WAMFIE RURAL BANK LIMITED

ANNUAL REPORT

2022

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WAMFIE RURAL BANK LIMITED

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VISION

To be the established leader in micro finance in Ghana

WAMFIE RURAL BANK LIMITED

BOARD OF DIRECTORS AND OFFICIALS

Board of Directors	Dominic Kwasi Nti	- Chairman
	Nana Kwamena Addae Nyarko	- Vice Chairman(Died 10/5/2022)
	Nana Ampaabeng Kyeremeh Sikafo	- Member
	Frank Kumi	- Member-(Appointed 26/01/2023)
	Bright Owusu	- Member-(Appointed 26/01/2023)
Secretary	Nana Kwamena Addae Nyarko	- Secretary (Died 10/5/2022)
Executive Management	Emmanuel Kwabena Dei	- Chief Executive Officer
	Abukari Hamza	- Manager, Operations
	Cosmos Amankwaa	- Manager, HR & Admin & Credit
	Alberta Cherkoh Adorkie	- Manager, Internal Audit
	Joseph Ngmentoma Kuuvengsery	- Manager, Risk/Compliance
	Bright Osei Frempong	- Manager, Information Tech.
Registered Office	Wamfie Rural Bank Limited P. O. Box 26 Wamfie - Bono	
Auditors	Donaldy Associates Chartered Accountants P. O Box KS 6608 Adum-Kumasi	
Solicitors	Romeo Asante Nimo Adom Chambers 5th Floor, Cocoa House Sunyani	
Bankers	ARB Apex Bank Limited	

REPORT OF THE DIRECTORS TO THE MEMBERS OF
WAMFIE RURAL BANK LIMITED
YEAR ENDED 31 DECEMBER, 2022

The board of directors present their report together with the audited financial statements of the bank for the year ended 31 December, 2022.

1. **Statement of director's responsibility**
   The bank's directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards (IFRS), and in the manner required by the Companies Act, 2019 (Act 992) and the Banks and Specialized Deposit-Taking Institutions Act, 2016 (Act 930) and for such internal controls as the directors determine are necessary to enable the preparation of financial statements that are free from material misstatements, whether due to fraud or error. The directors are also responsible to assess whether the bank would continue as a going concern.

2. **Nature of business**
   The bank's principal activity is the provision of rural banking services. There was no change in the nature of the bank's business during the year.

3. **Financial results**
   The detail results of operations for the year ended 31 December, 2022 are set out in the financial statements, highlights of which are as follows:

	2022 GH¢	2021 GH¢
The bank recorded a profit before taxation of	383,954	264,051
From which is deducted income tax expense of	(241,872)	(217,839)
Giving a net profit after tax of	142,082	46,212
There was a transfer to statutory reserve fund of - 2020	-	(11,553)
There was a transfer to statutory reserve fund for the year	(35,521)	(106,155)
Leaving a loss for the year after tax and transfer to statutory reserve of	106,562	(71,496)
When added to the opening balance on the income surplus account as of 1 January	637,618	891,770
From which was deducted tax and interest in arrears -2021	-	(158,042)
And adjusting it Over provision of tax - 2021	-	(97,025)
And adjusting it with difference in opening balances - 2021	137,129	72,412
And adjusting it with credit risk reserve of	-	-
From which is deducted final dividend paid of	-	-
Leaving a closing balance on the income surplus account of	**881,309**	**637,618**

4. Stated capital

The bank's stated capital relating to ordinary shares issued increased from GH¢1,582,934 as at the end of the previous year to GH¢1,614,504; recording an increase of GH¢31,570 as at close of the year. The number of issued shares also increased from 155,293,400 to 161,450,400 showing an increase of 3,157,000. The bank complied with the minimum capital requirement of GH¢1,000,000 by Bank of Ghana.

5. Dividend

The board of directors do not recommend payment of dividend for the year based on Bank of Ghana directive (Notice No.BG/GOV/SEC/2022/03) dated 20th April, 2020 (2021-Nil).

6. Corporate social responsibility

The bank engaged in the following corporate social responsibilities during the year.

Activity	**Amount (GH¢)**
(i) Habitat Foot bridge Project	50,113
(ii) Wamfie District Court	3,688
(iii) Education Scholarship	750
	54,551

7. Directors capacity

The directors attended a training program on Leadership/ Anti-Money Laundering/ Terrorism during the year to build their capacity in accordance with section 136 (5) of the Companies Act, 2019 (Act 992).

8. Board meetings

The bank held twelve (12) board meetings during the year and an Annual General Meeting (AGM) on 10th December, 2022 in compliance with the Bank of Ghana directives. Attendance at the meetings were as follows;

Member	**Meetings**	**AGM Meeting**
Mr. Dominic Kwasi Nti	12/12	1/1
Nana Kwamena Addae Nyarko	2/12	0/1
Nana Ampaabeng Kyeremeh Sikafo	12/12	1/1

9. Plan for succession

The bank has a succession plan which was approved by Bank of Ghana. The plan focuses on developing human resources to enable the bank have access to quality and experience staff at all times.

10. Going Concern

The directors have made an assessment of the bank's ability to continue as a going concern and have no reason to believe that it will not be a going concern.

REPORT OF THE DIRECTORS TO THE MEMBERS OF
WAMFIE RURAL BANK LIMITED
YEAR ENDED 31 DECEMBER, 2022

11. Corporate governance

The board of directors is committed to ensuring good corporate governance in line with Bank of Ghana directives as a means of determining the direction and performance of the bank. To this end, the bank aims to comply with best practices in corporate governance.

12. Directors Representation

The board confirms that no matters have arisen since 31st December, 2022 which materially affect the financial statements as presented.

13. Auditor

The audit fees payable during the year is as stated in Note 11 of the financial statements. The Auditors, Donaldy Associates Chartered Accountants will continue in office in accordance with section 139 (5) of the Companies Act, 2019 (Act 992).

14. Approval of the financial statements

The financial statements were approved by the board of directors on 29th March, 2023 and were signed on their behalf by the following:

....	....
Dominic Kwasi Nti	John Kingsley Kyeremeh
Board Chairman	**Director**

WAMFIE RURAL BANK LIMITED

CORPORATE GOVERNANCE OVERVIEW

Wamfie Rural Bank Limited operates in accordance with the principles and practices on corporate governance guided by the Corporate Governance Directive of May 2021 and the Fit and Proper Persons Directive 2019 issued by the Bank of Ghana, as well as the Code of Best Practices in CorporateGovernance.

The objectives of the bank's corporate governance are:

i. To enable the bank undertake licensed business in a sustainable manner;

ii. To promote the interest of depositors and other stakeholders by enhancing performance and accountability;

iii. To promote and maintain public trust and confidence; and

iv. To maximise shareholders' value and interest

These objectives have been articulated in a number of corporate documents, including the bank's regulations, a board charter, rules of procedures for boards, a code of conduct for directors and rules of business ethics for staff.

The board of directors

The board is responsible for setting the bank's strategic direction, leading and controlling the institution and monitoring activities of the executive management. As of 31 December 2022, the board of directors of Wamfie Rural Bank Limited consisted of two (2) Non-Executive Directors. This is below the required number of five (5) as per section 29 of the Corporate Governance Directive. The board members have wide experience and in-depth knowledge in management, industry, technology and financial markets which enables them to make informed decisions and valuable contributions to the bank's progress.

Schedule of board meetings held in 2022

Attendance at the meetings are as follows:

Member	Meetings
Mr. Dominic Kwasi Nti	12/12
NanaKwamena Addae Nyarko	2/12
Nana Ampaabeng Kyeremeh Sikafo	12/12

The board has overall responsibility for the bank, including approving and overseeing the implementation of the strategic objectives, risk strategy, corporate governance and corporate values. According to section 15 of the Fit and Proper Directive; the board is responsible for appointing and providing oversight of senior management and ensures a well-structured and rigorous selection process in line with the fit and proper directive is in place.

The board and its committees

The board is accountable for the long-term success of the bank and it is responsible for ensuring leadership, approving strategy, and ensuring that the bank is suitably resourced to achieve its strategic aspirations.

In doing so, the board considers its responsibilities to, and the impact of its decisions on its stakeholders including shareholders, employees, customers, the government, the environment and the communities the bank operates in. The board also delegates certain responsibilities to its committees to ensure its independent oversight. In addition, the board also delegates authority for the operational management of the bank to the Chief Executive Officer and Management in respect of matters which are necessary for the day to day running of the bank.

The board remains very diverse with a distinctive mixture of backgrounds, experience and skills.

Risk and governance, shareholder and stakeholder relationships, strategy and budget, financial performance oversight, business development and people were some of the key activities the board focused its time on during the year as it provided guidance to Management in steering the bank through the financial sector clean up.

Board roles and key responsibilities

Chairman

The Chairman is responsible for leading the board and its overall effectiveness and governance, promoting a high standard of integrity and ensuring effective communication between the board, management, shareholders and other stakeholders.

Board of directors

The board ensures the success of the bank by setting the strategic direction, establish the risk appetite and continuously monitor and improve the banks' performance so as to protect depositors' interest and enhance shareholders' value.

Chief Executive Officer

The Chief Executive Officer is responsible for managing all aspects of the bank's businesses, developing strategies in conjunction with the chairman and the board and leading its implementation.

Board committees

The board made a conscious decision to delegate a broader range of issues to the Board Committees, namely Finance and Administration, Procurement, Audit, Risk and Complaince, Credit and Information Technology and Cyber Security. The linkages between the committees and the board are critical for the smooth running of the bank. The board duly received minutes and updates from each of the committee's meetings throughout the reporting period. The bank has an effective mechanism in place to ensure that there are no gaps or unnecessary duplication between the remit of each committee.

Finance and administration committee

The Finance Committee is mandated to assist the board in providing strategic direction for the bank and see to the implementation of the bank's strategy. It also reviews the financial, operational and business performance of the bank and makes recommendations to the board on ways to improve the performance of the bank.

The Committee reviews the bank's capital structure and annual capital plan, including its capital adequacy and capital planning process, stress-testing and related activities, capital raising, capital distributions,recommend to the board for approval of the annual capital plan and capital management policy and reviews the annual budget and makes recommendations for the boards' approval. Also the committee appraises staff, make recommendations to the Board for staff promotions, takes disciplinary action agaisnt staff who breach the laws of the bank, initiate staff and directors training for capacity building and monitor compliance with best banking practices and procedures in line with the companies Act 2019 (Act 992) and Banks and Specialized Deposit Taking Institutions Act (Act 930).

Schedule of finance and administration committee's meetings held in 2022

Attendance at the meetings are as follows:

Member	Meetings
Dominic Kwasi Nti	3/3
Nana Kwamena Addae Nyarko	1/3
Nana Ampaabeng Kyeremeh Sikafo	2/3

Asset/ Procurement committee

The Asset committee has oversight responsibility on behalf of the board to advice on acquisition of assets, projects, developmental programmes and other procurements initaited by the bank.

Schedule of asset/ procurement committee's meeting held in 2022

Attendance of meetings are as follows;

Member	**Meeting**
Dominic Kwasi Nti	1/1
Nana Ampaabeng Kyeremeh Sikafo	1/1

Information technology and cyber security committee

The Committee has the overall mandate of providing long term strategic guidance on technology; overseeing major information technology (IT) related strategies, projects and technology architecture decisions; monitoring whether the bank's IT programs effectively support its business objectives and strategies; monitor the effectiveness of the bank's preparedness to withstand cyber-attacks and make recommendations to the board for implementation and keeping the board informed and updated on the bank's cyber security strategy and direction.

Schedule of information technology committee's meeting held in 2022

Attendance of meetings are as follows;

Member	**Meeting**
Mr. Dominic Kwasi Nti	1/1
Nana Ampaabeng Kyeremeh Sikafo	1/1

Audit, risk and compliance committee

The Committee has the overall responsibility of providing the Board with an independent review of the activities of the bank, assess the appropriateness of the strategic plan of the Bank, oversees the financial reporting process including the establishment of accounting policies and practices of the bank, providing oversight of the internal and external audit functions, the appointment, compensation and removal of Auditors. Also the committee reviews and approves the audit scope, reviews key audit reports and ensures that key management personnel are taking corrective actions on a timely manner in addresing of control weakness.

