid market, to ensure that sufficient liquidity is maintained within the Corporation as a whole.

Furthermore, this risk is partly mitigated by a Memorandum of Understanding with the Bank of Ghana for emergency liquidity cover against the Corporation's investment portfolio when the need arises.

## INVESTMENT RISK

Investment risk is the risk of financial loss to the Corporation if an issuer or counterparty to a financial instrument fails to meet its contractual obligations. Interest rate risk is the risk that the fund could lose its value due to interest rate changes. These risks arise principally from the Corporation's investment risk-taking decisions to investment securities. Credit risk arising from investment securities is managed independently but reported as a component of market risk exposure.

The Board of Directors has delegated responsibility for the management of investment risk to its Board Finance, Technical and Investment Committee. The Committee oversees the activities of the management Investment Advisory Committee and sets portfolio targets.

## OPERATIONAL RISK

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the Corporation's processes, personnel, technology and infrastructure, and from external factors other than Payout, interest rate and liquidity/funding risks such as those arising from market or economic disruption, negligence or deliberate flouting of processes and policies as well as lack of funding for operations which may significantly affect the Corporation's activities. The primary responsibility for the development and implementation of controls to address operational risk is assigned to senior management within each business unit. This responsibility is supported by the development of overall Corporation standards for the management of operational risk in the following areas:

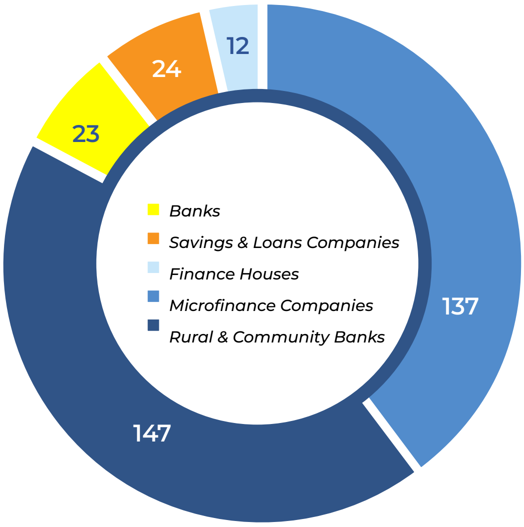
- Appropriate segregation of duties, including the independent authorisation of transaction s.
- Reconciliation and monitoring of transactions.
- Compliance with GDP Act and other legal requirements.
- Establishment of an internal audit function.
- Development of contingency plans and Crisis Management plans.
- Training and professional development.
- Risk mitigation, including insurance where this is effective.

# DEPOSIT PROTECTION ACTIVITIES

## MEMBERSHIP

Membership to the Ghana Deposit Protection Scheme (GDPS) is mandatory for all banks and deposit-taking institutions licensed by the Bank of Ghana. As at December 31 2021, the register of licensed deposit-taking institutions by the BoG stood at 343. These institutions include :

- Banks;
- SDIs;
    - Savings and Loans companies;
    - Finance Houses;
    - Microfinance Institutions; and
    - Rural and Community Banks.




**GDPS membership as at 31st December 2021**

In 2021, two new rural banks were licensed by BoG, and therefore became members of the Scheme.

## PREMIUM ASSESSMENT

There are two types of insurance premiums paid by members of the GDPS: These are:

| A. Initial premium | B. Annual Premium |
|---|---|
| A member of the Scheme is required to pay to the Corporation, an initial one-off premium of 0.1% of the minimum paid-up capital as provided in relevant laws on banks and SDIs. | GDPC assesses flat premiums for all members. In the year 2019, premium rate was set at 0.3% of insurable deposits of member Institutions. Annual premiums are paid by member institutions on quarterly basis. |

Premiums paid by banks go into Fund A while premium paid by SDIs go into Fund B.

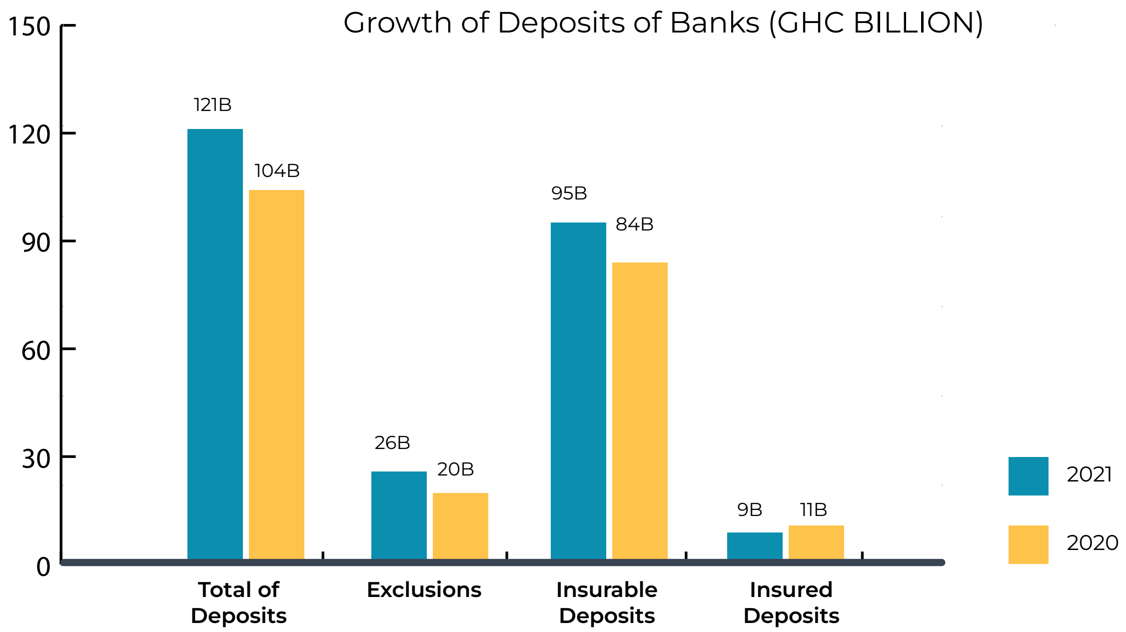
Total premium invoiced in 2021 increased by 30% from GHS193M in 2020 to GHS252M for Fund A whiles Fund B premium invoiced increased by 35% from GHS19M to GHS26M for the same period. The total premium income growth from 2020 to 2021 was 29%.

Premiums that are overdue or have been outstanding for more than three (3) quarters are recorded as interest in suspense until they are paid and then they are transferred to income.

## TRENDS AND STRUCTURE OF DEPOSITS OF BANKS

The total deposits of banks as at 31 December 2021 was GHS 121 billion which is an increase of 17% compared to GHS 104 billion at the end of 2020. Total insurable deposits grew by 13% to GHS 95 billion from GHS 84 billion in 2020. Insurable deposits at the end of 2021 constituted 78% of total deposits. The total volume of insured deposits in 2021 amounted to GHS 9 billion.

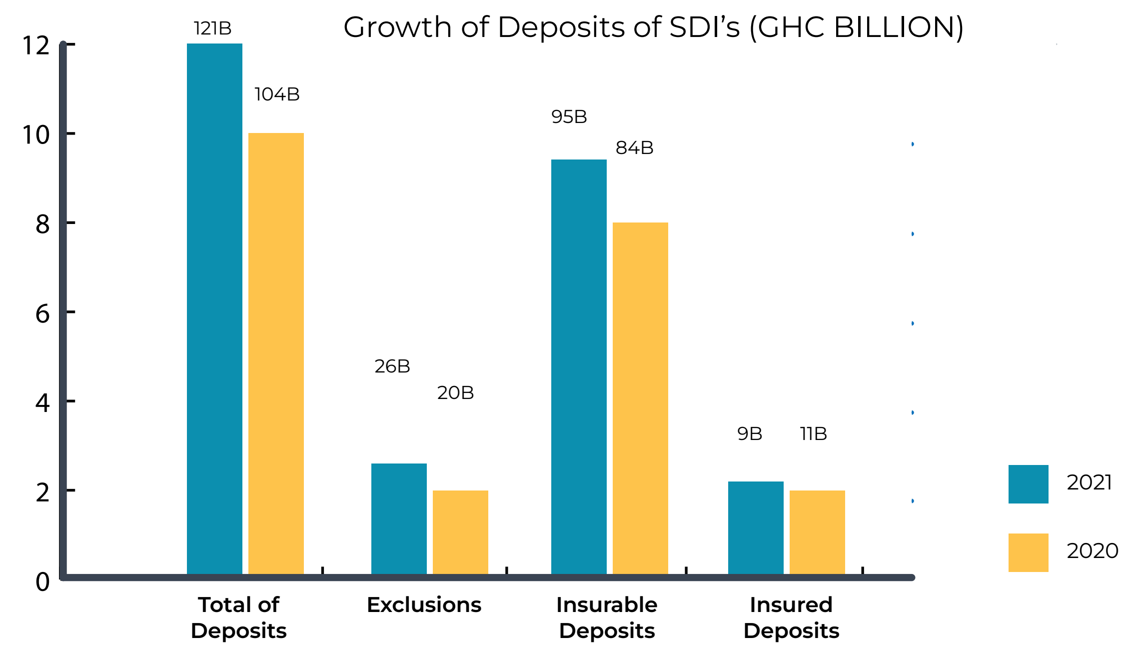
**Bank Deposit Growth**




## TRENDS AND STRUCTURE OF DEPOSITS OF SDIs

Total deposits for SDIs was GHS 12 billion in 2021. Insurable deposits stood at GHS 9.4 billion. Insured deposits recorded at the end of 2021 was GHS2.2 billion.

**SDI deposit growth**



## DEPOSIT PROTECTION COVERAGE

### Banks

Deposit Protection Coverage refers to number of depositors covered by the scope and limit as set out in the GDP Act. The Number of Insured Depositors for banks increased by 2% from 13.2 million in 2020 to 13.4 million in 2021. As at the end of December 2021, the number of Insured Depositors whose deposits are fully covered up to the coverage limit of GHS 6,250 stood at 12.6 million, representing 94% of insured depositors while the remaining 6% of insured depositors have deposit balances or net claims of more than GHS 6,250.

### SDIs

The GDP Act provides for a different coverage limit for SDIs. Under the GDP Act, the maximum amount payable to an insured depositor of an SDI is GHS 1,250. At the end of December 2021, the number of fully covered depositors was 8.2 million, representing 88% of depositors.

**December 2021 Coverage**

| Institution | Number Of Fully Insured Depositors | Total Number of Depositors | Total Deposits (GHS'000) | Total Insured Deposits (GHS'000) | Coverage |
|---|---|---|---|---|---|
| Banks | 12,669,137 | 13,489,078 | 121,000,000 | 9,841,000 | 94% |
| Savings and Loans Companies | 2,413,541 | 2,557,467 | 3,234,000 | 340,000 | 94% |
| Finance Houses | 81,903 | 94,904 | 2,429,000 | 21,000 | 86% |
| Rural and Community Banks | 4,950,974 | 5,805,526 | 6,234,000 | 1,731,000 | 85% |
| Microfinance Companies | 795,011 | 870,646 | 521,000 | 139,000 | 91% |
| **Total** | **20,910,566** | **22,817,621** | **133,418,000** | **12,072,000** | **92%** |

## GDPC PAYOUT AGENT BANKS

As part of the Corporation's preparations to fulfill its paybox mandate, the Corporation selected three Payout Agent Bank (PAB) partners, namely Ecobank PLC, Consolidated Bank Ghana and GCB Bank to act as stand by PABs. The PABs are expected to provide payment channels and call center facilities to GDPC in the event of a payout.

## RETURNS SUBMISSION PORTAL

GDPC has developed a portal to enable financial institutions submit their returns efficiently. This has significantly improved the quality and frequency of data submitted by the members.

## ONSITE EXAMINATIONS

GDPC embarked on its maiden onsite examinations of nine (9) Rural and Community banks within the Ashanti Region in Q4 in collaboration with BoG's Other Financial Institutions Supervision Department (OFISD).

Focus areas for the examinations included insurable deposits, Single Customer View (SCV) and communication activities of member institutions in compliance with the GDP Act.

## SIMULATIONS

As part of the process of ensuring reliability and robustness of its processes and to demonstrate readiness for a payout, GDPC carried out its first limited scope simulation in December 2021.

The objective was to test the ability of GDPC to execute the processes required to initiate a payout within five (5) days after the occurrence of an insured event. .

## TECHNICAL WORKSHOP BETWEEN BOG AND GDPC

A standing committee was put together to organize technical workshops between BoG and GDPC. The committee is made up of representatives from the Resolution Office, Banking Supervision Department (BSD), Other Financial Institutions Supervision Department (OFISD), Financial Stability Department (FSD) and Ghana Deposit Protection Corporation (GDPC). These workshops will be organized from time to time to inform and exchange ideas on key areas of mutual interest. Five (5) of such workshops have been held so far.

A workshop was organized by the committee in November 2021 focusing on the Memorandum of Understanding (MoU) between BoG and GDPC. The objectives of this workshop were:

1. Exchanging and sharing of relevant information or data.
2. The promotion and coordination of activities relating to the performance of the tasks within the parties' statutory remits to facilitate their timely execution.

The parties have agreed to work together in a co-operative and coordinated effort to bring about the effective implementation and fulfilment of the goals and objectives of the MoU.

This technical workshop allowed for a general education on the content of the agreement and made room for clarity, questions as well as answers to them.

## MOU BETWEEN GDPC AND THE NDIC

An MOU between the NDIC and GDPC was executed on 11th November 2021. This MOU guides the technical collaboration between GDPC and the Nigerian Deposit Insurance Corporation (NDIC) for Information sharing, staff exchange and training and other technical assistance.

## PUBLIC RELATIONS AND COMMUNICATION ACTIVITIES

### *Sensitization of Member Institutions*

Throughout the year 2021, GDPC organized sensitization webinars for representatives of member institutions as part of efforts to increase knowledge and awareness about the Scheme among key stakeholders.

In all, GDPC organized 26 webinars for frontline, middle management, and top management staff of member institutions between February and September 2021. A total of 2,733 representatives of banks and specialized deposit- taking institutions (SDIs) participated in the webinars.

### Engagement with Heads of Apex Bodies

The Corporation organized three (3) virtual engagement sessions for the heads of apex bodies of member institutions in 2021. These engagement sessions were aimed at discussing avenues for fruitful collaboration between GDPC and member institutions of the Scheme. The apex bodies engaged include the Ghana Association of Bankers (GAB), Ghana Association of Savings and Loans Companies (GHASALC), Association of Finance Houses (AFH), ARB Apex bank and the Ghana Association of Microfinance Companies (GAMC). Over one hundred and twenty (120) executive members participated in the webinars. Issues discussed include:

- Reporting obligations of member institutions
- Premium payment
- GDPC's communication materials

### Spokespersons Training

As part of GDPC's objective to create public awareness of the Ghana Deposit Protection Scheme (GDPS), the Corporation organized a capacity-building workshop for spokespersons of the Corporation to enable them effectively engage the media and the public on the features of the Scheme and other related matters.

### Production of Communication Materials

The Corporation, in collaboration with Ernst and Young, reviewed, and redesigned GDPC's communication materials such as the Basic Facts Brochure, FAQ leaflets and logo posters for member institutions. A total of Two Hundred and Thirty Thousand and Twenty-Five (230,025) copies of brochures and ten thousand, one hundred (10,100) copies of logo posters were printed.

Scripts for a 60-second TV ad on the scheme was also worked on. Other communication materials produced during the period include sample press releases and announcements for payout simulations and payout.

### Online Presence

In the course of the year, GDPC updated its website with more learning materials to enhance stakeholders knowledge about the Scheme. In line with GDPC's Rules of Informing Clients, more communication materials were uploaded on the 'Members-only portal' of the Corporation's website to enable member institutions inform their clients about GDPC and the Scheme. These communication materials include:

- Leaflet re-order form;
- Confirmation statement for account opening forms;
- Note on Deposit Protection – for statement of Accounts;
- Brief statement / note for member institutions' adverts.
- A hyperlink to GDPC's website;
- Presentation slides on features of the Scheme

### Knowledge Survey

GDPC contracted a research firm, JMK Consulting Ltd to conduct a survey on the scope and level of stakeholders' knowledge about the Ghana Deposit Protection Scheme. The survey is aimed at providing important baseline data on the levels of stakeholder awareness of the scheme, against which the results of communication programmes can be measured.

## ACCOMPANYING MEASURE 1

In 2021, the GBDS team continued to support the work of GDPC and has offered off-site support via email and ZOOM Conferences due to the covid-19 pandemic. Support given by the GBDS team include the review of GDPC's draft policies and manuals, virtual training of GDPC staff on payout processes, simulations, coverage limits and target fund size.

Within the year under review, GBDS team also participated in GDPC Board meetings and held discussions with Management on issues such as selection of payout agent banks, simulations, Target Fund size and GDPC self-assessment in compliance with IADI core principles.

## ACCOMPANYING MEASURE II

Under the accompanying measure II programme, EY provided training support to national authorities responsible for banking supervision in Ghana, such as BSD and OFISD on a broad range of topics that meet their training needs. Umbrella organizations of member institutions such as GAB, GHASALC, GAMC, ARB Apex and AFH also benefitted from these training programmes. Some of the topics discussed at this programme include Deposit Protection mechanisms, Financial Risk Management, Consolidated Supervision, Cyber and Information Security Risks.

# BANKING SECTOR PERFORMANCE AND DEVELOPMENTS

## Overview

An assessment of the banking sector as at end-year 2021 showed strong performance, underpinned by sustained growth in total assets. The expansion in the industry's assets size was on the back of increased liquidity flows from deposits, shareholders' funds and borrowings. Credit growth picked up during the last quarter of 2021, but overall credit level and other indicators of financial intermediation remained below pre-pandemic levels due to the lingering effects of COVID-19 on the credit environment.

New advances by banks have been robust, supported by the regulatory reliefs and policy measures introduced at the onset of the pandemic in 2020. The latest Credit Conditions Survey (CCS) points to a potential increase in demand for credit but banks have projected a tightened credit stance over the next two months.
Financial Soundness Indicators (FSIs) remained healthy, with strong solvency, liquidity and profitability indicators. The industry's Non-Performing Loans (NPL) ratio, however, inched up due mainly to the pandemic-induced loan repayment challenges. The latest stress tests show that banks are resilient to mild to moderate stress conditions, supported by strong capital and liquidity buffers.

The outlook of the banking sector remains positive as banks are expected to consolidate their performance in 2022. The sluggish credit growth and asset quality concerns remain the main risks in the banking sector. It is expected that credit growth will pick up to support the ongoing recovery, based on the projected increase in credit demand from the latest CCS.

## BANK'S BALANCE SHEEET

GH¢179.8 billion as at December 2021, higher than the 15.8 percent growth recorded in the same period of 2020 due to strong growth in investment. The asset growth reflected the rebound in economic activities during the period under review. The growth in total assets was on account of increase in domestic assets by 23.4 percent, while foreign assets contracted by 13.9 percent. As a result, the share of domestic assets in total assets increased from 91.9 percent in December 2020 to 94.2 percent in December 2021 while the share of foreign assets in total assets declined to 5.8 percent from 8.1 percent during the same period.

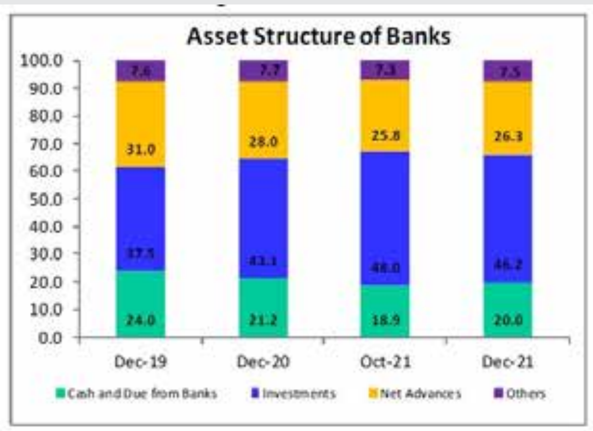
Investments in Treasury bills and securities continue to be the preferred asset choice of banks during the pandemic, evidenced by banks' portfolio reallocation in favour of these less risky assets as at end December 2021. The share of bills, securities, and equity in total assets increased to 46.2 percent from 43.1 percent, on account of the 29.0 percent (year-on-year) growth in these investments in December 2021, relative to the sluggish growth in credits.

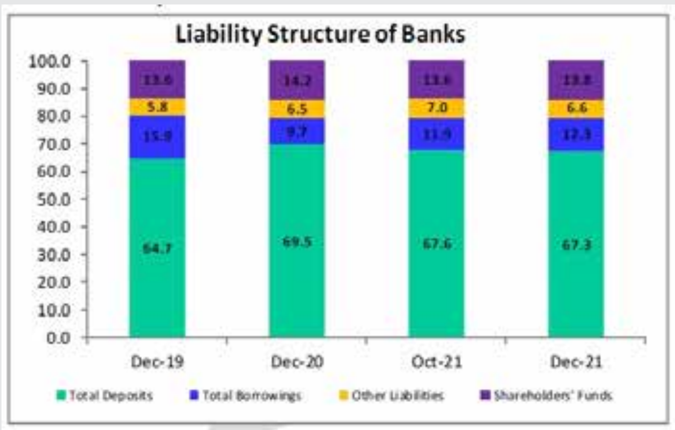
Growth in gross loans and advances continued to pick up in spite of the pandemic-induced sluggish credit demand and supply conditions. Gross loans and advances recorded a year-on-year increase of 12.6 percent to GH¢53.8 billion as at end-December 2021, higher than the 5.8 percent growth recorded in the previous year. Following a similar trend, net loans and advances (gross loans adjusted for provisions and interest in suspense) also recorded a growth of 12.8 percent to GH¢47.1 billion, compared with a 4.6 percent growth in December 2020. The COVID-related regulatory reliefs and policy measures, however, continued to support new lending activities. New Advances extended by the banking sector to the economy in 2021 was GH¢36.4 billion, registering a growth of 6.8 percent compared with new advances of GH¢34.1 billion extended in 2020.

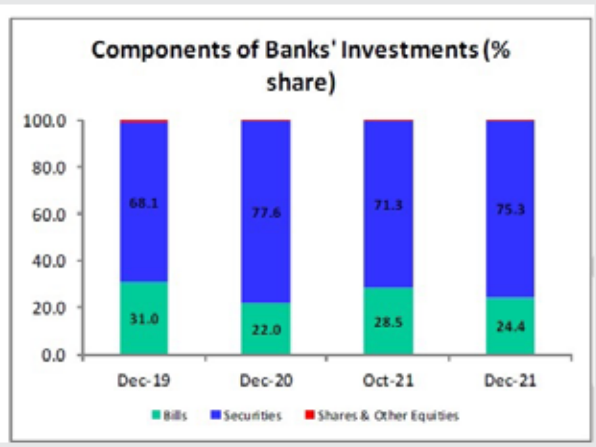
Growth in industry deposits was sustained with a year-on-year growth of 16.6 percent to GH¢121.1 billion as at end-December 2021. This was lower than the 24.4 percent growth recorded a year earlier arising from the COVID-19 fiscal stimulus, and payments to contractors, SDI depositors and clients of SEC-licensed fund managers in 2020.

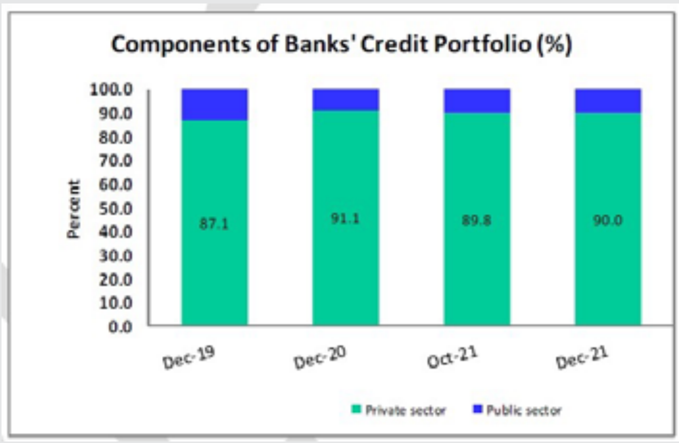
Due to the slowdown in deposits growth, banks relied on additional liquidity from borrowings to support growth in total assets. Total borrowings increased by 51.9 percent in 2021, compared with a contraction of 29.0 percent in 2020. The increase in growth in total borrowings was more on account of an increase in short-term borrowings both from foreign and domestic sources.

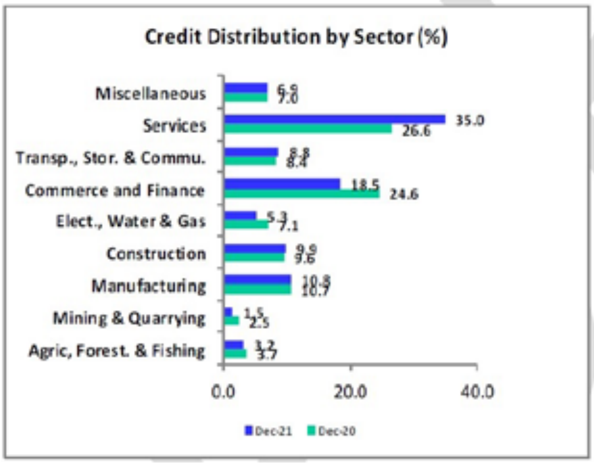
Developments in Banks' Balance Sheet and Asset Quality