The committee reviews and approve the bank's risk policies; set a risk appetite or tolerance and strategy including Anti-Money Laundering/Counter Financing of Terrorism (AML/CFT) within which management is required to develop business strategy or plans, objectives and targets for achievement.

Schedule of audit, risk and complaince committee's meeting held in 2022

Attendance of meetings are as follows;

Member	**Meeting**
Dominic Kwasi Nti	2/2
Nana Ampaabeng Kyeremeh Sikafo	2/2

Credit committee

The committee has the oversight responsibility on behalf of the board for the approval of credit facilities, establish credit counterparty and portfolio risk limits, overseas credit mitigation and set concentration limits relating to industry product and customer segment.

Schedule of credit committee's meeting held in 2022

Attendance of meetings are as follows;

Member	Meeting
Dominic Kwasi Nti	1/1
Nana Ampaabeng Kyeremeh Sikafo	1/1

Profile of Directors

Director	Qualification	Position
Dominic Kwasi Nti	Lecturer	Chairman
Nana Kwamena Addae Nyarko (Died -10/5/2022)	Accountant	Member
Nana Ampaabeng Kyeremeh Sikafo	Educationist (Ritired)	Member
Frank Kumi (Appointed - 26/01/2023)	Entreprenuer	Member
Bright Owusu (Appointed - 26/01/2023)	Teacher	Member

Code of conduct

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

Recruitment, induction and training of new directors

Individuals selected to be members of the board have an appropriate diversity of skills and come from backgrounds necessary to provide the needed direction for the bank.
All new directors to the board are provided with a letter of appointment stating clearly the terms which shall govern their appointment after all the necessary regulatory approvals have been received with respect to the changes.
The term of the directors is governed by the Bank of Ghana corporate governance directives, which limits the maximum period of service for the chairperson to six years and other members to nine years. New board members participate in a comprehensive induction program covering the bank's financial, strategic, operational and risk management overviews to enable them effectively discharge their duties and responsibilities.

Board qualifications and composition

In accordance with section 19 of the Directive, all board members are qualified for the position and remain qualified through training, for their positions. They have a clear understanding of their role in corporate governance and are able to exercise sound and objective judgement about. the affairs of the bank. They also possess, individually and collectively, appropriate experience, competencies and personal qualities, including professionalism and integrity.

Remuneration structure

Directors receive fixed fees for serving on the Board and its sub-committees in line with approval from shareholders at the annual general meeting. The Board members' remuneration is approved by the shareholders at the annual general meeting.

Risk management and internal controls

The board has put an effective internal control system in accordance with the Directive and has a risk management in place. The key management personnel holding these roles have sufficient authority, stature, independence, resources and access to the Board. Internal controls have been designed to ensure that each key risk has a policy, process or other measure, as well as a control to ensure that such policy, process or other measure is being applied and work as intended. In accordance with section 50 of the Directive, the bank also has an Internal Auditor who has no involvement in the day -to-day activities and business line responsibilities of the bank. She has the professional competence to collect and analyze financial information as well as evaluate audit evidence and communicate with the stakeholders of the internal audit function.
She possesses sufficient knowledge of auditing techniques and methodologies and reports directly to the Audit Committee and has direct access to the board. The board recognizes the importance of external auditors as vital to the corporate governance process and has engaged the services of Donaldy Associates, Chartered Accountants; an independent, competent and qualified external auditor, to undertake this function.

Key management oversight

In accordance with section 49 of the Directive, the Board ensures that, the activities of Key Management Personnel are consistent with the business strategy and policies approved by the Board, including the risk tolerance/appetite. The Board has established a management structure that promotes accountability and transparency and oversees the implementation of appropriate systems for managing risks – both financial and non-financial to which the bank is exposed. The bank has engaged skilled and competent staff and provides training and development opportunities to sustain the delivery of short and long-term business objectives and the risk management framework that protects the reputation of the bank.

Policy for succession management and the current talent pool for key management personnel

Sections 15 and 16 of the Directive, directs the bank to continue to pursue a robust talent and succession management process, knowing that our success is hinged on our ability to attract and retain the best talent in the industry, whilst maintaining a bench strength that ensures seamless leadership continuity. The bank promotes a culture of regularly reviewing and refreshing the succession pipeline to align with the fluid nature of the current talent landscape.
Our succession planning process prioritizes all critical roles at all levels in the organization; to ensure business and leadership continuity.

Corporate culture and values

The bank has established a corporate culture and values that promote and reinforces norms for responsible and ethical behaviour in terms of the bank's risk awareness, risk-taking and risk management in accordance with section 14 of the Directive. This is achieved by the bank through its board members setting and adhering to corporate values for itself. Key management and employees also create expectations that business should be conducted in a legal and ethical manner at all times. The corporate values, professional standards it sets together with supporting policies and appropriate sanctions for unacceptable behaviour are communicated to all employees.

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

Separation of powers
There is clearly in place a division of responsibilities between the positions of the board chair and the Chief Executive Officer in accordance with section 17 of the Directive.

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

Anti-money laundering
The bank has established an anti-money laundering system in compliance with the requirements of the Anti-Money Laundering Act 2020 (Act 1044). These include due diligence for opening new accounts, customer identification, monitoring of high-risk accounts, record keeping and training of staff on money laundering which assist in reducing regulatory and reputational risk to its business.

Compliance declaration
The board declare that the bank has complied with the Corporate Governance Directive for Rural and Community banks

DA
Donaldy Associates
Chartered Accountants
House of Excellence Annex
Adum, Kumasi

REPORT OF THE INDEPENDENT AUDITORS TO THE SHAREHOLDERS OF WAMFIE RURAL BANK LIMITED ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER, 2022

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of Wamfie Rural Bank Limited as at 31 December, 2022 and of its financial performance, changes in equity and its cash flows for the year ended in accordance with International Financial Reporting Standards (IFRS) and in the manner required by the Companies Act, 2019 (Act 992) and the Banks and Specialized Deposit-Taking Institutions Act, 2016 (Act 930).

What we have audited

We have audited the financial statements of Wamfie Rural Bank Limited for the year ended 31 December, 2022. The financial statements comprise:

- Statement of financial position as at 31 December, 2022;
- Statement of profit or loss and other comprehensive income for the year then ended;
- Statement of changes in equity for the year then ended;
- Statement of cash flows for the year then ended; and
- Notes to the financial statements,which include a summary of significant accounting policies.

Basis of 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 believe that the audit evidence we obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the bank in accordance with the International Code of Ethics for Accountants (including International Independence Standards) (the Code) issued by the International Ethics Standards Board for Accountants (IEBA) and we have fulfilled our other ethical responsibilities in accordance with that Code.

Key Audit Matters

Key Audit Matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current year. These matters were addressed in the context of our audit of the bank's financial statements as a whole, and in forming of our opinion thereon, and we do not provide a separate opinion on these matters.

P. O. Box KS 6608, Kumasi – Ghana Tel/Fax: 03220-81721 / 0208170290 E-mail: info@donaldyassociates.com

Key Audit Matter:

Impairment of Loans and Advances	**How our audit addressed the Key Audit Matter**
The Bank continued to adopt IFRS 9 - Financial Instruments during the period, which requires the measurement of expected credit loss allowance for financial assets measured at amortized cost and fair value through other comprehensive income. The Bank reviews its loans and advances for impairment at the end of each reporting period. There are significant judgements made in the following arrears in applying IFRS-9 Financial Instruments. These include: Determining the stage of the financial assets and establishing groups of similar financial assets; determining the criteria for significant increase in credit risk; determining the Probability of Default (PD) and Loss Given Default (LGD) and Expected Credit Loss (ECL) for each type of loan applying Bank of Ghana Loan classification criteria. Due to the significant judgment that is applied by management in determining whether an impairment loss has occurred, we considered this to be a key audit matter. The bank is also required to compute loan provision in accordance with the Bank of Ghana (BOG) prudential guidelines that results in accurate loan impairment computations. The bank is also required to make transfers from income surplus to regulatory credit risk reserve based on the excesses of IFRS impairment over BOG provision. The disclosures relating to impairment of loans and advances to customers are considered important to users of the financial statements given the level of judgment and estimation involved.	We evaluated the design and tested the implementation and operating effectiveness of the key controls over the computation of impairment loss. In evaluating the design of controls, we considered the appropriateness of the control considering the nature and significance of the risk, competence and authority of person(s) performing the control, frequency and consistency with which the control is performed. In performing operating effectiveness of controls, we selected a sample of transactions based on the control frequency to determine whether the control operated during the year. We performed an evaluation of managements key assumptions over the expected credit loss model (ECL), including the probability of default (PD) and the loss given default (LGD). We Challenged management's staging of its financial assets in the ECL model and tested facilities to ensure they have been included in the corect stage. We tested the underlying data behind the determination of the probability of default by agreeing same to underlying supporting documentations. We found that the assumption used by management were comparable with historical performance and have been assessed as reasonable. We further assessed as appropriate the classification of the Bank's loans and advances in accordance with Bank of Ghana prudential guidelines and the possible transfer of any excess provision over the IFRS computed provisions to the regulatory Credit Risk Reserve.

Other Information

The directors are responsible for the other information. The other information comprises the Directors' Report, Chairman's Report and Corporate Governance Report but does not include the bank financial statements and our auditors 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 identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If based on the work we have performed on the other information, we conclude that there is a material misstatement, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Statements

The directors are responsible for the preparation of the financial statements that give a true and fair view in accordance with International Financial Reporting Standards (IFRS) and in the manner required by the Companies Act, 2019 (Act 992) and the Banks and Specialized Deposit-Taking Institutions Act, 2016 (Act 930) and for such internal controls as directors determine are necessary to enable the preparation of financial statements that are free from material misstatements, due to fraud or error. In preparing the financial statements, the directors are responsible for assessing the bank's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the bank or to cease operations, or have no alternative but to do so. The directors are responsible for overseeing the bank's financial reporting process.

Auditors Responsibility for the audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatements, 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 it is not a guarantee that an audit conducted in accordance with the 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 the audit in accordance with the ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatements 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 of our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.

- Obtain an understanding of internal controls relevant to the audit 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 banks internal controls.

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

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the bank's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the bank to cease to continue as a going concern.

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

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

Report on Other Legal and Regulatory Requirements

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

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

b) In our opinion, proper books of account have been kept by the bank in so far as appears from our examination of those books; and proper returns adequate for the purpose of our audit have been received;

c) The bank's financial position and profit or loss and other comprehensive income are in agreement with the books of accounts;

d) In our opinion the financial statements give the information required by this Act and give a true and fair view.

The Banks and Specialized Deposit-Taking Institutions Act, 2016 (Act 930) Section 85 (2) requires that we state certain matters in our report. We hereby state that :

a) In our opinion, the accounts give a true and fair view of the state of affairs of the bank and the results of its operations for the period under review;

b) We have obtained all the information and explanations required for the efficient performance of our duties as auditors;

c) In our opinion, the bank's transactions were within its powers;

d) In our opinion, the bank has generally complied with the provisions of the Anti-Money Laundering Act, 2020 (Act 1044), the Anti-Terrorism Act, 2008 (Act 762) and the Regulations made under these enactments; and

e) The bank has generally complied with the provisions of the Banks and Specialized Deposit-Taking Institutions Act, 2016 (Act 930) except for the Capital Adequacy Ratio (CAR) which it could not meet the minimum regulatory requirement.

The engagement partner on the audit resulting in this independent auditor's report is Dr. Robert Donaldy (ICAG/P/1113).