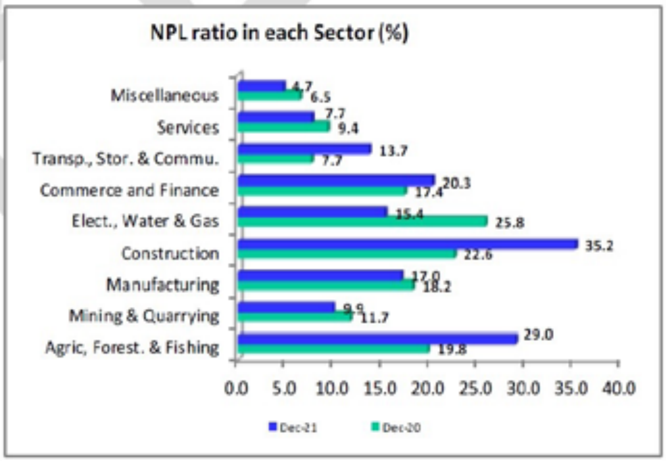


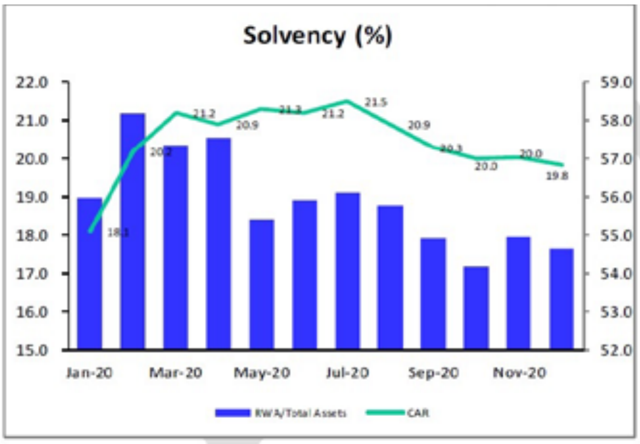



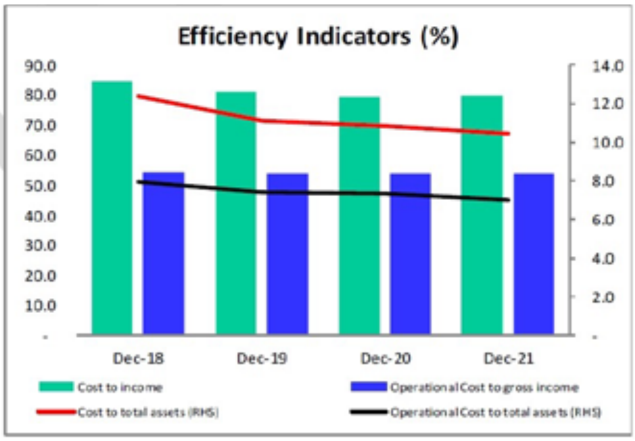





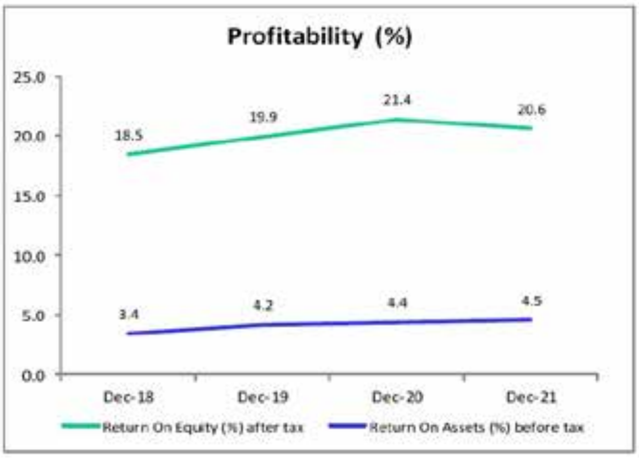




## Key Financial Soundness Indicators (FSIs)







The industry's shareholders' funds position remained strong, indicative of a strong capital base within the banking sector to withstand shocks. Although lower than the previous year, shareholders' funds grew by 16.8 percent to GH¢24.8 billion as at end-December 2021, compared to the 20.8 percent growth in December 2020. The slower growth in shareholders' funds this year relative to last year reflects, in part, the marginal slowdown in profit growth this year as well as the lifting of restrictions on dividend payments by banks put in place at the height of the pandemic. The strong shareholders' funds position continues to support the stability and resilience of the banking sector.

Overall, the banking industry recorded a strong balance sheet position in December 2021 on the back of increased liquidity flows from deposits, shareholders' funds, and borrowings. The lingering effect of the pandemic, however, continued to constrain a stronger credit growth and contributed to the continuous reallocation of liquidity flows into investments.

*Source: Bank of Ghana: Monetary Policy Report - Banking Sector Developments; January, 2022*

# DIRECTORS' RESPONSIBILITIES AND APPROVAL

Ghana Deposit Protection Act, 2016 (Act 931) as amended by the Ghana Deposit Protection (Amendment) Act, 2018 (Act 968) hereinafter referred to as the GDP Act, requires the Directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Corporation as at the end of the financial year and of the operating results of the Corporation for that year.

It also requires the Directors to ensure that the Corporation keeps proper accounting records which disclose with reasonable accuracy at any time the financial position of the Corporation. They are also responsible for safeguarding the assets of the Corporation and taking reasonable steps for the prevention and detection of fraud and other irregularities.

In preparing these financial statements, the Directors have selected suitable accounting policies and applied them consistently, made judgements and estimates that are reasonable and prudent in the circumstances and followed International Financial Reporting Standards and complied with the requirements of the GDP Act.

The Directors accept responsibility for the annual financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Financial Reporting Standards and in the manner required by the GDP Act. The Directors are of the opinion that the financial statements give a true and fair view of the state of the financial affairs of the Corporation and of its operating results. The Directors further accept responsibility for the maintenance of accounting records which may be relied upon in the preparation of financial statements, as well as adequate systems of internal financial control.

The Directors consider the state of affairs of the Corporation to be satisfactory and have made an assessment of the Corporation's ability to continue as a going concern and have no reason to believe the Corporation will not be a going concern in the year ahead.

The external Auditors are responsible for independently auditing and reporting on the Corporation's annual financial statements. The annual financial statements have been examined by the Corporation's external Auditors and their report is presented on pages 48 to 52.

Approval of financial statements

The annual financial statements set out on pages 53 to 87, which have been prepared on the going concern basis, were approved by the Board of Directors on 28th March 2022 and were signed on their behalf by:

| | |
|---|---|
| ........................................................... | ............................................... |
| Dr. Ernest Addison | Mrs. Pearl Esua-Mensah |
| Board Chairman | Chief Executive Officer |

31st March, 2022

# REPORT OF THE DIRECTORS TO THE MINISTER OF FINANCE

The Directors have pleasure in presenting the audited financial statements of the Corporation for the year ended 31st December 2021.

## PRINCIPAL ACTIVITIES

The principal activities carried out by the Corporation during the year under review are within the limits permitted by the GDP Act which are, to manage the Deposit Protection Scheme efficiently and effectively to protect a small depositor from loss incurred by the depositor as a result of the occurrence of an insured event and to support the development of safe, sound, efficient and stable market-based financial system in Ghana by ensuring prompt payouts to insured depositors on the occurrence of an insured event.

## Corporation's Results

The results of the Corporation's operations for the year ended 31st December 2021 are set out in the Statement of Comprehensive Income, Statement of Financial Position and the Notes to the financial statements from pages 53 to 87.

The results for the year are summarized as follows:

| | 2021<br>GHS'000 | 2020<br>GHS'000 |
|---|---|---|
| Operating surplus for the year amounted to | 362,915 | 245,244 |
| which is added to the opening balance brought forward | 406,731 | 161,487 |
| On the fund and reserves | 44,056 | |
| and receipts of GoG Seed Funding | | |
| Leaving a closing balance to be carried forward on the fund and reserves | 813,702 | 406,731 |

## State of Affairs

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

## Capacity building of Directors to discharge their duties

On appointment to the Board, Directors are provided with full, formal, and tailored programmes to enable them gain in-depth knowledge about the Corporation's business, the risks and challenges faced, the economic knowledge and the legal and regulatory environment in which the Corporation operates. Programmes of strategic importance provided during the year ensure Directors continually update their skills, knowledge and familiarity with the Corporation's businesses. This further provides insights about the industry and other developments to enable them effectively fulfil their role on the Board and other Committees.

## Auditors

In accordance with Section 43 (4) of Act 931, as amended, the Auditor-General of the Republic of Ghana under Article 187(2) of 1992 Constitution appointed Baker Tilly Andah + Andah as the external Auditors for the year ended 31st December 2021. They have indicated their willingness to continue in office as Auditors of the Corporation subject to the Auditor-General's re-appointment.

| | |
|---|---|
| ................................ | ................................................ |
| Dr. Ernest Addison | Mrs. Pearl Esua-Mensah |
| Board Chairman | Chief Executive Officer |

31st March 2022

# INDEPENDENT AUDITOR'S REPORT TO THE MINISTER OF FINANCE

## Report on the Audit of the Financial Statements

### Opinion

We have audited the financial statements of Ghana Deposit Protection Corporation, which comprise the Statement of Financial Position as at December 31, 2021 and the Statement of Comprehensive Income, Statement of Changes in Fund balances and Reserves, and Statement of Cash Flows for the year then ended, and Notes to the financial statements, including a summary of significant accounting policies as set out on pages 53 to 87.

In our opinion, the financial statements of Ghana Deposit Protection Corporation present fairly, in all material respects, the financial position of the Corporation as at December 31, 2021 and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) and in the manner required by Act 931, as amended.

### 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 Corporation in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) (the Code) issued by the International Ethics Standards Board for Accountants (IESBA) and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of 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.

*Impairment of Financial Asset*

Impairment of financial assets is a key audit matter due to the significance, complexity and subjectivity of estimating timing and the amount of impairment. The Corporation's financial assets and impairment as at 31 December 2021, were as follows:

| | Gross Amount GHS'000 | Impairment GHS'000 | Gross Amount GHS'000 | Gross Amount GHS'000 |
|---|---|---|---|---|
| Cash & Cash Equivalent | 52,202 | - | 15,912 | - |
| Investment Securities (Short Term) | 205,521 | - | 158,640 | - |
| Accounts Receivable | 67,626 | 2,748 | 42,771 | 2,654 |
| Investment Securities (Medium Term) | 513,635 | - | 220,459 | - |
| | 838,984 | 2,748 | 437,782 | 2,654 |

The impairment of financial assets was determined on a three-stage expected credit loss impairment model as required by IFRS 9. IFRS 9 requires the application of considerable judgement and interpretation in its implementation. These judgements define the development and implementation of the new models used to measure the expected credit losses on relevant financial assets.

Forward-looking information, which shows management's assessment of probable future economic environment, are required to be factored in the determination of Expected credit losses (ECLs). This can be complicated process and requires significant judgement in establishing appropriate methodologies to arrive at reasonable outcome.

IFRS 9 models come along with increases in data inputs, and this increases the risk of obtaining comprehensive data that gives the correct description of appropriate and real-world variable in its right context and attributes. In instances where data is not available, alternatives were applied to make calculations possible.
We have focused on the following significant judgements and estimates which could give rise to material misstatement or management bias:

- Significant increase in credit risk – with particular emphasis on the qualitative and quantitative criteria used by the Corporation in such determination
- Definition of default and credit impaired assets with particular emphasis on the qualitative and quantitative criteria used by the Corporation
- Probability of Default - PD - (estimate of the likelihood that premium defaulters will be unable to meet their debt obligations over a particular time horizon)
- Exposure At Default - EAD - (amount expected to be owed the Corporation at the time of default)
- Loss Given Default - LGD - (percentage exposure at risk that is not expected to be recovered in an event of default)
- Forward looking economic information and scenarios used in the models
- Completeness, accuracy and integrity of data used in the model and the Expected Credit Loss (ECL) calculations.

### *How the matter was addressed in our audit:*

We obtained an understanding and evaluated controls supporting management's estimates, judgements and assumptions and tested selected key controls focusing on the completeness and accuracy of data used as input to the models including the transfer of data between source systems and the impairment models;

We examined a sample of receivables which had not been identified by management as impaired or for which there was no significant increase in credit risk at the reporting date and formed our own judgement.

We tested data used in the ECL calculation by reconciling to source systems to check data quality.

We assessed the reasonableness of forward-looking information incorporated into the impairment calculations.

We also performed procedures including the following:

- We evaluated the design and tested the operating effectiveness of key controls over:
  - The internal credit management process to assess the receivable quality classification used to identify impaired receivables;
  - Implementation of the definition of default and significant increase in credit risk applied in calculating the modelled receivable impairments; and
  - The valuation of future cash flows, based on the appropriate use of key parameters for the impairment allowance.
- We evaluated the reasonableness of the model methodology and performed recalculation of the expected credit losses for receivables.
- We tested input data in respect of the critical data elements, challenged management assumptions and obtained reasonable explanations and evidence supporting the key model parameters (including the significant increase in credit risk, PD, LGD and EAD).
- We assessed the reasonableness of forward-looking information incorporated into the impairment calculations by challenging the multiple economic scenarios chosen and the weighting applied.
- We tested completeness and accuracy of the transfer of data from underlying source systems to the expected loss calculations.
- We selected appropriate samples of individually credit-impaired loans and considered whether the key judgements and significant estimates applied in the impairment were reasonable. We:
  - Recalculated the expected credit losses on the individually credit-impaired receivables and
  - Assessed the adequacy of the disclosures, including disclosures on estimation uncertainty and judgements, to assess compliance with the disclosure requirements included in IFRS 7- Financial Instrument: Disclosures.

## *Other Information*

The Directors are responsible for the other information. The other information comprises the information included in the annual report 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 that we have performed, we conclude that there is a material misstatement of this other information, then we are required to report that fact. We have nothing to report in this regard.

## *Responsibilities of Directors for the Financial Statements*

The Directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards (IFRSs), and for such internal controls as management determines 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 Corporation'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 Corporation or to cease operations, or have no realistic alternative but to do so.

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

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

The objectives of our audit 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 judgment and maintain professional skepticism throughout the planning and performance of 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.

- 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 entity's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's 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 Corporation'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 Corporation 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 are required to communicate with the Board 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.

## *Report on other Legal and Regulatory Requirements*

The Audit Service Act, 2000 (Act 584) requires that in carrying out our audit work we consider and report on the following matters.

We confirm that:

- We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of the audit.
- In our opinion proper books of account have been kept by the Corporation, so far as appears from the examination of those books.
- The Corporation's financial statements agree with the books of account.