Donaldy Associates

Donaldy Associates (ICAG/F/2023/100)
Chartered Accountants
House of Excellence Annex
Adum, Kumasi

29th March, 2023

WAMFIE RURAL BANK LIMITED

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

YEAR ENDED 31 DECEMBER, 2022

	(NOTES)	2022 GH¢	2021 GH¢
Interest Income	(7)	8,196,165	7,407,110
Interest Expense	(7)	(1,175,480)	(1,006,004)
Net Interest Income		**7,020,685**	**6,401,107**
Fees & Commission Income	(8)	1,876,776	1,875,189
Fees & Commission Expense	(8)	(247,175)	(593,124)
Net Fees & Commission Income		**1,629,601**	**1,282,066**
Total Operating Income		**8,650,286**	**7,683,172**
Net Impairment Loss on Financial Assets	(22)	(1,058,907)	(1,206,319)
Personnel Expenses	(9)	(4,001,321)	(3,451,635)
Depreciation & Amortization	(10)	(289,369)	(245,842)
Other Expenses	(11)	(2,916,735)	(2,515,326)
Total Operating Expenses		**(8,266,332)**	**(7,419,122)**
Profit Before Tax		**383,954**	**264,051**
Income Tax Expense	(12)	(241,872)	(217,839)
Profit For The Year		**142,082**	**46,212**
Other Comprehensive Income		-	-
Total Comprehensive Income for the Year		**142,082**	**46,212**
Basic and Diluted Earnings Per Share (Cedis)	(13)	**0.0009**	**0.0003**

The notes form an integral part of these financial statements

WAMFIE RURAL BANK LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER, 2022

		2022	2021
ASSETS	**(NOTES)**	GH¢	GH¢
Cash and Cash Equivalents	**(15)**	13,425,809	7,574,572
Trading Assets	**(16)**	13,399,433	11,411,387
Loans and Advances to Customers	**(17)**	21,261,860	18,742,950
Other Assets	**(18)**	2,186,100	3,866,075
Deferred Tax Assets	**(19)**	269,296	281,252
Investment Securities	**(20)**	181,311	181,311
Right of Use Assets	**(21)**	115,109	126,768
Intangible Assets	**(24)**	209,373	148,406
Property, Plant & Equipment	**(23)**	518,301	595,708
Total Assets		**51,566,592**	**42,928,431**
LIABILITIES			
Deposits from Customers	**(25)**	39,983,412	32,230,703
Provisions	**(26)**	363,021	267,771
Other Liabilities	**(27)**	7,545,652	7,088,260
Institutional Borrowings	**(28)**	-	48,611
Current Tax Liabilities	**(12)**	205,679	135,038
Total Liabilities		**48,097,764**	**39,770,383**
EQUITY			
Stated Capital	**(29)**	1,614,504	1,582,934
Income Surplus		881,309	637,618
Capital Surplus	**(30)**	39,404	39,404
Statutory Reserve	**(31)**	863,007	827,487
Credit Risk Reserve	**(32)**	70,604	70,604
Total Equity		**3,468,828**	**3,158,048**
Total Liabilities and Equity		**51,566,592**	**42,928,431**

The financial statements were approved by the directors on 29th March, 2023 and were signed on their behalf by:

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Dominic Kwasi Nti — John Kingsley Kyeremeh

Board Chairman — **Director**

The notes form an integral part of these financial statements

WAMFIE RURAL BANK LIMITED
STATEMENT OF CHANGES IN EQUITY
YEAR ENDED 31 DECEMBER, 2022

2022	Stated Capital GH¢	Income Surplus GH¢	Capital Surplus GH¢	Statutory Reserve Fund GH¢	Credit Risk Reserve GH¢	Total Equity GH¢
Balance as at 1 January, 2022	1,582,934	637,618	39,404	827,487	70,604	3,158,047
Total Comprehensive Income						
Net Profit for the Year	-	142,082	-	-	-	142,082
Differences in Opening Balances	-	137,129	-	-	-	137,129
Total Comprehensive Income	**-**	**279,211**	**-**	**-**	**-**	**279,211**
Transactions with Equity Holders						
Issue of Shares - Ordinary	31,570	-	-	-	-	31,570
Dividend Paid	-	-	-	-	-	-
Total Transactions with Equity Holders	**31,570**	**-**	**-**	**-**	**-**	**31,570**
Regulatory Transfers						
Transfer to Statutory Reserve Fund- 2022	-	(35,521)	-	35,521	-	-
Transfer from Credit Reserve Fund	-	-	-	-	-	-
Total Regulatory Transfers	**-**	**(35,521)**	**-**	**35,521**	**-**	**-**
Balance as at 31 December, 2022	**1,614,504**	**881,309**	**39,404**	**863,007**	**70,604**	**3,468,828**

The notes form an integral part of these financial statements

WAMFIE RURAL BANK LIMITED
STATEMENT OF CHANGES IN EQUITY
YEAR ENDED 31 DECEMBER, 2021

2021	Stated Capital GH¢	Income Surplus GH¢	Capital Surplus GH¢	Statutory Reserve Fund GH¢	Credit Risk Reserve GH¢	Total Equity GH¢
Balance as at 1 January, 2021	1,550,172	891,770	39,404	709,779	70,604	3,261,729
Total Comprehensive Income						
Net Profit for the Year	-	46,212	-	-	-	46,212
Write off of Interest in arrears	-	(158,042)	-	-	-	(158,042)
Differences in Opening Balances	-	72,412	-	-	-	72,412
Tax Audit Charges - (2020)	-	(97,025)	-	-	-	(97,025)
Total Comprehensive Income	**-**	**(136,443)**	**-**	**-**	**-**	**(136,443)**
Transactions with Equity Holders						
Issue of Shares - Ordinary	32,762	-	-	-	-	32,762
Dividend Paid	-	-	-	-	-	-
Total Transactions with Equity Holders	**32,762**	**-**	**-**	**-**	**-**	**32,762**
Regulatory Transfers						
Transfer to Statutory Reserve Fund - 2020	-	(106,155)	-	106,155	-	-
Transfer to Statutory Reserve Fund- 2021	-	(11,553)	-	11,553	-	-
Transfer from Credit Reserve Fund	-	-	-	-	-	-
Total Regulatory Transfers	**-**	**(117,708)**	**-**	**117,708**	**-**	**-**
Balance as at 31 December, 2021	**1,582,934**	**637,618**	**39,404**	**827,487**	**70,604**	**3,158,047**

The notes form an integral part of these financial statements

WAMFIE RURAL BANK LIMITED

STATEMENT OF CASH FLOWS

YEAR ENDED 31 DECEMBER, 2022

	(NOTES)	2022 GH¢	2021 GH¢
Cash flows from operating activities			
Profit before tax		383,954	264,051
Adjustments for:			
Depreciation and amortization		289,369	245,842
Impairment of financial assets		1,058,907	1,206,319
Adjustment for differences in opening balances		-	(85,630)
Change in loans and advances to customers		(3,365,055)	(2,895,865)
Change in trading assets		(1,988,047)	(1,614,311)
Change in other assets		1,679,975	(232,325)
Change in deposits from customers		7,752,710	1,743,951
Change in provisions		95,250	100,632
Change in other liabilities		457,392	3,389,616
		6,364,455	**2,122,280**
Income tax paid		(184,401)	(270,127)
Net cash generated from operating activities		**6,180,054**	**1,852,153**
Cash flows from investing activities			
Payment of right of use assets		(18,000)	-
Purchase of intangible assets		(140,384)	(148,406)
Purchase of property & equipment		(153,392)	(268,478)
Net cash used in investing activities		**(311,776)**	**(416,884)**
Cash flows from financing activities			
Repayment of institutional borrowings		(48,611)	(116,665)
Issue of ordinary shares		31,570	32,762
Net cash used in financing activities		**(17,041)**	**(83,903)**
Net increase in cash and cash equivalents		5,851,236	1,351,364
Cash and cash equivalents at 1 January		7,574,572	6,223,208
Cash and cash equivalents at 31 December	(15)	**13,425,809**	**7,574,572**

The notes form an integral part of these financial statements

1. Reporting entity

Wamfie Rural Bank Limited is a limited liability company incorporated in Ghana under the Companies Act, 2019 (Act 992). The address of the registered office of the bank is Wamfie Rural Bank Limited P. O. Box 26, Wamfie - Bono Region. The bank is authorized and licensed to provide rural banking services.

2. Basis of preparation

a) Statement of compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB). The financial statements also comply with the requirements of the Companies Act, 2019 (Act 992) and Banks and Specialized Deposit-Taking Institutions Act, 2016 (Act 930).

b) Basis of measurement

The financial statements have been prepared on the historical cost basis except otherwise stated.

c) Functional and presentational currency

The financial statements are presented in Ghana Cedis (GH¢), which is the bank's functional and presentational currency.

d) Use of estimates and judgements

The preparation of financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in any future periods affected. 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 recognized in the financial statements are described in the notes.

e) Going concern

The board assesses the bank's ability to continue as a going concern. The bank made a net profit of GH¢142,082 (2021: GH¢46,212) during the year and recorded a capital adequacy ratio (CAR) at year end of 9.29% (2021: 9.14%) which fell below the required rate of 10%. The Board believes that the bank will be a going concern for the next twelve months.

3. Significant accounting policies

The significant accounting policies set out below have been applied consistently to all periods presented in these financial statements.

a) Interest

Interest revenue is generally recognized when future economic benefits of the underlying assets will flow to the organization and it can be reliably measured. It is income derived from use of an entity's assets and hence the interest is mostly dependent on the underlying agreement. Interest income and expense are however generally recognized in the income statement on straight-line basis using the effective interest method. The effective interest rate is the rate that exactly discounts the estimated future cash payments and receipts through the expected life of the financial asset or liability (or, where appropriate, a shorter period) to the carrying amount of the financial asset or liability. The calculation of the effective interest rate includes all fees paid or received, transaction costs, and discounts or premiums that are an integral part of the effective interest rate. Transaction costs are incremental costs that are directly attributable to the acquisition, issue or disposal of a financial asset or liability.

Interest income and expense presented in the P&L and OCI include:

- Interest on financial assets and liabilities at amortized cost on an effective interest rate basis and
- Interest on available-for-sale investment securities on an effective interest basis.

b) Fees and commissions

Fees and Commission income and expenses that are integral to the effective interest rate on a financial asset or liability are included in the measurement of the effective interest rate. Other fees and commission income, including account servicing fees, investment management fees and special statement request are recognized as related services when performed. When a loan commitment is not expected to result in the draw-down of a loan, loan commitment fees are recognized on a straight-line basis over the commitment period. Other fees and commission expense relate mainly to transaction and service fees, which are expensed as the services are received.

c) Other income

Other income comprises of revenue from sale of passbooks, cheque books, forms, mobile wallet and e-zwich commissions. These are recognised as and when they are earned.

d) Right of Use

Payments made for office rent are recognised in profit or loss on a straight-line basis over the term of the lease after discounting it over the lease period. Contingent Lease payments are accounted for by revising the minimum lease payments over the remaining term of the lease when the lease adjustment is confirmed.

e) Income tax expense

Income tax expense comprises current and deferred tax. Income tax expense is recognized in the P&L/ OCI except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity. Current tax is the expected tax payable on the taxable income for the year using tax rates enacted or substantially enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided using temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized for the following temporary differences: the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit to the extent that they probably will not reverse in the foreseeable future. Deferred tax is measured at the tax rates that are expected to be applied to the temporary

differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.
A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized. Additional income taxes that arise from the distribution of dividends are recognized at the same time as the liability to pay the related dividend is recognized.

f) Financial assets and liabilities

i) Recognition

The bank initially recognizes loans and advances, deposits and debt securities issued on the date that they are originated. All other financial assets and liabilities (including assets and liabilities designated at fair value through profit or loss) are initially recognized on the trade date at which the bank becomes a party to the contractual provisions of the instrument.

ii) De-recognition

The bank de-recognizes a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial asset that is created or retained by the bank is recognized as a separate asset or liability. The bank de-recognizes a financial liability when its contractual obligations are discharged or cancelled or expired. The bank enters into transactions whereby it transfers assets recognized on its balance sheet, but retains all risks and rewards of the transferred assets or a portion of them. If all or substantially all risks and rewards are retained, then the transferred assets are not de-recognized from the balance sheet. Transfers of assets with retention of all or substantially all risks and rewards include, for example, securities lending and repurchase transactions.

iii) Offsetting

Financial assets and liabilities are set off and the net amount presented in the financial position when, and only when, the bank has a legally enforceable right to set off the amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously. Income and expenses are presented on a net basis only when permitted by the accounting standards, or for gains and losses arising from similar transactions.

iv) Amortized cost measurement

The amortized cost of a financial asset or liability is the amount at which the financial asset or liability is measured at initial recognition, minus principal repayments, plus or minus the cumulative amortization using the effective interest method of any difference between the initial amount recognized and the maturity amount, minus any reduction for impairment.

v) Fair value measurement

The determination of fair values of financial assets and financial liabilities is based on quoted market prices or dealer price quotations for financial instruments traded in active markets. For all other financial instruments, fair value is determined by using valuation techniques. Valuation techniques include net present value techniques, the discounted cash flow method, comparison to similar instruments for which market observable prices and valuation models exist.

vi) Identification and measurement of impairment

At each reporting date the bank assesses whether there is objective evidence that financial assets not carried at fair value through profit or loss are impaired. Financial assets are impaired when objective evidence demonstrates that a loss event has occurred after the initial recognition of the asset, and that the loss event has an impact on the future cash flows on the asset that can be estimated reliably.

The bank considers evidence of impairment at both an individual and collective level.

All individual significant financial assets are assessed for specific impairment. All significant assets found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified. Assets that are not individually significant are then collectively assessed for impairment by grouping together financial assets (carried at amortized cost) with similar risk characteristics. Objective evidence that financial assets (including equity securities) are impaired can include default or delinquency by a borrower, restructuring of a loan or advance by the bank on terms that the bank would not otherwise consider, indications that a borrower or issuer will enter bankruptcy, the disappearance of an active market for a security, or other observable data relating to a group of assets such as adverse changes in the payment status of borrowers or issuers, or economic conditions that correlate with defaults in the group. In assessing collective impairment, the bank uses statistical modelling of historical trends of the probability of default, timing of recoveries and the amount of loss incurred, adjusted for management's judgement as to whether current economic and credit conditions are such that the actual losses are likely to be greater or less than suggested by historical modelling. Default rates, loss rates and the expected timing of future recoveries are regularly benchmarked against actual outcomes to ensure that they remain appropriate. Impairment losses on assets carried at amortized cost are measured as the difference between the carrying amount of the financial assets and the present value of estimated cash flows discounted at the assets' original effective interest rate. Losses are recognized in profit or loss and reflected in an allowance account against loans and advances. Interest on the impaired asset continues to be recognized on the unimpaired portion through the unwinding of the discount.

When a subsequent event causes the amount of impairment loss to decrease, the impairment loss is reversed through profit or loss.

Impairment losses on available-for-sale investment securities are recognized by transferring the difference between the amortized acquisition cost net of any principal

repayment and amortization and current fair value, less any impairment loss previously recognized in profit or loss out of equity to profit or loss. When a subsequent event that can be related to the event causes the amount of impairment loss on an available-for-sale-debt security to decrease, the impairment loss is reversed through profit or loss, otherwise, the decrease is recognized through OCI. However, any subsequent recovery in the fair value of an impaired available-for-sale equity security is recognized directly in equity. Changes in impairment provisions attributable to time value are reflected as a component of interest income.

vii) Designation at fair value through profit or loss

The bank has designated financial assets and liabilities at fair value through profit or loss when either:

-the assets or liabilities are managed, evaluated and reported internally on a fair value basis;

-the designation eliminates or significantly reduces an accounting mismatch which would otherwise arise; or

-the asset or liability contains an embedded derivative that significantly modifies the cash flows that would otherwise be required under the contract.

The notes sets out the amount of each class of financial asset or liability that has been designated at fair value through profit or loss. A description of the basis for each designation is set out in the note for the relevant asset or liability class.

g) Cash and cash equivalents

Cash and cash equivalents include notes and coins on hand, unrestricted balances held with ARB Apex Bank and Other Banks and highly liquid financial assets with original maturities of less than three months, which are subject to insignificant risk of changes in their fair value, and are used by the bank in the management of its short-term commitments.

Cash and cash equivalents are carried at amortized cost or fair values in the statement of financial position depending on the business model for managing the asset or the cash flow characteristics of the asset.

h) Trading assets and liabilities

Trading assets and liabilities are those assets and liabilities that the bank acquires or incurs principally for the purpose of selling or repurchasing in the near term, or holds as part of a portfolio that is managed together for short-term profit or position taking. Trading assets and liabilities are initially recognized and subsequently measured at fair value in the statement of financial position with transaction costs taken directly to profit or loss. All changes in fair value are recognized as part of net trading income in profit or loss. Trading assets and liabilities are not reclassified subsequent to their initial recognition.

i) Loans and advances

Loans and advances are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and that the bank does not intend to sell immediately or in the near term. When the bank is the lessor in a lease agreement that transfers substantially all of the risks and rewards incidental to ownership of an asset to the lessee, the financial asset is recognized within loans and advances. When the bank purchases a financial asset under a commitment to sell the asset (or a substantially similar asset) at a fixed price on a future date ("reverse repo or stock borrowing"), the financial asset is accounted for as a loan, and the underlying asset is not recognized in the bank's financial statements. Loans and advances are initially measured at fair value plus incremental direct transaction costs, and subsequently measured at their amortized cost using the effective interest method, except when the bank chooses to carry the loans and advances at fair value through profit or loss as described in the accounting policy.

j) Investment securities

Investment securities are initially measured at fair value plus incremental direct transaction costs and subsequently accounted for depending on their classification as either hold-to-collect, hold to sell, or hold-to-collect and sell.

i) Hold-to-collect

Hold-to-collect investments are non-derivative assets with fixed or determinable payments and fixed maturity that the bank has the positive intent and ability to hold-to-collect, and which are not designated at hold-to-sell or hold-to-collect and sell. Hold-to-collect investments are carried at amortized cost using the effective interest method. It must be noted that IFRS 9 only considers fair value and amortized cost based on the business models for managing the financial asset and the contractual cash flow characteristics of the financial asset. Thus all hold-to-collect assets are classified as amortized cost.

(ii) Hold-to-sell

The bank carries some investment securities at fair value, with fair value changes recognized immediately in profit or loss as described in the accounting policy.

(iii) Hold-to-collect and sell

Hold-to-collect and sell investments are non-derivative investments that are not designated as another category of financial assets. Unquoted equity securities whose fair value cannot be reliably measured are carried at amortized cost. All other hold-to-collect and sell investments are carried at fair value. Interest income is recognized in profit or loss using the effective interest method. Dividend income is recognized in profit or loss when the bank becomes entitled to the dividend. Other fair value changes are recognized directly in equity until the investment is sold or impaired and the balance in equity is transferred to profit or loss. Other fair value changes are recognized directly in equity until the investment is sold or impaired and the balance is transferred to profit or loss.

k) Property, plant and equipment

(i) Recognition and measurement

Items of property and equipment are measured at cost less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the asset to a working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. Purchased software that is integral to the functionality of the related equipment is capitalized as part of that equipment. When components of an item of property or equipment have different useful lives, they are accounted for as separate items (major components) of property and equipment.

(ii) Subsequent costs

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

(iii) Revaluation model

After recognition of an asset, an item of property, plant and equipment whose fair value can be measured reliably shall be carried at a revalued amount, being the fair value at the date of the revaluation less any subsequent accumulated depreciation and accumulated impairment losses. Revaluations are made with sufficient regularity to ensure that the carrying amount does not differ materially from that which would be determined using fair value at the end of the reporting period. Revaluation model is used for only property and surpluses on such revaluations are restricted to tier two capital with respect to capital adequacy ratio computation.

(iv) Depreciation

Depreciation is recognized in profit or loss on a straight-line basis over the estimated useful lives of each item of property, plant and equipment. Leased assets are depreciated over the shorter of the lease term and their useful lives. Land is not depreciated.

The estimated useful lives for the current and comparative periods are as follows:

Buildings	2%
Motor Vehicles	20%
Plant and Machinery	10%
Office Equipment	20%
Office Furniture & Fittings	20%
Computers & Accessories	25%

Depreciation methods, useful lives and residual values are reassessed at each reporting date.

l) Right of use -Leased offices

Leases in terms of which the bank assumes substantially all the risks and rewards of ownership are classified as right of use. Upon initial recognition the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments.

Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset. Payments made for office rent are recognized in profit or loss on a straight-line basis over the term of the lease after discounting it over the lease period. Contingent lease payments are accounted for by revising the minimum lease payments over the remaining term of the lease when the lease adjustment is confirmed.

m) Impairment of non-financial assets

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

An impairment loss is recognized if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. A cash-generating unit is the smallest identifiable asset group that generates cash flows that largely are independent from other assets and groups.

Impairment losses are recognized in profit or loss. Impairment losses recognized in respect of cash-generating units are allocated first to reduce the carrying amount allocated to the units and then to reduce the carrying amount of the other assets in the unit on a pro rata basis.

The recoverable amount of an asset or cash-generating unit 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 a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

In respect of other assets, impairment losses recognized in prior periods 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 amortization, if no impairment loss had been recognized.

n) Provisions

A provision is recognized if, as a result of a past event, the bank has a present legal or

constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.
A provision for onerous contracts is recognized when the expected benefits to be derived by the bank from a contract are lower than the unavoidable cost of meeting its obligations under the contract. The provision is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract. Before a provision is established the bank recognizes any impairment loss on the assets associated with that contract.

o) Employee benefits

The bank contributes to two defined contribution schemes (Social Security Fund and Provident Fund) on monthly basis on behalf of employees and the last month outstanding contribution is included in creditors and accruals.

i) Social Security and National Insurance Trust (SSNIT)

Under a National Deferred Benefit Pension Scheme, the bank contributes 13% of employee's basic salary in addition to 5.5% deduction from employees basic salary to SSNIT and Metropolitan Pension Trust for employee pensions.
The bank's obligation is limited to the relevant contributions, which were settled on due dates. The pension liabilities and obligations, however, rest with SSNIT and Metropolitan Pension Trust.

ii) Provident fund

The bank has a provident fund scheme for all employees who have completed probation with the bank. Employees contribute 5% of their basic salary to the fund whilst the bank contributes 7.5%.
The obligation under the plan is limited to the relevant contribution and these are settled on due dates.

(iii) Termination benefits

Termination benefits are recognized as an expense when the bank is demonstrably committed, without realistic possibility of withdrawal, to a formal detailed plan to employees who have reached their statutory retirement date.

(iv) Short-term benefits

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

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

p) Share capital and reserves

(i) Ordinary shares

The bank classifies capital instruments as financial liabilities or equity instruments in accordance with the substance of the contractual terms of the instrument.

(ii) Share issue costs

Incremental costs directly attributable to the issue of an equity instrument are deducted from the initial measurement of the equity instruments.

q) Earnings per share

The bank presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the bank by the number of shares existing as at 31st December. Diluted EPS is determined by the number of shares existing at the end of December.

r) Dividends

Dividends are recognized as a liability in the period in which they are declared. Dividend receivable from unquoted investments is recognized when the bank's right to receive the dividend is establis

s) Acceptances, letters of credit, financial guarantees and commitments

Acceptances, letters of credits, financial guarantees and commitments are considered contingent liabilities and are disclosed unless the possibility of an outflow of resources involving economic benefit is remote.

t) Borrowings (liabilities to banks and customers)

Borrowings are recognized initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortized cost using the effective interest method, any differences between proceeds net of transaction costs) and the redemption value is recognized in the income statement over the period of the borrowings.