The engagement partner on the audit resulting in the independent auditor's report is **SAMUEL ABIAW (ICAG/P/1454)**

Baker Tilly Andah + Andah

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31st March, 2022

Baker Tilly Andah + Andah (ICAG/F/2022/122)

Chartered Accountants

C76/3, Nyanyo Lane, Asylum Down

Accra

# STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31ST DECEMBER 2021

| | Note | 2021 GHS'000 | 2020 GHS'000 |
|---|---|---|---|
| Premiums | 7 | 274,200 | 212,268 |
| Interest Income | 8 | 92,776 | 42,124 |
| Other Income | 9 | 12,943 | 2,602 |
| **TOTAL INCOME** | | 379,919 | 256,994 |
| Impairment charge on financial assets | 10 | (94) | (2,654) |
| **NET INCOME** | | 379,825 | 254,340 |
| Employee Costs | 11 | (8,706) | (4,799) |
| Administrative Expenses | 12 | (5,462) | (3,367) |
| Depreciation and Amortization | 13 | (2,742) | (930) |
| **SURPLUS FOR THE YEAR** | | 362,915 | 245,244 |
| Other Comprehensive Income | | - | - |
| | | **362,915** | **245,244** |

The Corporation is exempt from income tax in accordance with section 7(1) (c) of the Income Tax Act 2015, (Act 896) as amended and section 48 of the GDP Act.

## *STATEMENT OF FINANCIAL POSITION AS AT 31ST DECEMBER 2021*

| | Note | 2021 GHS'000 | 2020 GHS'000 |
|---|---|---|---|
| ASSETS | | | |
| NON-CURRENT ASSETS | | | |
| Property, Plant and Equipment | 14 | 2,843 | 3,528 |
| Intangible Assets | 15 | 4,677 | 5,079 |
| Investment Securities (Medium Term) | 16 | 513,635 | 220,459 |
| TOTAL NON-CURRENT ASSETS | | 521,155 | 229,066 |
| CURRENT ASSETS | | | |
| Investment Securities (Short Term) | 17 | 205,521 | 158,640 |
| Accounts Receivable | 18 | 64,878 | 40,117 |
| Cash and Cash Equivalents | 19 | 52,202 | 15,912 |
| TOTAL CURRENT ASSETS | | 322,601 | 214,669 |
| TOTAL ASSETS | | 843,756 | 443,735 |
| RESERVES & LIABILITY | | | |
| FUND & RESERVES | | | |
| Fund A | 20 | 721,712 | 365,234 |
| Fund B | 20 | 67,679 | 35,103 |
| Reserve Funds | 20 | 24,311 | 6,394 |
| TOTAL FUND & RESERVES | | 813,702 | 406,731 |
| LIABILITIES | | | |
| NON-CURRENT LIABILITY | | | |
| Deferred Grant | 21(a) | 1,188 | 1,740 |
| CURRENT LIABILITIES | | | |
| Deferred Grant | 21(b) | 21,956 | 32,934 |
| Accounts Payable | 22 | 6,910 | 2,330 |
| TOTAL CURRENT LIABILITES | | 28,866 | 35,264 |
| TOTAL LIABILITIES | | 30,054 | 37,004 |
| TOTAL FUND, RESERVES & LIABILITIES | | 843,756 | 443,735 |

Dr. Ernest Addison
Board Chairman

Mrs. Pearl Esua-Mensah
Chief Executive Officer

31st March, 2022

## STATEMENT OF CHANGES IN FUND BALANCES AND RESERVES FOR THE YEAR ENDED 31ST DECEMBER 2021

| | Fund A GHS'000 | Fund B GHS'000 | Reserve fund GHS'000 | Total GHS'000 |
|---|---|---|---|---|
| **2021** | | | | |
| Opening balance as at 1st January 2021 | 365,234 | 35,103 | 6,394 | 406,731 |
| Operating Surplus for the year (Net Funds & Reserves) | 316,828 | 28,170 | 17,917 | 362,915 |
| GoG Seed Funding Tranche 2 | 39,650 | 4,406 | - | 44,056 |
| Closing balance as at 31st December | 721,712 | 67,679 | 24,311 | 813,702 |
| **2020** | | | | |
| Opening balance as at 1st January 2020 | 143,874 | 15,862 | 1,751 | 161,487 |
| Operating Surplus for the year (Net Funds & Reserves) | 221,360 | 19,241 | 4,643 | 245,244 |
| Closing balance as at 31st December | 365,234 | 35,103 | 6,394 | 406,731 |

# STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31ST DECEMBER 2021

| | Note | 2021 GHS'000 | 2020 GHS'000 |
|---|---|---|---|
| Cash Flows from Operating Activities | | | |
| Operating Surplus for the Period | | 362,915 | 245,244 |
| Adjustments For: | | | |
| Depreciation and Amortizations | | 2,190 | 324 |
| Revenue Grant Appropriation | | (10,978) | - |
| Operating Surplus Before Working Capital Changes | | 354,127 | 245,568 |
| Increase in Accounts Receivable | | (24,761) | (1,134) |
| Increase in Accounts Payable | | 4,580 | 1,884 |
| Net Cash Generated from Operating Activities | | 333,946 | 246,318 |
| Cash Flows from Investing Activities | | | |
| Purchase of Investments | | (340,057) | (233,414) |
| Acquisition of Property, Plant and Equipment | | (1,274) | 1,574 |
| Acquisition of Intangible Assets | | (381) | (5,378) |
| Net Cash Used In Investing Activities | | (341,712) | (237,218) |
| Cash Flows from Financing Activities | | | |
| GoG Seed Fund Tranche 2 | | 44,056 | - |
| Net Cash Used In Financing Activities | | 44,056 | - |
| Net Increase/(Decrease) in Cash and Cash Equivalents | | 36,290 | 9,100 |
| Cash and Cash Equivalents as at 1st January 2021 | | 15,912 | 6,812 |
| Cash and Cash Equivalents as at 31st December 2021 | 19 | 52,202 | 15,912 |

## ANALYSIS OF CHANGES IN CASH AND CASH EQUIVALENTS

| | 01/01/2021 GHS'000 | Change During the Period GHS'000 | 31/12/2021 GHS'000 |
|---|---|---|---|
| Cash | 7 | (4) | 3 |
| Bank Balances | 15,905 | 36,294 | 52,199 |
| Cash and Cash Equivalents | 15,912 | 36,290 | 52,202 |

# NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2021

## 1. REPORTING ENTITY

Ghana Deposit Protection Corporation was established by the GDP Act, as amended, to protect the small depositor from loss upon occurrence of an insured event. The registered office of Ghana Deposit Protection Corporation is located at 1st Floor, Cedi House, Liberia Road, Accra, Ghana.

## 2. BASIS OF PREPARATION

### A. Statement of Compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and its interpretations adopted by the International Accounting Standards Board (IASB).

### B. Basis of Measurement

The financial statements are presented in Ghana Cedis, which is Ghana Deposit Protection Corporation's functional currency, rounded to the nearest thousand cedis. They are prepared on the historical cost basis except for financial assets and liabilities that are measured at fair value through profit or loss which are stated at their fair values

### C. Use of Estimates and Judgement

The preparation of financial statements in conformity with International Financial Reporting Standards (IFRS) as issued by International Accounting Standards Board (IASB) requires management to make judgement, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses.

The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgement about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and the underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

In particular, information about significant areas of estimation, uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amount recognised in the financial statements are described in the notes to the financial statements.

### D. Useful life of Property Plant and Equipment

The Corporation's Board determines and reviews the estimated useful lives of property, plant and equipment and related depreciation charges. The rates applied are set out in note 3.d. Changes in the estimate in the future years might affect the carrying amounts of associated property, plant and equipment with corresponding effect on the depreciation impairment.

### E. Determining Fair Values

A number of the Corporation's accounting policies and disclosures require the measurement of fair value, for both financial and non-financial assets and liabilities. The Corporation regularly reviews significant unobservable inputs and valuation judgements. When measuring the fair value of an asset or a liability, the Corporation uses market observable data as far as possible.

### F. Contingencies

The assessment of contingencies inherently involves the exercise of significant judgement as the outcome of the future events cannot be predicted with certainty. The Corporation, based on the availability of latest information, estimates the value of contingent assets and liabilities which may differ on the occurrence/non-occurrence of the uncertain future event(s).

### G. Segment Reporting

The Corporation has elected not to provide segmental information in the financial statements.

## 3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently for the period presented in these financial statements by the Corporation.

### A. REVENUE RECOGNITION

For the purposes of revenue recognition, the Corporation fully takes into account the provisions of IFRS 15 which establishes a comprehensive framework for determining whether the criteria for revenue recognition has been met, how much and when revenue is to be recognised. Revenue is recognised to depict the transfer of promised services to customers in an amount that reflects the consideration to which the Corporation expects to be entitled in exchange for the services.

This core principle is achieved through a five-step methodology as required to be applied to all contracts with customers.

- The Corporation determines whether a contract exist between the Corporation and a customer;
- Performance obligations of the contract are identified;
- The transaction price is determined (the amount the Corporation expects to be owed for the service it has delivered);
- The transaction price is allocated to each of the performance obligations identified in the contract;
- The Corporation recognises for performance obligations that are satisfied.

The above model has been applied in the recognition of the following:

#### i. Premium

Premium income comprises initial and annual premiums invoiced deposit-taking financial institutions in the country. Premiums are recognised as earned in the period in which they are invoiced and fall due.

#### ii. Interest Income

Interest income for all interest-bearing financial instruments except for those that are held for trading or designated as fair value through profit and loss are recognised within interest income in the income statement using the effective interest method. The effective interest rate is the rate that discounts estimated future receipts or payments through the expected life of the financial instruments or, when appropriate, a shorter year, to the gross carrying amount of the financial asset; or the amortised cost of the financial liability.

The effective interest rate is established on initial recognition of the financial asset. When calculating the effective interest rate; the Corporation estimates cash flows considering all contractual terms of the financial instrument but not premium-impaired losses. The calculation includes all fees received or paid between parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums or discounts. Transactions costs are incremental costs that are directly attributable to the acquisition, issue or disposal of a financial asset or liability.

### iii. Amortised cost and gross carrying amount

The amortised cost of a financial asset is the amount at which the financial asset is measured on initial recognition of the principal amount invested, plus or minus the cumulative effective interest amount of any difference between the initial amount and the maturity amount and, for financial assets, adjusted for any expected impaired loss allowance.

The gross carrying amount of a financial asset is the amortised cost of a financial asset before adjusting for any expected impaired loss allowance.

### iv. Calculation of interest income and expenses

In calculating interest income, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit-impaired).

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.

### v. Presentation

Interest income presented in the income statement includes:

interest on financial assets measured at amortised cost calculated on an effective interest basis.

Where applicable, interest income on all trading assets is considered to be incidental to the Corporation's business operations and are presented together with all other changes in the fair value of business assets in net income from other financial instruments carried at Fair Value Through Profit and Loss (FVTPL).

Interest income on other financial assets at FVTPL are presented in interest income.

## B. FOREIGN CURRENCY TRANSACTIONS

The Corporation's foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions, and from translation at the year-end exchange rates of monetary assets and liabilities denominated in foreign currencies, are recognized in the income statement. Non-monetary assets and liabilities are translated at historical exchange rates if held at historical cost, exchange rate at the date fair value was determined if held at fair value, and the resulting foreign exchange gains and losses are recognized in the income statement or shareholder's equity as appropriate.

## C. EMPLOYEE BENEFITS

***Defined contribution plans***

Defined contribution plans are post-employment benefit plans under which the Corporation pays fixed contributions into a separate fund and has no legal or contractual obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods.

The Corporation contributes to the contributory three-tier pension scheme consisting of a mandatory Basic National Social Security Scheme (defined benefit scheme- Tier 1), mandatory fully funded and privately managed occupational pension scheme (defined contribution- Tier 2) and voluntary fully funded and privately managed provident fund pension scheme (defined contribution tier 3) in accordance with the National Pensions Act,2008 (Act 766). The obligations under the tier-one, tier-two and tier-three schemes are limited to specific contributions legislated from time to time, including vesting rules for provident funds, currently an amount equal to 13.5%, 5% and 12.5% of an employee's basic salary per month respectively. The contributions to the above schemes by the employer are 13% into tier 1 and 2 (combined) and 7.5% into tier 3 (i.e., the Corporation's obligation) and employees contribute 5.5% into both tier 1 and 2 (combined) and 5% into tier 3 (i.e. employees' obligation). The schemes are funded by contributions from both the employees and employer. Benefits are paid to retiring staff in accordance with the scheme rules.

Obligations for contributions to defined contribution plans are recognised as an expense in the statement of comprehensive income when they are due.

***Short-Term Benefits***

Short-term employee benefits are amount payable to employees that fall due wholly within twelve months after the end of the period in which the employee renders the related service.

The cost of short-term employee benefits is recognised as an expense in the period when the economic benefit is given, as an employment cost. Unpaid short-term employee benefits as at the end of the accounting period are recognised as an accrued expense and any short-term benefit paid in advance are recognised as prepayments.

Wages and salaries payable to employees are recognised as an expense in the statement of comprehensive income at gross. The Corporation's contribution to social security fund is also charged as an expense.

## D. PROPERTY, PLANT AND EQUIPMENT

### i. Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses.
Cost includes expenditure that are directly attributable to the acquisition of the asset. Purchased software that is integral to the functionality of the related equipment is capitalized as part of that equipment. When part of an item of property, plant and equipment has different useful lives, they are accounted for as separate items (major components).

### ii. Subsequent Costs

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

### iii. Depreciation

Depreciation is recognised in the income statement on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. Depreciation begins when an asset is available for use and ceases at the earlier of the date that the asset is derecognised or classified as held for sale in accordance with IFRS 5.