Borrowings and other forms of financial liabilities shall be de-recognized from the books only when they are extinguished, i.e. when the obligation specified in the contract is discharged or cancelled or expired.

u) Application of new and revised International Financial Reporting Standards (IFRS)

IFRS 9 Financial Instruments

In July 2014, the IASB issued the final version of IFRS 9 Financial Instruments that replaces IAS 39 Financial Instruments: Recognition and Measurement and all previous versions of IFRS 9. IFRS 9 brings together all three aspects of the accounting for financial instruments: classification and measurement,impairment and hedge accounting. It is effective for annual periods beginning on or after 1 January, 2018, with early application permitted. The bank adopted this standard effective 1 January, 2018 and will not restate comparative information.

a) Classification and measurement

The bank does not expect a significant impact on its balance sheet or equity on applying the classification and measurement requirements of IFRS 9. It expects to continue measuring at fair value all financial assets currently held at fair value.

b) Impairment

IFRS 9 requires the bank to record expected credit losses on all of its debt securities, loans and trade receivables, either on a 12-month or lifetime basis. The bank applies the simplified approach and calculate expected losses on all its instruments.

Impairment Loss Schedule - 2022: Loans & Advances

Impairment loss classification per IFRS 9	12-months ECL	Lifetime ECL Not credit impaired	Lifetime ECL Credit impaired	Total
	GH¢	GH¢	GH¢	GH¢
Loans loss allowance	250,306	562,396	2,355,390	3,168,091
	250,306	562,396	2,355,390	3,168,091
Impairment Loss classification per BOG guidelines				3,043,632
Increase				**124,459**

There was no transfer to the Credit Risk Reserve in 2022.

Impairment Loss Schedule - 2021: Loans & Advances

Impairment loss classification per IFRS 9	12-months ECL	Lifetime ECL Not credit impaired	Lifetime ECL Credit impaired	Total
	GH¢	GH¢	GH¢	GH¢
Loans loss allowance	565,659	44,733	1,498,793	2,109,184
	565,659	44,733	1,498,793	2,109,184
Impairment Loss classification per BOG guidelines				1,409,172
Increase				**700,012**

There was no transfer to the Credit Risk Reserve in 2021.

4. Financial risk management

a) Introduction and overview

The bank has exposure to the following risks arising from the use of financial instruments. Typical of such risks are as follows:

- credit risk
- liquidity risk
- market risk
- operational risk.

These are principal risks to the bank. This note presents information about the bank exposure to these risks, including the objectives, policies and processes for measuring and managing the risks as well as their impact on earnings and capital.

Risk management framework

This depends mainly on the Risk Management framework set out by the Central Bank. Bank specific framework based on the overall structure of the bank ensures that the board of directors has overall responsibility for the establishment and oversight of the bank's risk management framework. The board has established the Finance and Credit Committees, which are responsible for developing and monitoring the bank risk management policies in their specified areas. All board committees have both executive and non-executive members and report regularly to the board of directors on their activities. The bank's risk management policies are established to identify and analyze the risks faced by the bank, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect

changes in market conditions, products and services offered. The bank through its training and management standards and procedures, aims to develop a disciplined and constructive control environment, in which all employees understand their roles and obligations.
The bank's audit committee is responsible for monitoring compliance with the bank's risk management policies and procedures, and for reviewing the adequacy of the risk management framework in relation to the risks faced by the bank. The bank's audit committee is assisted in these functions by internal audit. Internal audit undertakes both regular and ad-hoc reviews of risk management controls and procedures, the results of which are reported to the audit committee.

b) Credit risk

Credit risk is the risk of financial loss to the bank if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the bank's loans and advances to customers and other banks and investment securities. For risk management reporting purposes, the bank considers and consolidates all elements of credit risk exposure.
For risk management purposes, credit risk arising on trading securities is managed independently, but reported as a component of market risk exposure.

Management of credit risk

The board of directors has delegated responsibility for the management of credit risk to its bank credit committee. A separate bank credit department, reporting to the bank credit committee, is responsible for oversight of the bank's credit risk, including:

- Formulating credit policies in consultation with business units, covering collateral assessment, risk grading and reporting, documentary and legal procedures, and compliance with regulatory and statutory requirements.
- Establishing the authorization and structure for the approval and renewal of credit facilities. Authorization limits are allocated to branch credit officers and managers. Larger facilities require approval by the head of credit, the Chief Executive Officer and the board of directors as appropriate.
- Reviewing and assessing credit risk. The bank's credit committee assesses all credit exposures in excesses of designated limits, prior to facilities being committed to customers by the business unit concerned. Renewals and reviews of facilities are subject to the same review process.
- Limiting concentrations of exposure to counterparties, geographies and industries (for loans and advances), and by issuer, credit rating band, market liquidity and country (for investment securities).
- Developing and maintaining the bank's risk grading in order to categories exposures according to the degree of risk of financial loss faced and to focus management on the attendant risks. The risk grading system is used in determining where impairment provisions may be required against specific credit exposures. The current risk grading framework consists of eight grades reflecting varying degrees of risk of default and the availability of collateral or other credit risk mitigation.

The responsibility for setting risk grades lies with the final approving executive/committee as appropriate. Risk grades are subject to regular reviews by the bank risk function.

- Reviewing compliance of business units with agreed exposure limits, including those for selected industries, country risk and product types. Regular reports are provided to the bank credit committee on the credit quality of local portfolios and appropriate corrective action is taken.
- Providing advice, guidance, specialist skills and training to business units to promote best practice throughout the bank in the management of credit risk. Each business unit is required to

implement bank credit policies and procedures, with credit approval authorities delegated from the bank's credit committee. Each branch has a credit risk officer who reports on all credit related matters to local management and the bank credit committee. Each business unit is responsible for the quality and performance of its credit portfolio and for monitoring risks in its portfolios, including those subject to central approval.
Regular audits of business units and bank credit processes are undertaken by internal audit.

Impaired loans and securities
Impaired loans and securities are loans and securities for which the bank determines that it is probable that it will be unable to collect all principal and interest due according to the contractual terms of the loan/securities agreement(s). Interest on these loans are calculated and treated on non-accrual basis and portions shall only be considered when payments (settlement) are made.

Loans with renegotiated terms
Loans with renegotiated terms are loans that have been restructured due to deterioration in the borrower's financial position and where the bank has made concessions that it would not otherwise consider. The status or risk grade of a restructured facility does not change until there is evidence of performance over a reasonable period of time. When the contractual cash flows of a financial asset are renegotiated or otherwise modified and the renegotiation or modification does not result in the derecognition of that financial asset, the bank shall recalculate the gross carrying amount of the financial asset and shall recognize a modification gain or loss in profit or loss.
The gross carrying amount of the financial asset shall be recalculated as the present value of the renegotiated or modified contractual cash flows that are discounted at the financial asset's original effective interest rate (or credit adjusted effective interest rate for purchased or originated credit-impaired financial assets). Any costs or fees that are incurred will adjust the carrying amount of the modified financial asset and are amortized over the remaining term of the modified financial asset.

Allowances for impairment
The bank establishes an allowance for impairment losses that represents the estimate of incurred losses in the loan portfolios. The main components of this allowance are a specific loss component that relates to individually significant exposures, and a collective loan loss allowance established for groups of homogeneous assets in respect of losses that have been incurred but have not been identified on loans subject to individual assessment for impairment.

Write-off policy
The bank will write off a loan/security balance (and any related allowances for impairment losses) when it determines that the loans/securities are uncollectible. This determination will be reached after considering information such as the occurrence of significant changes in the borrower/ issuer's financial position such that the borrower or issuer can no longer discharge the obligation, or that proceeds from collateral will not be sufficient to pay back the entire exposure. For smaller balance standardized loans, charge off decisions generally are based on a product specific past due status. Related and connected lending is not permitted to be written off.

Collateral of impaired exposures
The bank holds collateral against loans and advances to customers in the form of cash deposit, mortgage interests over property, other registered securities over assets, and guarantees. Estimates of fair value are based on the value of collateral assessed at the time of borrowing, and generally are not updated except when a loan is individually assessed as impaired. Collateral is not normally held for loans and advances to banks, except when securities are held as part of reverse

repurchase and securities borrowing activity. Collateral is not usually held against investment securities, and no such collateral was held at 31 December 2022 (2021: nil). An estimate of the fair value of collateral and other security enhancements held against financial assets is shown below. It must however be noted that collateral values for impaired loans are at cash flows of the forced sale values less estimated costs of sale as discounted to present values:

	Loans & to customers 2022 GH¢	Loans & to customers 2021 GH¢
Cash and near cash instruments	-	60,500
	-	**60,500**

Repossessed assets
The bank did not repossess any customer's asset during the period. If the bank would have repossessed, the type and carrying amount of collateral would have been the lower of its carrying amount and fair value less costs to sell: All assets repossessed if any are to be sold within one year of possession and approval would be sought from Bank of Ghana for those for which efforts towards sale have not been successful within one year. The bank monitors concentrations of credit risk by sector. An analysis of concentrations of credit risk at the reporting date is shown below:

	2022 GH¢	2021 GH¢
Transport	3,107,820	2,656,229
Commerce	9,484,199	7,706,452
Agriculture	7,241,739	6,355,033
Cottage	3,838,428	3,350,948
Other credit lines	757,766	783,473
	24,429,952	20,852,135
Credit impairment loss	(3,168,091)	(2,109,184)
	21,261,860	**18,742,951**

c) Liquidity risk
Liquidity risk is the risk that the bank will encounter difficulty in meeting obligations from its financial liabilities as they fall due. The risk arises from mismatches in cash flows.

Management of liquidity risk
The bank's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses that will damage the bank's reputation.
The head office receives information from branches regarding the liquidity profile of their financial assets and liabilities and details of other projected cash flows arising from projected future business. The head office then maintains a portfolio of short-term liquid assets, largely made up of short-term liquid investment securities, loans and advances to banks and other bank facilities, to ensure that sufficient liquidity is maintained within the bank as a whole. The liquidity requirements of branches are met through funds from head office to cover any short-term fluctuations and longer term funding to address any structural liquidity requirements. When an operating branch is subject to a liquidity limit, it manages its liquidity within the regulatory limit in co-ordination with head office. Head office monitors compliance of all operating branches with local regulatory limits on a daily basis.

The daily liquidity position is monitored and regular liquidity stress testing is conducted 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 finance and operations committee. Daily reports cover the liquidity position of the bank. A summary report including any exceptions and action taken, is submitted regularly to finance and operations committee.

Exposure to liquidity risk
The key measure used by the bank for managing liquidity risk is the ratio of net liquid assets to deposits from customers. For this purpose net liquid assets are considered as including cash and cash equivalents and investment grade debt securities for which there is an active and liquid market less any deposits from banks, debt securities issued, other borrowings and commitments maturing within the next month. Details of the net liquidity assets to deposits and customers at the reporting date and during the reporting period were as follows:

	2022	2021
	%	%
At 31 December	67.09	58.91
Average for the period	63.63	62.03
Maximum for the period	67.09	65.10
Minimum for the period	58.09	58.28

d) Market risk
Market risk is the risk that changes in market prices, such as interest rate, equity prices, foreign exchange rates and credit spreads (not relating to changes in the obligor's/issuer's credit standing) will affect the Banks's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return on risk.

Management of market risk
The bank separates its exposure to market risk between trading and non-trading portfolios. Trading portfolios mainly are held by the treasury unit, and include positions arising from market making and proprietary position taking, together with financial assets and liabilities that are managed on a fair value basis. Overall authority for market risk is vested in credit committee. The bank is responsible for the development of detailed risk management policies (subject to review and approval by the credit and marketing committee) and for the day-to-day review of their implementation.

Exposure to market risk – trading portfolios
The principal tool used to measure and control market risk exposure within the bank's trading portfolios is Value at Risk (VaR). The VaR of a trading portfolio is the estimated loss that will arise on the portfolio over a specified period of time (holding period) from an adverse market movement with a specified probability (confidence level). VaR model used by the bank is based upon a 99 percent confidence level and assumes a 10-day holding period. The VaR model used is based mainly on historical simulation. Taking account of

market data from the previous two years, and observed relationships between different markets and prices, the model generates a wide range of plausible future scenarios for market price movements.

Although VaR is an important tool for measuring market risk, the assumptions on which the model is based do give rise to some limitations, including the following:

- A 10-day holding period assumes that it is possible to hedge or dispose of positions within that period. This is considered to be a realistic assumption in almost all cases but may not be the case in situations in which there is severe market illiquidity for a prolonged period.
- A 99 percent confidence level does not reflect losses that may occur beyond this level. Even within the model used there is a one percent probability that losses could exceed the VaR.
- VaR is calculated on an end-of-day basis and does not reflect exposures that may arise on positions during the trading day.
- The use of historical data as a basis for determining the possible range of future outcomes may not always cover all possible scenarios, especially those of an exceptional nature.
- The VaR measure is dependent upon the bank's position and the volatility of market prices. The VaR of an unchanged position reduces if the market price volatility declines and vice versa.

The bank uses VaR limits for total market risk, interest rate, equity and other price risks. The overall structure of VaR limits is subject to review and approval by credit and marketing committee. VaR limits are allocated to trading portfolios. VaR is measured at least daily and more regularly for more actively traded portfolios. Daily reports of utilization of VaR limits are submitted to the bank risk and regular summaries are submitted to credit and marketing committee.

The limitations of the VaR methodology are recognized by supplementing VaR limits with other position and sensitivity limit structures, including limits to address potential concentration risks within each portfolio. In addition, the bank uses a wide range of stress tests to model the financial impact of a variety of exceptional market scenarios on individual trading portfolios and the bank's overall position.

Exposure to interest rate risk – non-trading portfolios

The principal risk to which non-trading portfolios are exposed is the risk of loss from fluctuations in the future cash flows or fair values of financial instrument because of a change in market interest rates. Interest rate risk is managed principally through monitoring interest rate gaps and by having pre-approved limits for repricing bands. The credit and marketing committee is the monitoring body for compliance with these limits and is assisted by finance and operations department in its day-to-day monitoring activities. The management of interest rate risk against interest rate gap limits is supplemented by monitoring the sensitivity of of the bank's financial assets and liabilities to various standard and non-standard interest rate scenarios. Standard scenarios that are considered on a monthly basis include a 100 basis point (bp) fall or rise in all financial market interest rates.

Overall non-trading interest rate risk positions are managed by Central Treasury, which uses investment securities, advances to banks and deposits from banks to manage the overall position arising from the bank's non-trading activities.

Exposure to other market risks – non-trading portfolios

Credit spread risk (not relating to changes in the obligor/issuer's credit standing) on debt securities held by Central Treasury and equity price risk is subject to regular monitoring by bank Risk, but is not currently significant in relation to the overall results and financial position of the bank.

(e) Operational risks

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the bank's processes, personnel, technology and infrastructure, and from external factors other than credit, market and liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards of corporate behavior. Operational risks arise from all of the bank's operations and are faced by all business entities.

The bank's objective is to manage operational risk so as to balance the avoidance of financial losses and damage to the bank'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 bank 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 regulatory 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.

Compliance with the bank standards is supported by a programme of periodic reviews undertaken by Internal Audit. The results of Internal Audit reviews are discussed with the management of the business unit to which they relate, with summaries submitted to the Audit Committee and senior management of the bank.

(f) Capital management

Regulatory Capital

The Bank of Ghana sets and monitors capital requirement for the bank. In implementing current capital requirement, Bank of Ghana requires the bank to maintain a prescribed ratio of total capital to total risk-weighted assets. The bank is also required to maintain a credible capital plan to ensure that capital level of the bank is maintained in consonance with the bank's risk appetite. The bank's regulatory capital is analyzed in two tiers: Tier 1 Capital, which includes ordinary share capital, perpetual bonds, retained earnings, and non-controlling after deductions for goodwill and other intangible assets and other regulatory adjustments relating to items that are included in equity but are treated differently for capital adequacy purposes.

Tier 2 Capital, which includes qualifying subordinated liabilities, and the element of the fair value reserve relating to unrealized gains on equity instruments classified as available-for-sale. Various limits are applied to elements of the capital base. Qualifying tier 2 capital cannot exceed tier 1 capital and qualifying term subordinated loan capital may not exceed 50% of tier capital. Other deductions from capital include the carrying amounts of investments in subsidiaries that are not included in the regulatory consolidation, investments in the capital of banks and certain other regulatory items.

Banking operations are categorized as either trading book or banking book, and risk-weighted assets are determined according to specified requirements that seek to reflect the varying levels of risk attached to assets and off-balance sheet exposures. The bank's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The impact of the level of capital on shareholders' return is also recognized and the bank recognizes the need to maintain a balance between the higher returns that might be possible with greater gearing and the advantages and security afforded by a sound capital position. The bank and its individually regulated operations have complied with all externally imposed capital requirements throughout the period. The bank's regulatory capital position at 31 December was as follows:

Capital Adequacy Computation	2022	2021
Adjusted Capital Base	GH¢	GH¢
Paid up capital (1)	1,614,504	1,582,934
Disclosed reserves (2)	1,814,920	1,535,709
Tier 1 Capital (3) = (1+2)	**3,429,424**	**3,118,643**
Less:		
Investments in the capital of other financial institutions (4)	181,311	181,311
Intangible assets (5)	209,373	148,406
Net Tier 1 Capital (6) = (3-4-5)	**3,038,740**	**2,788,926**
Add:		
Revaluation reserve (7)	39,404	39,404
Adjusted Capital Base (8) = (6+7)	**3,078,144**	**2,828,330**
Adjusted Asset Base		
Total assets (9)	**51,566,592**	**42,928,431**
Less contra items:		
Cash on hand (10)	**1,722,139**	**912,658**
Claims on ARB Apex Bank (11): (i)+(ii)	**3,573,669**	**2,361,914**
(i) Clearing account balance	1,676,323	561,962
(ii) 5% ARB Apex Balance	1,897,347	1,799,952
Claims on government (12): (i)	**21,529,433**	**15,711,387**
Treasury bills	13,399,433	11,411,387
ACOD	8,130,000	4,300,000
Investment in the capital of other financial institutions (13)	**181,311**	**181,311**
Intangible assets (14)	**209,373**	**148,406**
80% of claims on other banks (15)	-	-
50% claims on other financial institutions - Others (16)	-	-
Adjusted total assets (17) = (9-10-11-12-13-14-15-16)	24,350,666	23,612,754
100% of 3 years average annual gross income (18)	8,782,724	7,322,928
Adjusted Asset Base (19) = (17+18)	**33,133,390**	**30,935,682**
Capital adequacy ratio (8/19*100)	**9.29%**	**9.14%**

Capital allocation

The allocation of capital between specific operations and activities is, to a large extent, driven by optimization of the return achieved on the capital allocated. The amount of capital allocated to each operation or activity is based primarily upon the regulatory capital, but in some cases the regulatory requirements do not reflect fully the varying degree of risk associated with different activities. In such cases the capital requirements may be flexed to reflect differing risk profiles, subject to the overall level of capital to support a particular operation or activity not falling below the minimum required for regulatory purposes. The process of allocating capital to specific operations and activities is undertaken independently of those responsible for the finance and operation and is subject to review by the bank finance and operations committee as appropriate. Although maximization of the return on risk-adjusted capital is the principal basis used in determining how capital is allocated within the bank to particular operations or activities, it is not the sole basis used for decision making. Consideration also is made of synergies with other operations and activities, the availability of management and other resources, and the capability of the activity with the bank's longer term strategic objectives. The bank's policies in respect of capital management and allocation are reviewed regularly by the board of directors.

5. Use of estimates and judgements

Management discussed with the audit committee the development, selection and disclosure of the bank's critical accounting policies and estimates, and the application of these policies and estimates. These disclosures supplement the commentary on financial risk management (see notes).

Key sources of estimation uncertainty

Allowances for credit losses

Assets accounted for at amortized cost are evaluated for impairment on a basis described in the accounting policy. The individual counterparty component of the total allowances for impairment applies to claims evaluated individually for impairment and is based on management's best estimate of the present value of the cash flows that are expected to be received. In estimating these cash flows, management makes judgements about counterparty's financial situation and the net realizable value of any underlying collateral. Each impaired asset is assessed on its merits, and the workout strategy and estimate of cash flows considered recoverable are independently approved by the credit risk function.

Collectively assessed impairment allowances cover credit losses inherent in portfolios of claims with similar characteristics when there is objective evidence to suggest that they contain impaired claims, but the individual impaired items cannot yet be identified.

A component of collectively assessed allowances is for country risks. In assessing the need for collective loan loss allowances, management considers factors such as credit quality, portfolio concentrations, and economic factors. In order to estimate the required allowance, assumptions are made to define the way inherent losses are modelled and to determine the required input parameters, based on historical experience and current economic conditions. The accuracy of the allowances depends on how well these estimated future cash flows for specific counterparty allowances and the model assumptions and parameters are used in determining collective allowances.

Determining fair values

The determination of fair value for financial assets and liabilities for which there is no observable market price requires the use of valuation techniques as described in the accounting policy. For financial instruments that trade infrequently and have little price transparency, fair value is less objective, and requires varying degrees of judgement depending on liquidity, concentration, uncertainty of market factors, pricing assumptions and other risks affecting the specific instrument.

Critical accounting judgements in applying the bank's accounting policies

Critical accounting judgements made in applying the bank's accounting policies include:

Financial asset and liability classification

The bank's accounting policies provide scope for assets and liabilities to be designated on inception into different accounting categories in certain circumstances:

- In classifying financial assets or liabilities as "trading", the bank has determined that it meets the description of trading assets and liabilities set out in the accounting policy.
- In designating financial assets or liabilities at fair value through profit or loss, the bank has determined that it has met one of the criteria for this designation set out in the accounting policy.
- In classifying financial assets as held-to-maturity, the bank has determined that it has both the positive intention and ability to hold the assets until their maturity date as required by the accounting policy.

6. Financial assets and liabilities

Accounting classifications and fair values

The table below sets out the bank's classification of each class of financial assets and liabilities, and their fair values (excluding accrued interest).

2022	Carrying value	Fair value
Assets as at 31 December, 2022	2022	2022
	GH¢	GH¢
Cash and cash equivalents	13,425,809	13,425,809
Pledged assets	13,399,433	13,399,433
Loans & advances to customers	24,429,952	21,261,860
Other assets	2,186,100	2,186,100
Investment securities	181,311	181,311
	53,622,605	**50,454,513**

	Carrying value	Fair value
	2022	2022
Liabilities as at 31 December, 2022	GH¢	GH¢
Deposits from customers	39,983,412	39,983,412
Other liabilities	7,545,652	7,545,652
	47,529,065	**47,529,065**

	Carrying value	Fair value
2021	2021	2021
Assets as at 31 December, 2021	GH¢	GH¢
Cash and cash equivalents	7,574,572	7,574,572
Pledged assets	11,411,387	11,411,387
Loans & advances to customers	20,852,135	18,742,950
Other assets	4,162,697	3,866,075
Investment securities	181,311	181,311
	44,182,101	**41,776,295**
Liabilities as at 31 December, 2021		
Deposits from customers	32,230,703	32,230,703
Other liabilities	7,088,260	7,088,260
Institutional borrowings	48,611	48,611
	39,367,574	**39,367,574**

7. Net Interest income

	2022	2021
	GH¢	GH¢
Interest income		
Loans and advances to customers	5,388,641	5,701,260
Investments (Trading)	2,807,524	1,705,850
Total interest income	**8,196,165**	**7,407,110**
Interest expense		
Deposits from customers	1,157,296	981,328
Borrowings	18,184	24,675
Total interest expense	**1,175,480**	**1,006,004**
Net interest income	**7,020,685**	**6,401,107**