Depreciation is computed using the following annual rates:

| | |
|---|---|
| Motor Vehicles | 20% |
| Furniture and Fittings | 25% |
| Office Equipment | 25% |
| Computer software | 33.33% |

Depreciation methods, useful lives and carrying amounts are reassessed at each reporting date. The carrying amounts of property, plant and equipment are assessed whether they are recoverable in the form of future economic benefits.

Gains and losses on disposal of property, plant and equipment are determined by comparing proceeds from disposal with the carrying amount of property, plant and equipment and are recognized in the income statement as other income.

## E. IMPAIRMENT OF NON-FINANCIAL ASSETS.

The carrying amount of the Corporation's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

An impairment loss is recognized if the carrying amount of an asset exceeds its recoverable amount. The recoverable amount of an asset is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using pre-tax discount rate that reflects current market assessment of the time value of money and risks specific to the asset. Impairment losses are recognised in the income statement.

Impairment losses recognised in prior years are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. 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.

## F. INTANGIBLE ASSETS

Intangible Assets acquired by the Corporation is measured at cost less accumulated amortization and accumulated impairment losses.

**Computer software**

Generally, costs associated with developing computer software programmes are recognised as an expense when incurred. However, costs that are clearly associated with an identifiable and unique product which will be controlled by the Corporation and has a probable benefit exceeding the cost beyond one year, are recognised as an intangible asset. Expenditure which enhances and extends computer software programmes beyond their original specifications and lives is recognised as a capital improvement and added to the original costs of the software.

Subsequent expenditure on intangible assets is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is expensed as incurred. Amortisation is calculated on a straight-line basis over the estimated useful lives not exceeding a period of 3 years. Amortisation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

## G. GRANTS

The Corporation recognizes a grant when it is received. Grants that compensate the Corporation for expenses incurred are initially recognized as deferred income at fair value if there is reasonable assurance that they will be received, and the Corporation will comply with the conditions associated with the grant. The grant is then recognised in profit or loss as other income on a systematic basis over the period the grant covers, or any other reasonable period determined by the Board, where the grant does not come with defined timelines and conditions. Grants relating to Property Plant and Equipment are recognised over the estimated useful life of the assets involved. Government assistance grants are disclosed in the financial statements in the period they are received.

The Corporation's grants represent grants received from the Bank of Ghana (BoG) in the forms of financial support and property, plant and equipment. The amount was treated as a liability (deferred income) for subsequent release into income. Grant income recognized periodically in income statement is arrived at by amortizing grant received over the useful lives of the assets, in this case property, plant and equipment.

The Government of Ghana provided seed funding amounting to GHS83.12 million, (equivalent to 13 million Euros sourced from KfW) to set up the protection fund.

## H. FINANCIAL ASSETS AND LIABILITIES

### i. Initial measurement of financial instruments

The Corporation recognizes financial assets and financial liabilities on the trade date, which is the date on which the Corporation becomes a party to the contractual provisions of the instrument. Financial asset or liability is measured initially at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue.

### ii. Classification and measurement categories of financial assets and liabilities

The Corporation has classified all of its financial assets based on the business model for managing the assets and the asset's contractual terms, measured at either:

- Amortised cost.
- Fair value through other comprehensive income (FVOCI).
- Fair Value through Profit or Loss (FVTPL)

The Corporation may designate financial instruments at FVTPL, if so doing eliminates or significantly reduces measurement or recognition inconsistencies.
The classification depends on the Corporation's business model (i.e., business model test) for managing financial assets and the contractual terms of the financial asset's cash flows (i.e., solely payments of principal and interest – SPPI test).

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows.
- The contractual terms of the financial asset give rise to cash flows on specified dates that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

A debt instrument is measured at FVOCI only 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 achieved by both collecting contractual cash flows; and
- Selling financial assets; and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All other financial assets held by the Corporation that are not measured at amortised cost and are also not held at FVOCI are classified at FVTPL. In addition, on initial recognition, the Corporation may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

***Business model assessment***

The Corporation determines its business model at the level that best reflects how it manages separate fund's financial assets to achieve its business objective. The Corporation's business model is not assessed on an instrument-by-instrument basis, but at a higher level of aggregated portfolios of each fund and is based on observable factors such as: How the performance of the separate funds (that is Fund A and B) and the financial assets held within each fund are evaluated and reported to the Corporation's Board and key Management personnel, the risks that affect the performance of the separate funds (and the financial assets held within that fund) and; in particular, the way those risks are managed to grow the Deposit Protection Fund.

***The Solely Payments of Principal and Interest (SPPI) tes***t

As a second step of its classification process the Corporation assesses the contractual terms of financial instrument to identify whether they meet the SPPI test. 'Principal' for the purpose of this test is defined as the fair value of the financial asset at initial recognition and may change over the life of the financial asset

The most significant elements of interest within a lending arrangement are typically the consideration for the time value of money and credit risk.

**iii. Financial assets or financial liabilities held for trading**

The Corporation classifies financial assets or financial liabilities as held for trading when they have been purchased or issued primarily for short-term profit making through trading activities or form part of a portfolio of financial instruments that are managed together, for which there is evidence of a recent pattern of short-term profit taking. Held-for trading assets and liabilities are recorded and measured in the statement of financial position at fair value. Changes in fair value are recognised in net trading income.

**iv. Financial assets and financial liabilities at fair value through profit or loss**

Financial assets and financial liabilities in this category are those that are not held for trading and either designated by management upon initial recognition or are mandatorily required to be measured at fair value under IFRS 9.

**v. Modifications of financial assets and liabilities**

*Financial assets*

If the terms of a financial asset are modified, the Corporation 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 and a new financial asset is recognised at fair value. Any difference between the amortised cost and the present value of the estimated future cash flows of the modified asset or consideration received on derecognition is recorded as a separate line item in profit or loss as 'gains and losses arising from the derecognition of financial assets measured at amortised cost'.

If the cash flows of the modified asset carried at amortised cost are not substantially different, then the modification does not result in derecognition of the financial asset. In this case, the Corporation recalculates the gross carrying amount of the financial asset and recognises the amount arising from adjusting the gross carrying amount as a modification gain or loss in profit or loss as part of impairment charge for the year.

In determining when a modification to terms of a financial asset is substantial or not to the existing terms, the Corporation considers the following non-exhaustive criteria.

**Quantitative criteria**

A modification would lead to derecognition of existing financial asset and recognition of a new financial asset, i.e., substantial modification, if:

•The discounted present value of the cash flows under the new terms, including any fees received net of any fees paid and discounted using the original effective interest rate, is at least 10 per cent different from the discounted present value of the remaining cash flows of the original financial asset.

In addition to the above, the Corporation also considers qualitative factors as detailed below.

**Qualitative criteria**

Scenarios where modifications will lead to derecognition of existing securities and recognition of a new investment, i.e., substantial modification, are:

- The exchange of an investment for another financial asset with substantially different contractual terms and conditions such as the restructuring of investment to repo, loan, etc.
- Use of an investment as security for a loan within or outside the country
- Conversion of a loan from one currency to another currency

Other factors to be considered:

**Extension of maturity dates**

If the terms of a financial asset are renegotiated or modified or an existing financial asset or liability is replaced with a new one due to financial difficulties of the borrower or issuer, then an assessment is made of whether the financial asset should be derecognised (see below) and Expected Credit Loss (ECL) is measured as follows:

- 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.

***Financial liabilities***

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

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

**vi. Impairment of financial assets**

The Corporation recognises Expected Credit Loss (ECL) on the following financial instruments that are not measured at FVTPL:

- Financial assets that are debt instruments or securities; and
- Deposit claim receivables

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

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

***The calculation of ECLs***

The Corporation calculates ECLs based on a probability weighted scenario 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. They are measured as follows:

- **Financial assets that are not credit-impaired at the reporting date:** ECL is the present value of all cash shortfalls (i.e., the difference between the cash flows due to the Corporation in accordance with the contract and the cash flows that the Corporation expects to receive) using the original effective interest rate or an approximation thereof as the discount rate.
- **Financial assets that are credit-impaired at the reporting date**: ECL represents the difference between the gross carrying amount and the present value of estimated future cash flows using the original effective interest rate or an approximation thereof as the discount rate.
- **Deposit claim receivables:** ECL is the present value of the difference between the contractual cash flows that are due to the Corporation if the claim receivable is drawn down and the cash flows that the Corporation expects to receive. The discount rate is the borrowing effective market interest rate or an

approximation thereof that will be applied to the financial asset resulting from the claim receivable.

***Significant increase in credit risk***

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

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

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

Based on advice from the Investment Advisory Committee (IAC) and consideration of a variety of external actual and forecast information, the Corporation formulates a base case view of the future direction of relevant economic variables as well as a representative range of other possible forecast scenarios (see discussion below on incorporation of forward-looking information). The Corporation then uses these forecasts to adjust its estimates of PDs.

***Generating the term structure of PD***

The criteria for determining whether credit risk has increased significantly vary by portfolio and include quantitative changes in PDs and qualitative factors, including a backstop based on delinquency. The credit risk of a particular exposure is deemed to have increased significantly since initial recognition if, based on the Corporation's quantitative modelling, the remaining lifetime PD is determined to have increased by more than a predetermined percentage/range.

Using its expert credit judgement and, where possible, relevant historical experience, the Corporation may determine that an exposure has undergone a significant increase in credit risk based on qualitative indicators that it considers are indicative of such and whose effect may not otherwise be fully reflected in its quantitative analysis on a timely basis.

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

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

- The criteria are capable of identifying significant increases in credit risk before an exposure is in default;
- The criteria do not align with the point in time when an asset becomes 30 days past due; and
- There is no unwarranted volatility in loss allowance from transfers between 12-month PD (stage 1) and lifetime PD (stage 2).

***Modified financial assets***

The contractual terms of a credit may be modified for a number of reasons, including changing market conditions, member or issuer peculiarities and other factors not related to a current or potential credit deterioration of the member or issuer.

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

- Its remaining lifetime PD at the reporting date based on the modified terms; with
- The remaining lifetime PD estimated based on data at initial recognition and the original contractual terms.

The Corporation considers a financial asset to be in default when:

- The issuer or borrower is unlikely to pay its credit obligations to the Corporation in full, without recourse by the Corporation to actions such as penalising; or
- The issuer or borrower is past due more than 90 days on any material credit obligation to the Corporation.

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

***Incorporation of forward-looking information***

The Corporation incorporates forward-looking information into both its assessment of whether the credit risk of an instrument has increased significantly since its initial recognition and its measurement of ECL. Based on happenings from the Corporation's investment market, coupled with economic experts and consideration of a variety of external actual and forecast information, the Corporation formulates a 'base case' view of the future direction of relevant economic variables as well as a representative range of other possible forecast scenarios. This process involves developing two or more additional economic scenarios and considering the relative probabilities of each outcome. External information includes economic data and forecasts published by governmental bodies and Bank of Ghana and selected private-sector and academic forecasters.

The base case represents a most-likely outcome and is aligned with information used by the Corporation for other purposes such as strategic planning and budgeting. The other scenarios represent more optimistic and more pessimistic outcomes. Periodically, the Corporation carries out stress testing of more extreme shocks to calibrate its determination of these other representative scenarios.

The Corporation has identified and documented key drivers of credit risk and credit losses for each portfolio of financial instruments and, using an analysis of historical data, has estimated relationships between macro-economic variables and credit risk and credit losses. The economic scenarios used as at 31 December 2020 included the ratings assigned to Ghana as a Sovereign state because all the Corporation's assets are government guaranteed securities.

Predicted forward looking macro-economic scenarios published about the Ghanaian economy have been considered for all portfolios held by the Corporation.

***Measurement of ECL***

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

- Probability of default (PD);
- Loss given default (LGD);
- Exposure at default (EAD).

These parameters are generally derived from internally developed statistical models and other historical data. They are adjusted to reflect forward-looking information as described above.

***I. Probability of Default (PD)***

PD estimates are estimates at a certain date, which are calculated based on statistical rating models, and assessed using rating tools tailored to the various categories of counterparties and exposures. These statistical models are based on internally compiled data comprising both quantitative and qualitative factors. Where itis available, market data may also be used to derive the PD for large corporate counterparties. If a counterparty or exposure migrates between rating classes, then this will lead to a change in the estimate of the associated PD. PDs are estimated considering the contractual maturities of exposures and estimated repayment rates.

***II. Loss given Default (LGD)***

LGD is the magnitude of the likely loss if there is a default. The Corporation estimates LGD parameters based on the history of recovery rates of claims against defaulted members or issuers of securities. Loss Given Default represents the Corporation's expectation of the extent of loss on a claim should default occur. It is expressed as percentage loss per unit of exposure. It typically varies by type of issuer, type of exposure and seniority of claim and availability of other credit support.

***III. Exposure At Default (EAD)***

EAD represents the expected exposure in the event of a default. The Corporation derives the EAD from the current exposure to the issuer and potential changes to the current amount under the contract including where applicable, amortisation. The EAD of a financial asset is its gross carrying amount.

As described above, and subject to using a maximum of a 12-month PD for financial assets for which credit risk has not significantly increased, the Corporation measures ECL considering the risk of default over the maximum contractual period (including any issuer or borrower's extension options) over which it is exposed to credit risk, even if, for risk management purposes, the Corporation considers a longer period.

Where modelling of a parameter is carried out on a collective basis, the financial instruments are grouped based on shared risk characteristic that include instrument type and credit risk grading.

The groupings are subject to regular review to ensure that exposures within a particular group remain appropriately homogeneous. For portfolios in respect of which the Corporation has limited historical data, Bank of Ghana data as well as external benchmark information is used to supplement the internally available data.

### vii. Restructured financial asset

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 issuer or borrower, then an assessment is made of whether the financial asset should be derecognised and ECL are measured as follows:

If the expected restructuring will not result in de recognition 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 applicable borrowing interest rate of the existing financial asset.

### viii. Credit-impaired financial assets

At each reporting date, the Corporation assesses whether financial assets carried at amortised cost and financial assets carried at FVOCI are credit impaired. 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 lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider.
- It is becoming probable that the borrower will enter bankruptcy or another financial reorganisation; or
- The disappearance of an active market for a security because of financial difficulties.
- The purchase or origination of a financial asset at a deep discount that reflects the incurred credit losses.

A security or an asset which payment date has been renegotiated due to a deterioration in the borrower's or issuer's condition is usually considered to be credit-impaired unless there is evidence that the risk of not receiving contractual cash flows has reduced significantly and there are no other indicators of impairment. In addition, premiums and securities and investments that are more than 90 days or more overdue are considered impaired except for claim receivables where the receiver's timetable for realizing assets is within schedule.

In making an assessment of whether an investment in sovereign debt is credit-impaired, the Corporation 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**

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

- Financial assets measured at amortised cost: as a deduction from the gross carrying amount of the assets.
- Claim receivables as subrogated deposits contracts: generally, as a provision; and
- Debt instruments measured at FVOCI: no loss allowance is recognised in the statement of financial position because the carrying amount of these assets is their fair value. However, the loss allowance is disclosed and is recognised in the retained earnings.

### ix. Write-off

After a full evaluation of a non-performing exposure, if either one or all of the following conditions apply, such exposure shall be recommended for write-off (either partially or in full):

- Continued contact with the member is impossible.
- Recovery cost is expected to be higher than the outstanding debt.
- Amount obtained from receiver of collapsed member assets leaves a balance of the debt; or
- It is reasonably determined that no further recovery on the member or receiver is possible.

All asset write-offs are endorsed by the Board of Directors of the Corporation. Assets write-off approval are documented in writing and properly captured in the minutes of the Board of Directors and written off in line with section 53 of the Public Financial Management Act, 2016 (921).

A write-off constitutes a derecognition event. However, financial assets that are written off could still be subject to enforcement activities until all chances of recovery have been exhausted. Whenever amounts are recovered on previously written-off assets, such amount recovered is recognised as income on a cash basis only.

### x. Derecognition of financial instruments:

*Financial Assets*
The Corporation derecognises a financial asset only when the contractual rights to the cash flows from the asset expire or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Corporation neither transfers nor retains substantially all the risks and rewards of ownership and continues

to control the transferred asset, the Corporation recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Corporation retains substantially all the risks and rewards of ownership of a transferred financial asset, the Corporation continues to recognise the financial asset and recognises a collateralised borrowing for the proceeds received.
Financial assets that are transferred to a third party but do not qualify for derecognition are presented in the statement of financial position as 'Assets pledged as collateral', if the transferee has the right to sell or repledge them.

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 transferred), and the sum of (i) the consideration received (including any new asset obtained less any new liability assumed) and (ii) any cumulative gain or loss that had been recognised in other comprehensive income is recognised in profit or loss.

*Financial liabilities*
The Corporation derecognises a financial liability when its contractual obligations are discharged or cancelled or expire.

## I. OFF-SETTING

Financial assets and liabilities are offset, and the net amount reported in the statement of financial position when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.
The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in event of default, insolvency or bankruptcy of the company or the counterparty.

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

## J. PROVISION FOR INSURED DEPOSIT CLAIM

Provisions are recognised when the Corporation has a present legal or constructive obligation as a result of past events, and it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount can be made. Provisions for payments to insured depositors are recognized in the financial statements in the period the member or contributory institution is placed under liquidation by Bank of Ghana. Any payments that exceed the provisions made are taken into account in determining the operating results for the year. Provisions that relate to unclaimed protected deposits are written back to income on expiry of the statutory period.

## K. 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 Corporation has access at that date. The fair value of a liability reflects its non-performance risk.

When one is available, the Corporation 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 Corporation 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 Corporation determines that the fair value on initial recognition differs from the transaction price and the fair value is evidenced neither by a quoted price in an active market for an identical asset or liability nor based on a valuation technique for which any unobservable inputs are judged to be insignificant in relation to the measurement, then the financial instrument is initially measured at fair value, adjusted to defer the difference between the fair value on initial recognition and the transaction price. Subsequently, that difference is recognised in profit or loss on an appropriate basis over the life of the instrument but no later than when the valuation is wholly supported by observable market data or the transaction is closed out. If an asset or a liability measured at fair value has a bid price and an ask price, then the Corporation 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 Corporation 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 prepaid premium or insured deposit claim) 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 Corporation recognises transfers between levels of the fair value hierarchy as of the end of the reporting period during which the change has occurred.

## L. CASH AND CASH EQUIVALENTS

Cash and cash equivalents include cash in hand, deposits held with Bank of Ghana and other short-term highly liquid investments with original maturities less than three months which are subject to insignificant liquidity risk.

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

## M. INVESTMENTS SECURITIES

This comprises investments in treasury bills and Government of Ghana bonds. Investments in Securities are initially measured at fair value plus any incremental increases in transaction cost. Subsequent measurement of investments in securities is dependent on their classification as hold to collect or hold to sell. Investment securities are held to maturity.

## N. PROVISION

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

## O. TAXATION

The Corporation is exempt from income tax in accordance with section 7(1) (c) of the Income Tax Act 2015, (Act 896) as amended by the Income Tax (Amendment) Act 2016, Act 907 and section 48 of Act 931, as amended. Consequently, no provisions have been made in respect of income and deferred taxes in the financial statement.

## P. CONTINGENT LIABILITIES

Contingent liabilities are possible obligations whose existence will be confirmed only by uncertain future events or present obligations where the transfer of economic benefit is uncertain or cannot be reliably measured. These obligations, where they exist, are accounted for as off-balance sheet transactions and disclosed as contingent liabilities.

## Q. DEPOSIT PROTECTION FUND

The Deposit Protection Fund (DPF) is the Deposit Protection Scheme financial resources set up specifically for reimbursement of depositors of a member of the scheme on the occurrence of an insured event in respect of that member. This is in line with the GDP Act. There are two Funds:

**Deposit Protection Fund A**

This represents the Protection Fund for scheme members of all licensed Universal Banks in Ghana. There are currently twenty-three (23) licensed Universal Banks who contribute premiums to the scheme.

**Deposit Protection Fund B**

This represents the Protection Fund for scheme members of all licensed Specialised Deposit-Taking Institutions (SDIs) in Ghana. These are Rural and Community Banks (RCB), Savings and Loans Companies (S&L), Finance Houses, and Micro Finance Institutions (MFIs) which contribute premiums to the scheme.

## R. RESERVE FUND

The Reserve Fund is the fund into which the Corporation's operational results are transferred. Where the funds in the deposit protection funds are not sufficient to meet scheme obligations in the event of loss event, withdrawals may be made from the Reserve Fund to meet scheme obligations to insured depositors of a failed institution under the scheme.

## S. COMPARATIVES

Except when a standard or an international interpretation permits or require otherwise, all amounts are reported or disclosed with comparative information. Where necessary, the comparative information has been restated to agree with the current year's presentation.

## T. SEGMENTAL REPORTING

A segment is a distinguishable component of the Corporation that is engaged either in providing products or services (business segment), or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments.

The Corporation's business and mandate does not qualify for segmental reporting because it is one line of product (deposit insurance) located at one geographical area. However, in line with the GDP Act, income statement for Protection Funds and Operations are disclosed as a note.

## U. EVENTS AFTER THE REPORTING PERIOD

Events subsequent to the balance sheet date are reflected in the financial statements only to the extent that they relate to the year under consideration and the effect is material. The Corporation adjusts the amounts recognised in its financial statements to reflect events that provide evidence of conditions that existed at the end of the reporting period.

Where there are material events that are indicative of conditions that arose after the reporting period, the Corporation discloses, by way of note, the nature of event and the estimate of its financial effect, or the statement that such an estimate cannot be made.

### V. STANDARDS ISSUED BUT NOT YET EFFECTIVE

Certain new accounting standards and interpretations have been published that are not mandatory for 31 December 2021 reporting periods and have not been adopted by the Corporation. These standards are not expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

## 4. FINANCIAL RISK MANAGEMENT

In the performance of its statutory duties, the Corporation analyses, evaluates and assumes positions of taking calculated risks as provided by the GDP Act. The degree of risk management taken on by the Corporation is meant to be within what it can comfortably manage. The Corporation's aim is therefore to achieve an appropriate balance between risk and return and minimize potential adverse effects on its financial performance. The Corporation defines risk as the possibility of losses or profits forgone, or the occurrence of uncertain events, which may be caused by internal or external factors thereby affecting expectations. The most important types of risk faced by the Corporation include:

- Pay Out Risk
- Liquidity/Funding Risk
- Investment Risk
- Operational Risk
- Compliance Risk

**Risk Management Framework**

The Board of Directors has overall oversight responsibility for the establishment and implementation of the Corporation's risk strategy and management framework. The Board executes this mandate through the Risk & Strategy Committee. The Risk & Strategy Committee, constituted exclusively by non-executive members, with the CEO as an attendee with no voting rights, is responsible for developing the Corporation's risk appetite and business strategy, and ensuring their implementation, monitoring, and reporting on a regular basis to the Board.

The Board Risk and Strategy Committee is also responsible for monitoring compliance with the Corporation's risk management policies and procedures and reviewing the adequacy of the risk management framework in relation to the risks faced by the Corporation. The Committee is assisted in these functions by management reports that are submitted to it on regular basis.

The Corporation's risk management policies are established to identify and analyze the risks faced by the Corporation, set appropriate risk limits and controls consistent with its risk appetite, and monitor risks and adhere to Board approved limits. The Corporation's Risk management policies and systems are reviewed regularly to reflect changes in the Corporation's operating environment and developments in the global financial regulatory environment. The Corporation, through its policies, procedures, and human capital development initiatives, aims to cultivate a disciplined and constructive control environment, in which all employees understand their roles and obligations.

## 4(a) Pay Out Risk

The Corporation's core mandate is to pay insured depositors in the event of a bank failure. Pay out risk is the risk that the Corporation will not be able to execute timely reimbursement of depositors as stipulated in the GDP Act. This risk has been mitigated to some extent with a well laid out operations procedures manual for handling the depositor pay-out process, the performance of periodic simulations, and the oversight function of the Board Committee on Finance, Technical and Investment and the Board Committee on Risk & Strategy.

## 4(b) Liquidity/Funding risk

Liquidity risk refers to the risk of a potential loss resulting from the scheme's inability to meet its funding obligations or not able to convert its assets into cash at reasonable prices to meet its funding needs.

The Corporation's approach to managing liquidity is to ensure that it will always have sufficient funds to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Corporation's reputation. To ensure the maintenance of adequate liquidity, the Corporation maintains a portfolio of liquid assets, largely made up of short-term and medium-term liquid investment securities with which it can easily access liquidity or convert to cash at reasonable prices to meet its funding commitments if needed.

Furthermore, the Corporation has mitigated its liquidity and funding risk by signing a Memorandum of Understanding with Bank of Ghana to access liquidity, using the Corporation's liquid investment securities, which are in Treasury Bills and Bonds guaranteed by the Government of Ghana. when the need arises. In addition, the GDP Act also affords the Corporation a series of options to raise additional funding including, charging an additional, extraordinary premium on member institutions, issue bonds in compliance with the GDP Act and Bank of Ghana rules, and/or borrow funds, guaranteed in line with the GDP Act or by the instructions of Bank of Ghana if need be.

The liquidity position is monitored regularly, and liquidity stress tests are conducted periodically under a variety of scenarios covering both normal and more severe market conditions. All liquidity policies and procedures are subject to review and approval by the Investment Advisory Committee (IAC) and periodic reports on the liquidity position of the Corporation, including any exceptions and proposed remedial action taken, is submitted regularly to IAC.

### Exposure to Liquidity Risk

The key measure used by the Corporation for managing liquidity risk is the composition of short-term liquid assets to long-term investments as well as the investment mix ratio (liquid ratio). Liquid assets comprise cash and cash equivalents and investment securities for which there is an active and liquid market less any short-term liabilities. The Corporation also uses gap analysis based on budgetary cashflow needs to determine the liquidity position of the Corporation and where necessary, recommend remedial action.

The Corporation's liquid assets is set out below:

| **Liquid Assets** | **2021 GHS'000** | **2020 GHS'000** |
|---|---|---|
| Cash on Hand | 3 | 7 |
| Bank Balances | 52,199 | 15,905 |
| Investment Securities (Short Term) | 179,288 | 147,118 |
| **Total** | **231,490** | **163,030** |

## 4(c) Investment Risk

Investment risk is the risk of financial loss to the Corporation if an issuer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Corporation's investment risk-taking decisions to investment securities. For risk management reporting purposes, the Corporation considers and consolidates all elements of investment risk exposure.

For risk management purposes, credit risk arising on investment securities is managed independently, but reported as a component of market risk exposure.