		2022	2021
8.	**Net fees and commission income**		
	Fees and commission income	GH¢	GH¢
	Retail banking customer fees	1,307,286	1,317,250
	SMS charges	32,793	23,217
	Sundry income	536,697	534,723
	Total fees and commission income	**1,876,776**	**1,875,189**
	Fees and commission expenses		
	Bank charges/ clearing expenses	48,265	49,036
	Susu expenses	198,910	544,088
	Total fees and commission expenses	**247,175**	**593,124**
	Net fees and commission income	**1,629,601**	**1,282,066**

		2022	2021
9.	**Personnel expenses**	GH¢	GH¢
	Staff Salaries, Wages & Allowances	2,910,405	2,065,960
	Social Security - 1st Tier	259,252	226,309
	Provident Fund Contribution - 3rd Tier	136,155	116,406
	Other Staff Cost	543,142	861,731
	Staff Training	143,961	169,829
	Medical Expenses	8,406	11,400
		4,001,321	**3,451,635**

		2022	2021
10.	**Depreciation & amortization**	GH¢	GH¢
	Right of use assets	29,659	59,264
	Intangible Assets	79,417	-
	Depreciation of property,plant & equipment	180,292	186,578
		289,369	**245,842**

		2022	2021
11.	**Other expenses**	GH¢	GH¢
	Directors fees	36,100	55,800
	Board meeting expenses	40,138	80,969
	Social responsibility	53,801	30,634
	Audit Fees	35,000	30,000
	Electricity & water	157,024	160,022
	Customers' Welfare	51,380	49,273
	Registration, Subscription & Periodicals	94,819	73,483
	Software License & Support	240,000	243,130
	Mobilisation Expenses	100,495	149,934
	Other administrative expenses	2,107,978	1,642,081
		2,916,735	**2,515,326**

	2022	2021
	GH¢	GH¢
12. Income tax expense		
Current income tax (a)	229,916	201,547
Deferred income tax (b)	11,956	16,292
	241,872	**217,839**

(a) Current income tax

Year of Assessment	Balance at 1/1	Payments for the year	Charged to P&L	Balance at 31/12
	GH¢	GH¢	GH¢	GH¢
2017-2019	(55,000)	-	-	(55,000)
2020	113,618	(7,025)	25,126	131,719
2021	76,420	(77,376)	956	-
2022	-	(100,000)	228,960	128,960
	135,038	**(184,401)**	**255,042**	**205,679**

All tax liabilities are subject to the agreement with the Ghana Revenue Authority. Income tax rate was 25% during the year per the Income Tax Act, 2015 (Act 896) as amended. Taxes up to 2021 have been agreed with the Ghana Revenue Authority.

(b) Deferred income tax

2022	Assets	Liabilities	Net
	GH¢	GH¢	GH¢
Property,plant and equipment	-	8,065	8,065
Intangible assets	(12,635)	-	(12,635)
Impairment allowances for loan losses	(264,727)	-	(264,727)
Net tax (assets)/liabilities	**(277,361)**	**8,065**	**(269,296)**

2021	Assets	Liabilities	Net
	GH¢	GH¢	GH¢
Property and equipment	-	18,876	18,876
Impairment allowances for other assets	(34,114)	-	(34,114)
Impairment allowances for loan losses	(266,014)	-	(266,014)
Net tax (assets)/liabilities	**(300,128)**	**18,876**	**(281,252)**

Deferred income tax is calculated using the enacted income tax rate of 25% (2021: 25%). Deferred income tax liability and deferred income tax charge in the statement of profit or loss and other comprehensive income are attributable to the following items;

2022	Balance at 1/1/2022	Recognized in p&l	Balance at 31/12/2022
	GH¢	GH¢	GH¢
Property and equipment	18,876	(10,810)	8,065
Impairment allowances for other assets	(34,114)	34,114	-
Intangible assets	-	(12,635)	(12,635)
Impairment allowances for loan losses	(266,014)	1,287	(264,727)
Total	**(281,252)**	**11,956**	**(269,296)**

2021	Balance 1/1/2021 GH¢	Recognized in p&l GH¢	Balance 31/12/2021 GH¢
Property and equipment	2,327	16,548	18,876
Impairment allowances for other assets	-	(34,114)	(34,114)
Impairment allowances for loan losses	(299,872)	33,857	(266,014)
Total	**(297,545)**	**16,292**	**(281,252)**

Reconciliation of effective tax rate	2022 GH¢	2021 GH¢
Profit before tax	383,954	264,051
Income tax using the enacted corporate tax rate	95,988	66,013
Non-deductible expenses	173,573	152,434
Other Taxes	956	-
Tax incentive not recognized in the income statement	(40,602)	(16,900)
Deferred tax	11,956	16,292
Total income tax expense in income statement	**241,872**	**217,838**
Effective tax rate	**63.00%**	**82.50%**

13. Earnings per share

Basic earnings per share

The calculation of basic earnings per share at 31 December 2022 was based on the profit attributable to ordinary shareholders of GH¢142,082 (2021: GH¢46,212) and number of ordinary shares of 161,450,400 (2021: 158,293,400) existing as at 31st December, calculated as follows:

Profit attributable to ordinary shareholders	2022 GH¢	2021 GH¢
Net profit for the period attributable to equity holders of the bank	142,082	46,212
Weighted average number of ordinary shares		
Issued ordinary shares at 1 January	158,293,400	155,017,200
Effect of share issued as at 31 December	3,157,000	3,276,200
Number of ordinary shares at 31 December	**161,450,400**	**158,293,400**

Diluted earnings per share

The calculation of diluted earnings per share at 31 December 2022 was based on the profit attributable to ordinary shareholders of GH¢142,082 (2021: GH¢46,212) and number of ordinary shares after adjustment for the effects of all dilutive potential ordinary shares of 158,293,400 (2021: 158,293,400) calculated as follows:

Profit attributable to ordinary shareholders (diluted)	2022 GH¢	2021 GH¢
Profit for the period attributable to ordinary shareholders	142,082	46,212
Weighted average number of ordinary shares (diluted)		
Number of ordinary shares (basic)	158,293,400	155,017,200
Effect of share issued as at 31 December	3,157,000	3,276,200
Number of ordinary shares (diluted) at 31 December	**161,450,400**	**158,293,400**

14. Dividend per share

At the Annual General Meeting to be held in 2023, the directors do not recommend the payment of dividend for the year ended 31 December, 2022 per Bank of Ghana Directive (Notice No. BG/GOV/SEC/2020/03) dated 20th April, 2020 (2021:Nil). There is no tax consequence since no dividend will be declared.

	2022	2021
15. Cash and cash equivalents	GH¢	GH¢
Cash balance	1,722,139	912,658
Unrestricted balance with ARB Apex bank	1,676,323	561,962
Restricted balance with ARB Apex bank- 5% placement	1,897,347	1,799,952
ACOD	8,130,000	4,300,000
	13,425,809	**7,574,572**

	2022	2021
16. Trading assets	GH¢	GH¢
Bank of Ghana treasury bills held by:		
ARB Apex bank	13,399,433	11,411,387
	13,399,433	**11,411,387**

This has been used as a security to contract the institutional borrowings.

Trading liabilities

There was no trading liabilities during the year.

		2022	2021
17. Loans and advances to customers		GH¢	GH¢
Loans and advances to customers at fair value through profit or loss		24,429,952	20,852,135
		24,429,952	20,852,135
Allowances for impairment	**(17b)**	(3,168,091)	(2,109,184)
		21,261,860	**18,742,950**

	2022	2021
Loans and advances to customers at amortized cost-		
(a) Loans and advances by business segment to customers:	GH¢	GH¢
Transport	3,107,820	2,656,229
Commerce	9,484,199	7,706,452
Agriculture	7,241,739	6,355,033
Cottage	3,838,428	3,350,948
Susu and other credit lines	757,766	783,473
	24,429,952	**20,852,135**

	2022	2021
(b) Allowances for impairment		
Individual and collective allowances for impairment	GH¢	GH¢
Balance at 1 January	2,109,184	1,199,487
Charge for the year	1,058,907	909,697
Balance at 31 December	**3,168,091**	**2,109,184**

	2022	2021
(c) Loans and advances by product to customers	GH¢	GH¢
Loans	16,974,636	15,094,556
Advances	7,455,315	5,757,579
	24,429,952	20,852,135

(d) Loans and advances to customers at fair value through profit or loss

At 31 December 2022 the maximum exposure to credit risk on loans and advances at fair value through profit or loss was GH¢21.26 million (2021: GH¢18.74 million). The bank has mitigated the credit risk exposure to these loans and advances through the establishment of credit risk reserve.

(e) Loan statistics	2022	2021
i) Twenty (20) largest exposures to total exposures	21.37%	19.87%
ii) Loan loss provision ratio	12.97%	10.11%
iii) Non-Performing Loans Ratio	10.79%	7.41%

	2022	2021
18. Other assets	GH¢	GH¢
Office Account	367,187	2,370,927
Prepayments	35,253	176,648
Accrued income - loans	492,683	519,168
Accrued income - Interest Income	234,129	275,695
Inter agency	933,382	181,240
Stationery stocks	59,675	51,627
ACH & CCC Uncleared Effects	11,800	374,076
E-ZWICH Control Account	51,991	213,315
	2,186,100	**4,162,697**
Impairment	-	(296,621)
	2,186,100	**3,866,075**

19. Deferred tax assets and liabilities

Recognized deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

	Assets	Liabilities	Net
2022	GH¢	GH¢	GH¢
Property and equipment	-	8,065	8,065
Allowances for intangible assets	(12,635)	-	(12,635)
Allowances for loan losses	(264,727)	-	(264,727)
Net tax (assets)/ liabilities	**(277,361)**	**8,065**	**(269,296)**
2021			
Property and equipment	-	18,876	18,876
Allowances for other assets	(34,114)	-	(34,114)
Allowances for loan losses	(266,014)	-	(266,014)
Net tax (assets)/ liabilities	**(300,128)**	**18,876**	**(281,252)**

Deferred income tax is calculated using the enacted income tax rate of 25%. Deferred income liabilities and deferred income tax charge in the profit or loss are attributable to the following items:

Movements during the year	Opening Balance	Recognized in profit or loss	Closing Balance
2022	GH¢	GH¢	GH¢
Property and equipment	18,876	(10,810)	8,065
Allowances for other assets	(34,114)	34,114	-
Allowances for intangible assets	-	(12,635)	(12,635)
Allowances for loan losses	(266,014)	1,287	(264,727)
	(281,252)	**11,956**	**(269,296)**

Movements during the year	Opening Balance	Recognized in profit or loss	Closing Balance
2021	GH¢	GH¢	GH¢
Property and equipment	2,327	16,548	18,876
Allowances for other assets	-	(34,114)	(34,114)
Allowances for loan losses	(299,872)	33,857	(266,014)
	(297,545)	**16,292**	**(281,252)**

	2022	2021
20. Investment securities	GH¢	GH¢
Investment in ordinary shares of ARB Apex bank	181,311	181,311
	181,311	**181,311**

Investment in associate has upon initial recognition been designated at fair value through equity, and therefore eliminates or reduces any accounting mismatch that would otherwise arise.

21. Right of use assets	2022	2021
Cost	GH¢	GH¢
Balance at 1 January	203,050	203,050
Additions	18,000	-
Balance at 31 December	**221,050**	**203,050**
Amortization		
Balance at 1 January	76,282	17,018
Charge for the year	29,659	59,264
Balance at 31 December	**105,941**	**76,282**
Carrying amount		
Balance at 31 December	**115,109**	**126,768**

Rights of use - office rent	2022	2021
Non-cancellable operating lease rentals are payable as follows:	GH¢	GH¢
Between one and five years	49,659	55,928
More than five years	65,450	70,840
	115,109	**126,768**

The bank leases a number of branch premises for its operations. The leases typically run for a maximum period of up to 10 years, with an option to renew the lease after that date. Lease payments are reviewed by landlords in consultation with management where necessary to reflect market rentals.