## Management of Investment Risk

The Board of Directors has delegated responsibility for the management of investment risk to its Board Finance, Technical and Investment Committee. This committee reports regularly to the Board on matters relating to Finance, Premium management and determination, and investment, including:

- ***Formulating premium policies*** in consultation with operations department, covering scheme member relations, target fund, premium management process in line with Act 931, as amended.
- ***Establishing the target market*** for the investment decisions to ensure sustainability, safety and liquidity of the scheme resources.
- Reviewing and assessing investment mix to guide Management in taking appropriate investment decisions for optimum returns as well as managing duration risk.
- ***Providing advice, guidance and specialist skills*** to operations to promote best practice throughout the Corporation in the management of operational risk.

## Investment Risk Exposure

The following table sets out the classification of the investment securities:

Government Bonds and Treasury Bills

| | 2021<br>GHS'000 | 2020<br>GHS'000 |
|---|---|---|
| Treasury Bills (maturities up to 12 months) | 205,521 | 158,640 |
| Treasury Bonds (maturities more than 12 months) | 513,635 | 220,459 |
| **Total** | **719,156** | **379,099** |

## 4 (d) Operational Risks

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the Corporation's processes, personnel, technology and infrastructure, and from external factors other than pay out, interest rate and liquidity/funding risks such as those arising from market or economic disruptions. Global pandemics, like COVID 19 disruptions and other exogenous factors heighten operational risk.

Operational risk relates to the risk that the Corporation's operations may be halted temporarily or permanently by inadequate internal and/or systems controls, thereby allowing people to take advantage to commit fraud.

The Corporation's objective is to manage operational risk so as to balance the avoidance of financial losses and damage to the Corporation's reputation with overall cost effectiveness and to avoid control procedures that restrict initiative and creativity.

The primary responsibility for the development and implementation of controls to address operational risk is assigned to senior management within each business unit. This responsibility is supported by the development of overall Corporation standards for the management of operational risk in the following areas:

- requirements for appropriate segregation of duties, including the independent authorization of transactions
- requirements for the reconciliation and monitoring of transactions
- compliance with Act 931, as amended and other legal requirements
- documentation of controls and procedures
- requirements for the periodic assessment of operational risks faced, and the adequacy of controls and procedures to address the risks identified
- requirements for the reporting of operational losses and proposed remedial action
- development of contingency plans
- training and professional development
- ethical and business standards
- risk mitigation, including insurance where this is effective.
- As an additional layer of protection, the Internal Audit Function, undertakes periodic testing of controls embedded in the Corporation's operations to determine their effectiveness and ensure consistency with the Corporation's risk appetites

## 4(e) Compliance Risk

Compliance risk is the risk of legal sanctions, financial loss, or loss to reputation that the Corporation may suffer as a result of its failure to comply with all applicable laws, Acts, and codes of conduct and standards of good practice (together, laws, rules and standards").

As part of its efforts to address and enhance sound compliance practices in the Corporation, the Board, through its Board Risk and Strategy Committee manages compliance related risks of the Corporation.

Compliance with laws, rules and standards helps to maintain the Corporation's reputation and meet the expectations of its stakeholders, the markets and society as a whole. Compliance with laws, rules and standards has been identified as an important risk management activity and has accordingly been formalized within the Corporation as a distinct risk management discipline.

## Management of Compliance Risk

The Board, through its Sub-Committee on Risk and Strategy Committee, oversees the compliance functions of the Corporation. The Compliance function of the Corporation, on quarterly basis, updates the Board on critical compliance issues within the period pertaining to statutory Act and Ghana Deposit Protection Corporation policies. Management of issues related to Ghana Deposit Protection Act, 2016 (Act 931) is of core importance to management.

Another layer of compliance activity is carried by the Independent Internal Audit Committee, which periodically reviews and evaluates the controls, processes and operating effectiveness, including compliance with risk management procedures. The Committee present reports periodically to the Board as assurance service to the effectiveness of the operations and financial performance of the Corporation.

## 5. FUNDS AND RESERVES MANAGEMENT

### Deposit Protection Fund

Act 931, as amended, establishes the Deposit Protection Funds for the scheme. There are two Funds. The Deposit Protection Fund “A” and Fund “B”.

- Fund “A” is for premiums paid by a bank that is a member of the Scheme and any other fee paid by that bank to the Scheme and returns on investment of Fund A.
- Fund “B” is for premiums paid by a Specialised Deposit-Taking Institution that is a member of the Scheme and any other fee paid by that Specialised Deposit-Taking Institution to the Scheme and returns on investment of Fund B,

In line with the Act, the Corporation takes an amount not exceeding 20% of the investment income of each fund to meet operational expenses of the Corporation.

The object of the Deposit Protection Fund is to provide the financial resources needed for the operation of the Scheme particularly for the reimbursement of the depositors of a member of the Scheme on the occurrence of an insured event in respect of that member.

**Reserve Fund**

The GDP Act requires the Corporation to establish and operate a Reserve Fund into which the Corporation shall transfer its operational results. The Board may however withdraw money from the Reserve Fund to meet the obligations of the Scheme to insured depositors, if moneys in the Protection Fund are not sufficient.

Fund Balance, Reserves and Deferred Grant allocation

| | Fund A GHS’000 | Fund B GHS’000 | Deferred Revenue Grant GHS’000 | Reserve Fund GHS’000 | Total GHS’000 |
|---|---|---|---|---|---|
| Opening balance as at 1st January 2021 | 365,234 | 35,103 | 32,934 | 6,394 | 439,665 |
| GoG Seed Fund -Tranche 2 | 39,650 | 4,406 | - | - | 44,056 |
| Grant Appropriation | - | - | (10,978) | - | (10,978) |
| Surplus Funds and Reserves | 316,828 | 28,170 | - | 17,917 | 362,915 |
| **Closing balance as at 31st December 2021** | **721,712** | **67,679** | **21,956** | **24,311** | **835,658** |

The income statement for the respective Deposit Protection Funds and Operations are presented below:

**Income Statement for the Deposit Protection Fund Scheme and the Operations as at 31st December 2021**

| | Fund A GHS'000 | Fund B GHS'000 | Operations GHS'000 | Total GHS'000 |
|---|---|---|---|---|
| Annual - Premiums Income | 251,922 | 22,278 | - | 274,200 |
| Investment Interest | 81,133 | 7,482 | 4,161 | 92,776 |
| Interest Income Transf. to Operations (20%) | (16,227) | (1,496) | 17,723 | - |
| Other Income | - | - | 12,943 | 12,943 |
| Impairment on Premium Income | - | (94) | - | (94) |
| Total Operational Expenses | - | - | (16,910) | (16,910) |
| | ---------- | --------- | -------- | ---------- |
| **Net Fund Balance and Surplus Income** | **316,828** | **28,170** | **17,917** | **362,915** |
| | ======= | ====== | ===== | ======= |

**Income Statement for the Deposit Protection Fund Scheme and the Operation as at 31st December 2020**

| | Fund A GHS'000 | Fund B GHS'000 | Operations GHS'000 | Total GHS'000 |
|---|---|---|---|---|
| Annual - Premium Income | 193,172 | 19,096 | - | 212,268 |
| Investment Interest | 35,234 | 3,498 | 3,392 | 42,124 |
| Interest Income Trans. to Operations (20%) | (7,046) | (699) | 7,745 | - |
| Other Income | - | - | 2,602 | 2,602 |
| Impairment on Premium Receivables | - | (2,654) | - | (2,654) |
| Total Operational Expenses | - | - | (9,096) | (9,096) |
| | ---------- | --------- | -------- | ---------- |
| **Net Fund Balance and Surplus Income** | **221,360** | **1 9,241** | **4,643** | **245,244** |
| | ======= | ====== | ===== | ======= |

## 6. GOING CONCERN

The Corporation has reviewed its business activities as at 31 December 2021, together with the factors likely to affect its future development, performance and position. Based on the above, the Directors have a reasonable expectation that the Corporation has adequate resources to continue in operational existence for the foreseeable future and nothing has come to the attention of the Board and Management otherwise as at the balance sheet date.

## 7. ANNUAL PREMIUMS

| 7 (a) | GHS' 000 | GHS' 000 |
|---|---|---|
| Annual Premium | 274,200 | 212,268 |
| | ======= | ======= |

**7(b) Sources of Premiums**

| | 2021 GHS' 000 | 2020 GHS' 000 |
|---|---|---|
| Banks | 251,922 | 193,172 |
| Savings and Loans Companies | 4,973 | 4,090 |
| Finance Houses | 1,777 | 3,478 |
| Microfinance Companies | 917 | 707 |
| Rural and Community Banks | 14,611 | 10,821 |
| | ---------- | ---------- |
| | 274,200 | 212,268 |
| | ======= | ======= |

## 8. INTEREST INCOME

| | | |
|---|---|---|
| Interest Received | 66,543 | 30,602 |
| Interest Accrued | 26,233 | 11,522 |
| | --------- | --------- |
| | 92,776 | 42,124 |
| | ====== | ====== |

## 9. OTHER INCOME

| | | |
|---|---|---|
| Grant Appropriation | 10,978 | - |
| Sundry Income | 1,965 | 2,602 |
| | --------- | ------- |
| | 12,943 | 2,602 |
| | ====== | ===== |

Sundry Income relates to grant receipts, notional income equivalent to the cost of Bank of Ghana seconded staff services and penalty charged members for infractions.

## 10. IMPAIRMENT OF FINANCIAL ASSETS

| | 2021 GHS' 000 | 2020 GHS' 000 |
|---|---|---|
| Opening balance | 2,654 | - |
| Impairment of Fund B Premium Receivables charged for the year | 94 | 2,654 |
| | ------- | -------- |
| | 2,748 | 2,654 |
| | ===== | ===== |

This relates to the impairment of Fund B Premium Receivables outstanding beyond the billing cashflow cycle (91 days). The assessment of probability of future cashflow receipts from such members was doubtful.

## 11 EMPLOYEE COSTS

| EMPLOYEE COSTS | 2021<br>GHS' 000 | 2020<br>GHS' 000 |
|---|---:|---:|
| Payroll Expenses | 6,714 | 2,872 |
| Employee Health Costs | 221 | 10 |
| Staff Training Costs | 435 | 92 |
| Notional Staff Costs | 1,255 | 1,825 |
| Others | 81 | - |
| | -------- | ------- |
| | 8,706 | 4,799 |
| | ===== | ===== |

The number of permanent persons employed by the Corporation during the period ended 31 December 2021 was 30. At the beginning of the year, the total staff strength was 21 including 6 Seconded staff from Bank of Ghana. The 6 Seconded staff were recalled on or before 30th September 2021, and were replaced by staff recruited to take up the roles permanently.

## 12 ADMINISTRATIVE EXPENSES

| GHS' 000 | 2021<br>GHS' 000 | 2020 |
|---|---:|---:|
| Board Expenses | 992 | 1,151 |
| IT Expenses | 1,944 | 259 |
| Sensitisation and operations | 86 | 137 |
| Public Awareness and Communication | 457 | 630 |
| Legal and Other Professional Fees | 8 | 139 |
| Auditor's Remuneration | 199 | 71 |
| General & Administrative | 1,776 | 980 |
| | -------- | -------- |
| | 5,462 | 3,367 |
| | ===== | ===== |

Board members were six (6) during the most part of the year, until November when a replacement for Association of Ghana Industries (AGI) was onboarded. The replacement became necessary due to the demise of the earlier representative in 2020.

## 13 DEPRECIATION AND AMORTISATION

| | 2021<br>GHS' 000 | 2020<br>GHS' 000 |
|---|---|---|
| Depreciation (own acquisition) | 289 | 25 |
| Amortisation (own acquisition) | 1,901 | 299 |
| | ------- | ------ |
| | 2,190 | 324 |
| Depreciation (capital grant) | 552 | 606 |
| | ------- | ------ |
| | 2,742 | 930 |
| | ===== | ==== |

## 14 PROPERTY, PLANT & EQUIPMENT

### 2021

| | Motor Vehicles GHS' 000 | Furniture & Fittings GHS' 000 | Office Equipment GHS' 000 | Work in progress GHS' 000 | Total |
|---|---|---|---|---|---|
| **Cost/Valuation** | | | | | |
| Opening balance as at 1st January 2021 | 1,163 | 992 | 883 | 1,214 | 4,252 |
| Additions | 820 | 131 | 379 | - | 1,330 |
| Transfers/ (Release) | - | 40 | - | (1,214) | (1,174) |
| | ------- | ------ | ------ | ------- | --------- |
| Closing balance as at 31st December 2021 | 1,983 | 1,163 | 1,262 | - | 4,408 |
| | ===== | ==== | ==== | ==== | ====== |
| **Depreciation** | | | | | |
| Opening balance as at 1st January 2021 | 233 | 363 | 128 | - | 724 |
| Charge for the year | 305 | 267 | 269 | - | 841 |
| | ------- | ------ | ------ | ------- | -------- |
| Closing balance as at 31st December 2021 | 538 | 630 | 397 | - | 1,565 |
| | ===== | ==== | ==== | ==== | ==== |
| **Net Book Value** | | | | | |
| Closing balance as at 31st December 2021 | 1,445 | 533 | 865 | - | 2,843 |
| | ===== | ==== | ==== | ==== | ====== |

### 2020

| | Motor Vehicles GHS' 000 | Furniture & Fittings GHS' 000 | Office Equipment GHS' 000 | Work in progress GHS' 000 | Total |
|---|---|---|---|---|---|
| **Cost/Valuation** | | | | | |
| Opening balance as at 1st January 2020 | - | 992 | 284 | 3,386 | 4,662 |
| Additions | 1,163 | - | 90 | 3,227 | 4,480 |
| Transfers/(Release) | - | - | 509 | (5,399) | (4,890) |
| | ------- | ------ | ------ | -------- | --------- |
| Closing balance as at 31st December 2020 | 1,163 | 992 | 883 | 1,214 | 4,252 |
| | ==== | ==== | ==== | ===== | ====== |
| **Depreciation** | | | | | |
| Opening balance as at 1st January 2020 | - | 73 | 20 | - | 93 |
| Charge for the year | 233 | 290 | 108 | - | 631 |
| | ------ | ------ | ----- | -------- | -------- |
| Closing balance as at 31st December 2020 | 233 | 363 | 128 | - | 724 |
| | === | ==== | === | ===== | ===== |
| **Net Book Value** | | | | | |
| Closing balance as at 31st December 2020 | 930 | 629 | 755 | 1,214 | 3,528 |
| | ==== | ==== | === | ===== | ===== |

## 15 INTANGIBLE ASSETS

| | 2021 GHS' 000 | 2020 GHS' 000 |
|---|---|---|
| **Cost/Valuation** | | |
| Opening balance as at 1st January - | 5,378 | - |
| Additions | 381 | 488 |
| Transfers from Work-In-Progress | 1,118 | 4,890 |
| | -------- | -------- |
| Closing balance at at 31st December | 6,877 | 5,378 |
| | ===== | ===== |
| **Amortisation** | | |
| Opening balance as at 1st January- | 299 | - |
| Charge for the Year | 1,901 | 299 |
| | -------- | ------- |
| Closing balance at 31st December - | 2,200 | 299 |
| | ===== | ===== |
| **Net Book Value as at 31st December -** | **4,677** | **5,079** |
| | ===== | ===== |

## 16 INVESTMENT SECURITIES (MEDIUM TERM)

| | | |
|---|---|---|
| Fund A Securities | 457,929 | 207,910 |
| Fund B Securities | 44,955 | 12,549 |
| Reserve Fund Securities | 10,751 | - |
| | ----------- | ---------- |
| | 513,635 | 220,459 |
| | ======= | ======= |

The investment securities (medium-term) were held in Government of Ghana Bonds in tenors as presented below:

| | | |
|---|---|---|
| 2 Year Treasury Notes | 250,470 | 155,069 |
| 3 Year Treasury Notes | 78,755 | 43,290 |
| 5 Year Treasury Notes | 119,037 | 4,800 |
| 6 Year Treasury Notes | 47,673 | 2,287 |
| 7 Year Treasury Notes | 17,700 | 15,013 |
| | ----------- | ---------- |
| | **513,635** | **220,459** |
| | ======= | ======= |

## 17 INVESTMENT SECURITIES (SHORT-TERM)

| | 2021 GHS' 000 | 2020 GHS' 000 |
|---|---|---|
| Fund A Securities | 143,810 | 106,885 |
| Fund B Securities | 11,259 | 18,228 |
| Reserve Fund Securities | 24,219 | 22,005 |
| | ---------- | ---------- |
| | 179,288 | 147,118 |
| Interest Receivable | 26,233 | 11,522 |
| | ---------- | ---------- |
| | 205,521 | 158,640 |
| | ======= | ======= |

The investment securities (short term) were held in Government of Ghana treasury bills in tenors as presented below:

| | 2021 GHS' 000 | 2020 GHS' 000 |
|---|---|---|
| 91 Days Treasury Bills | - | 19,996 |
| 182 Days Treasury Bills | 17,729 | - |
| 364 Days Treasury Bills | 6,490 | 127,122 |
| 2 Year Bond (with maturities up to 364 days) | 155,069 | - |
| ---------- ----------- | | |
| | 179,288 | 147,118 |
| Interest Receivable | 26,233 | 11,522 |
| | ---------- | ---------- |
| | 205,521 | 158,640 |
| | ====== | ======= |

## 18 ACCOUNTS RECEIVABLE

| | | |
|---|---|---|
| Premium Receivable | 66,667 | 41,892 |
| Impairment Cost (Note 10) | (2,748) | (2,654) |
| | --------- | --------- |
| | 63,919 | 39,238 |
| Prepaid Expenses | 959 | 863 |
| Other Receivables | - | 16 |
| | ---------- | -------- |
| | 64,878 | 40,117 |
| | ======= | ===== |

Premiums are invoiced quarterly, and members have one month credit period to pay. The premium receivable relates to the last quarter premium invoiced in December, 2021 and were therefore due at the end of January, 2022.

## 19 CASH AND CASH EQUIVALENTS

| | | |
|---|---|---|
| Cash on hand | 3 | 7 |
| Balances held with Bank of Ghana | 52,199 | 15,905 |
| | --------- | --------- |
| | 52,202 | 15,912 |
| | ====== | ===== |

The cash balance held with Bank of Ghana includes Government of Ghana Seed Fund contribution of GHS44,056,000 (€6.5 million), received on 30th December, 2021 for the protection fund.

## 20 FUND & RESERVES

This represents the Deposit Protection Fund balances and the Reserve Fund as presented below:

| | Fund A GHS' 000 | Fund B GHS' 000 | Reserve Fund GHS' 000 | Total GHS' 000 |
|---|---|---|---|---|
| Opening balance as at 1st January 2021 | 365,234 | 35,103 | 6,394 | 406,731 |
| GoG Seed Fund tranche 2 | 39,650 | 4,406 | - | 44,056 |
| Operating Surplus for 2021 | 316,828 | 28,170 | 17,917 | 362,915 |
| | ---------- | ---------- | ---------- | ----------- |
| Closing balance as at 31st December 2021 | 721,712 | 67,679 | 24,311 | 813,702 |
| | ======= | ====== | ====== | ======= |

## 21 DEFERRED GRANT

| | | |
|---|---|---|
| (a) Non- Current Liability | 1,188 | 1,740 |
| b) Current Liability | 21,956 | 32,934 |

Deferred grants represent capital and revenue contributions received from Bank of Ghana for the set-up and running of the Corporation. Capital grant relates to assets granted to the Corporation by the Bank of Ghana and the Revenue grant relates to cash received from Bank of Ghana as reimbursement for expenses as shown below:

| CAPITAL GRANT | 2021 GHS' 000 | 2020 GHS' 000 |
|---|---|---|
| Motor Vehicles | 698 | 931 |
| Furniture and Fittings | 381 | 629 |
| Office Equipment | 109 | 180 |
| | ------ | ------- |
| | 1,188 | 1,740 |
| | ==== | ===== |

The difference in capital grant **GHS552,000 (1,740,000 – 1,188,000)** was charged to other income in line with the accounting policy of the Corporation.

| **REVENUE GRANT** | | |
|---|---|---|
| Opening balance as at 1st January | 32,934 | 32,934 |
| Appropriations: | | |
| Appropriation towards income | (10,978) | - |
| | --------- | --------- |
| Closing balance as at 31st December | 21,956 | 32,934 |
| | ====== | ====== |

## 22 ACCOUNTS PAYABLE

| | **2021 GHS' 000** | **2020 GHS' 000** |
|---|---|---|
| Sundry Vendor Payables | 3,563 | 2,330 |
| Premium in Suspense | 3,331 | - |
| Other Liabilities | 16 | - |
| | -------- | -------- |
| - | 6,910 | 2,330 |
| | ===== | ===== |

Premiums in suspense relates to member invoices overdue and outstanding for more than three (3) quarters. The Corporation will continue to invoice these members as long as they remain members of the scheme, and holds valid licenses issued by Bank of Ghana. The Corporation will recognize premium income for such members on cash basis.

## 23 CONTINGENT LIABILITIES

There were no contingent liabilities at the balance sheet date. (2020: Nil)

## 24 COMMITMENTS

The Corporation's commitments for capital and operational expenditure as at 31 December 2021 in respect of Property, plant and equipment and ongoing service contracts are shown below.

| | **2021 GHS' 000** | **2020 GHS'000** |
|---|---|---|
| Capital Work In Progress | - | 1,212 |
| Operational expenditure | 1,205 | 1 |
| | ------ | ------ |
| | 1,205 | 1,213 |
| | ==== | ==== |

## 25 SUBSEQUENT EVENTS

Events subsequent to the balance sheet date are reflected in the financial statements only to the extent that they relate to the period under review and the effect is material. There were no subsequent events at the reporting date, 31 December 2021.

## 26 RELATED PARTIES

Parties are considered to be related if one party has the ability to control the other party or exercise influence over the other party in making financial and operational decisions, or one other party controls both.

Ghana Deposit Protection Corporation is a statutory institution set up by an Act of Parliament

Remuneration of key management personnel:

The key management personnel and connected persons considered to be related parties for disclosure purposes are defined to include close members of family of key personnel and other entities which such persons exercise control.

Key management compensation during the year is shown below:

| | 2021<br>GHS' 000 | 2020<br>GHS' 000 |
|---|---|---|
| Directors' Fees | 753<br>==== | 1,102<br>==== |

# CONSUMER EDUCATION

## Basic Facts on the Ghana Deposit Protection Scheme

### About us

Ghana's Deposit Protection Scheme (the "Scheme") was established by the Ghana Deposit Protection Act (2016), Act 931. Portions of Act 931 were amended in 2018 by the Ghana Deposit Protection (Amendment) Act (2018), Act 968. The Act establishes:

- The Deposit Protection Scheme (the Scheme),
- The Deposit Protection Funds A and B (the Fund), and
- The Ghana Deposit Protection Corporation (GDPC or the Corporation).

The Scheme became operational on 30th September 2019, and is managed by the Corporation, a statutory body established with initial seed funding from the Government of Ghana and Bank of Ghana, with technical and financial support from KFW, a German state-owned development bank.

### Mandate

The Scheme is set up to:

- collect periodic premiums from banks and SDIs and invest them to build the Fund in order to ensure that there is money available to pay insured deposits in the event that the licence of a member institution is revoked by the Bank of Ghana; and

- pay customers who have deposited money in any member institution in the event that the bank or SDI fails and their licence is withdrawn by the Bank of Ghana. This may happen if, for some reason, Bank of Ghana determines that the particular financial institution is insolvent, persistently contravenes banking laws and regulations, engages in unsafe or unsound practices, or carries out business in a manner which is detrimental to the interests of depositors or the public.

### Membership

All banks and SDIs licensed by the Bank of Ghana to take deposits from clients are mandatory members of the Scheme. Member institutions include :

- Banks;
- SDIs;
    - Savings and Loans companies;
    - Finance Houses;
    - Microfinance Institutions; and
    - Rural and Community Banks

## Coverage

As stated in Section 13 of the GDP Act, any deposit a customer has (e.g., current accounts, savings accounts, fixed deposits, etc) in any bank or SDI licensed by Bank of Ghana to take deposits, is protected under the Scheme, except the following:

- Any deposit for which a depositor has not been identified;
- Any deposit that is frozen in compliance with a court order;
- A deposit that belongs to:
- a director, or key management personnel of the failed bank or SDI;
- a director or key management personnel who has worked with the bank/SDI for at least three years before the failure of the bank or SDI;
- an accounting or audit firm, a partner or manager of that accounting or audit firm who is in charge of performing the external audit of the financial statements of the bank or SDI for at least three years before the failure of the bank or SDI;
- any deposit that is used as collateral for a loan or other obligation with the bank or SDI;
- a deposit held by a financial institution, pension fund, retirement fund, insurance company, collective investment undertaking, local government, central government, and administrative authority with the failed bank or SDI;
- Deposits held in a foreign branch of the failed bank or SDI incorporated in Ghana, and a subsidiary of the failed bank or SDI operating in a foreign country.

## Coverage Limit

The GDP Act states that depositors will be compensated in the event of a bank or SDI failure, but only up to a maximum amount that can be paid to each depositor as specified by the Act. This money will be paid from the Fund that is managed by GDPC. The maximum amount payable will be revised as and when appropriate, in line with prevailing economic conditions.

## Deposit Protection Fund

- The Fund is made up of seed funds provided by the Government of Ghana and the Bank of Ghana, as well as periodic premiums paid by banks and SDIs as part of their membership obligations to the Scheme.
- Premiums are paid by member banks and SDIs. Depositors are not required to pay any premiums and member institutions are not supposed to pass on the cost of premium payment to depositors.
- The Fund and its resources are managed by GDPC based on sound investment management principles as set out under the GDP Act.

## Reimbursing Depositors -Payout

GDPC will pay depositors of banks and SDIs that fail and whose licences are revoked by the Bank of Ghana, their deposits up to the maximum amount set by the GDP Act.

Each customer's reimbursement will be no more than the compensation amount specified by the GDP Act, and it will also depend on any amounts that are in the exception list outlined in section 13 of the GDP Act.

GDPC will aim to pay every customer's claim that is found to be valid within 30 days of the first announcement of the modalities for commencement of payment. The aim of the Scheme is to pay customers of a failed member institution in the shortest possible time, ensuring that the depositors or customers do not have to wait a long time to have access to their money. If for some reason the customers are not able to put in a claim within the 30 days, they will be able to submit their claims up to five years after the failure of the bank or SDI.

In the case of executors or administrators of deceased depositors, there is no limit on the period within which they can make a claim. This implies that a person authorised to make a claim on behalf of a deceased depositor can do so at any time at the offices of the Corporation.

A depositor with an outstanding claim above the limit paid by GDPC is entitled to apply to the Receiver that will be appointed by the Bank of Ghana to resolve the failed bank or SDI to claim the difference.

For more details or further enquiries, please visit the FAQ segment of GDPC's website.

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GDPC is a member of the International Association of Deposit Insurers (IADI)