	2022	2021
22. Impairment of financial assets	GH¢	GH¢
Loans and Advances - General	403,512	105,956
Loans and Advances - Specific	655,395	803,742
	1,058,907	909,697
Other Assets	-	296,621
	1,058,907	1,206,319

23(a). PROPERTY, PLANT & EQUIPMENT- 2022

	Buildings	Motor Vehicles	Plant & Machinery	Office Equipment	Office Furniture & Fittings	Computers & Assessories	Total
COST	**GH¢**	**GH¢**	**GH¢**	**GH¢**	**GH¢**	**GH¢**	**GH¢**
Balance at 1/1/2022	379,722	390,470	55,425	206,973	134,368	125,850	1,292,808
Write Off	(177,279)	-	-	(23,708)	(40,473)	-	(241,459)
Additions	-	46,976	53,550	41,543	1,950	9,373	153,392
Balance at 31/12/2022	202,443	437,446	108,975	224,808	95,845	135,223	1,204,740
DEPRECIATION							
Balance at 1/1/2022	80,809	217,658	16,628	203,880	133,288	44,838	697,100
Adjustment of Opening Balances	-	(21,301)	-	(89,270)	(24,109)	11,452	(123,227)
Write-Off	(3,546)	-	-	(23,708)	(40,473)	-	(67,726)
Charge for the Year	4,048	81,226	8,667	40,183	13,917	32,252	180,292
Balance at 31/12/2022	81,312	277,583	25,294	131,085	82,623	88,541	686,438
CARRYING AMOUNT - 31/12/2022	**121,131**	**159,863**	**83,681**	**93,723**	**13,222**	**46,681**	**518,301**
CARRYING AMOUNT - 31/12/2021	**298,912**	**172,812**	**38,798**	**3,093**	**1,080**	**81,013**	**595,708**
DISPOSAL/WRITE OFF OF ASSETS							
Cost	177,279	-	-	23,708	40,473	-	241,459
Less: Accumulated Depreciation	(3,546)	-	-	(23,708)	(40,473)	-	(67,726)
	173,733	-	-	-	-	-	173,733
Less: Sale Proceeds	-	-	-	-	-	-	-
Profit/ Loss on Disposal/Write off	173,733	-	-	-	-	-	173,733

23(b). PROPERTY, PLANT & EQUIPMENT- 2021

	Buildings	Motor Vehicles	Plant & Machinery	Office Equipment	Office Furniture & Fittings	Computers & Assessories	Total
COST	**GH¢**	**GH¢**	**GH¢**	**GH¢**	**GH¢**	**GH¢**	**GH¢**
Balance at 1/1/2021	202,443	356,410	55,425	213,112	148,908	105,560	1,081,858
Write Off	-	-	-	(21,088)	(15,890)	(20,550)	(57,528)
Additions	177,279	34,060	-	14,949	1,350	40,840	268,478
Balance at 31/12/2021	379,722	390,470	55,425	206,973	134,368	125,850	1,292,808
DEPRECIATION							
Balance at 1/1/2021	73,215	139,564	11,085	183,573	126,688	33,925	568,050
Write Off	-	-	-	(21,088)	(15,890)	(20,550)	(57,528)
Charge for the year	7,594	78,094	5,543	41,395	22,490	31,463	186,578
Balance at 31/12/2021	80,809	217,658	16,628	203,880	133,288	44,838	697,100
CARRYING AMOUNT - 31/12/2021	**298,912**	**172,812**	**38,798**	**3,093**	**1,080**	**81,013**	**595,708**
CARRYING AMOUNT - 31/12/2020	**129,228**	**216,846**	**44,340**	**29,539**	**22,220**	**71,635**	**513,808**

24. Intangible assets	2022	2021
Cost	GH¢	GH¢
Balance at Begin	148,406	-
Additions	140,384	148,406
Balance at 31 December	**288,791**	**148,406**
Amortization		
Balance at Begin	-	-
Charge for the year	79,417	-
Balance at 31 December	**79,417**	**-**
Carrying amount		
Balance at 31 December	**209,373**	**148,406**

This relates to 10 year software license renewal fee from ARB Apex Bank Limited. Total cost of the asset was made by 2022.

	2022	2021
25. Deposits from customers	GH¢	GH¢
Demand deposits	8,670,376	5,959,606
Savings deposits	12,413,567	10,018,704
Time deposits	7,381,789	6,300,106
Installment deposits- Susu	11,517,681	9,952,286
	39,983,412	**32,230,703**
Deposit statistics		
Ten (10) largest depositors to total deposit ratio	7.22%	11.24%

26. Provisions	2022	2021
(a) Educational scholarship	GH¢	GH¢
Balance at begin	19,442	(8,099)
Additions	24,000	34,951
Funds applied	(750)	(7,410)
Balance at end	**42,692**	**19,442**

The fund is to support developmental activities in the communities the bank operates.

	2022	2021
(b) Staff pension	GH¢	GH¢
Balance at begin	223,848	150,757
Additions	72,000	157,728
Funds applied	-	(84,637)
Balance at end	**295,848**	**223,848**

The fund is to support the bank to honour end of service benefits to retiring staff.

	2022	2021
(c) Staff long service awards	GH¢	GH¢
Balance at begin	24,480	24,480
Funds applied	-	-
Balance at end	**24,480**	**24,480**

The fund is to support the bank to honour staff for long service.

Total provisions	**363,021**	**267,771**

	2022	2021
27. Other liabilities	GH¢	GH¢
Office account	391,484	658,918
Unearned interest - Loans	6,393	6,411
Accrued interest- FDR	278,006	296,891
Dividend	149,036	151,003
COVID-19 alleviated loan - Government of Ghana	192,575	193,700
Bills payables	5,941,161	5,020,390
Interest suspense	444,343	494,065
ACH Uncleared Effects	31,626	-
Sundry Creditors	111,028	266,882
	7,545,652	**7,088,260**

	2022	2021
28. Institutional Borrowings	GH¢	GH¢
ARB Apex Bank Limited	-	48,611
	-	**48,611**

b) ARB Apex Bank Limited. - Car Loan

The loan of GH¢350,000 was contracted from ARB Apex Bank Limited for the purchase of Toyota Land Cruiser VXR for the Chief Executive Officer to support the bank's operations. Interest rate on this facility is at 22% (2021:22%) and it is secured by treasury bills investment with ARB Apex Bank Limited. The bank paid the outstanding balance during the year.

29. a) Stated capital - 2022

Ordinary shares

	Number of Shares		Proceeds	
	2022	2021	2022	2021
Authorized:			GH¢	GH¢
Ordinary shares of no par value	2,000,000,000	2,000,000,000		
Issued and fully paid:				
For Cash	98,293,400	101,450,400	1,014,504	982,934
Transfer from Income Surplus	60,000,000	60,000,000	600,000	600,000
	158,293,400	**161,450,400**	**1,614,504**	**1,582,934**

b) Stated capital - 2021
Ordinary shares

	Number of Shares 2021	2020	Proceeds 2021 GH¢	2020 GH¢
Authorized:				
Ordinary shares of no par value	2,000,000,000	2,000,000,000		
Issued and fully paid:				
For Cash	98,293,400	95,017,200	982,934	950,172
Surplus	60,000,000	60,000,000	600,000	600,000
	158,293,400	**155,017,200**	**1,582,934**	**1,550,172**

Shares in treasury
There is no share in treasury and no call or instalment unpaid on any share.

Income surplus
This represents the residual of cumulative annual profits that are available for distribution to shareholders.

Statement of changes in issued number of shares	Shares 2022	Shares 2021
On issue at 1 January	158,293,400	155,017,200
Number of shares issued during the year	3,157,000	3,276,200
On issue at 31 December	**161,450,400**	**158,293,400**

At 31 December 2022 the authorized share comprised 2,000,000,000 ordinary shares (2021: 2,000,000,000). The shares are of no par value. All issued shares are fully paid.The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the bank. All shares rank equal with regards to the bank's residual assets.

Dividend

The following dividends were paid by the bank for the year ended 31 December on previous years dividend declared.	2022 GH¢	2021 GH¢
On ordinary shares paid in 2022	-	-
On ordinary shares paid in 2021	-	-
	-	-

At 31 December 2022, no dividend was proposed by the directors (2021: Nil). The dividends have not been provided for in the p&l or the statement of financial position and there are no income tax consequence.

30. Capital surplus	2022 GH¢	2021 GH¢
Balance at begin	39,404	39,404
Balance at end	**39,404**	**39,404**

This represents increase in share value with ARB Apex Bank Limited

	2022	2021
31. Statutory reserve	GH¢	GH¢
Balance at begin	827,487	709,779
Transfer from income surplus - 2020	-	106,155
Transfer from income surplus	35,521	11,553
Balance at end	**863,007**	**827,487**

This is a non-distributable reserve. The transfer to Statutory Reserve Fund represents 25% (2021:50%) of the net profit after tax and before dividend for the year. The transfer is in compliance with section 34 of the Banks and Specialized Deposit-Taking Institutions Act, 2016 (Act 930).

	2022	2021
32. Credit risk reserve	GH¢	GH¢
Balance at begin	70,604	70,604
Transfer to Income Surplus Account	-	-
Balance at end	**70,604**	**70,604**

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

At year end		
IFRS 9 allowance for expected credit losses	**3,168,091**	-
Bank of Ghana Provisioning	**(3,043,632)**	-
Excess of IFRS 9 allowance for expected credit losses over Bank of Ghana Provisioning	**124,459**	-

The bank complies with the IFRS impairment rules which took effect from 1 January, 2018; however, where the IFRS impairment rules results in a lower provision than would be the case if the BOG's prudential norms were applied, the difference should be charged to income surplus and credited to a credit reserve and in case the opposite happens subsequently a reversal should be made to the extent of the credit balance in the credit risk reserve. The credit risk reserve so created is not available for distribution as dividend but included in the adjusted capital base for purposes of the Capital Adequacy Ratio (CAR) computation.

33. Contingencies

Off balance sheet contingencies and commitments

In the ordinary course of business, the bank did not conduct business involving guarantees, acceptances and performance bonds.

Nature of contingent liabilities

Guarantees are generally written by a bank to support performance by a customer to third parties. The bank will only be required to meet these obligations in the event of the customer's default. An acceptance is an undertaking by the bank to pay a bill of exchange drawn on the customer.

Legal proceedings

There is no legal law suit against the bank currently which could result in any loss or contingent liability.

34. Related parties

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financing or operating decisions or one other party controls or both. The bank's key management personnel includes directors (executive and non-executive) and members of the executive management.

(a) Transactions with directors

Transactions in the normal course of business with directors who are hereby referred to as related parties are as follows:

	2022	2021
	GH¢	GH¢
	Closing balance	balance
Loans and advances	1,666	5,833
Related party income and expenses		
Income earned on directors loans	5,333	6,400

All transactions with related parties are priced in arm's length basis and was entered into in the normal course of business.

(b) Transactions with key management personnel

Key management personnel are defined as those persons having authority and responsibility for planning, directing and controlling the activities of the bank and comprise the Directors and Senior Management of the bank. Loans to key management personnel are as follows:

	2022	2021
	GH¢	GH¢
	Closing balance	balance
Loans and advances	225,161	171,501

Loans to key management personnel were given at concessionary rates as part of staff employment contract and lower than rates that would be charged in an arm's length transaction. The loans are secured by the assets and provident fund of the respective borrowers.

35. Country analysis

All assets and liabilities of the bank are held in Ghana.

36. Comparative figures

Where necessary, figures within notes have been restated to either conform to changes in presentation in the current year or for the adoption of new IFRS requirement.

	2022	2021
37. Highlight of financial performance	GH¢	GH¢
Net Profit for the year	142,082	46,212
Current Assets	50,273,203	41,594,985
Current Liabilities	48,097,764	39,721,772
Equity	3,468,828	3,158,048
Working Capital	2,175,439	1,873,213
Capital Adequacy Ratio	9.29%	9.14%

38. Value added statement

	2022 GH¢	2021 GH¢
Interest earned and other operating income	10,072,941	9,282,300
Direct cost of services	(4,303,290)	(4,058,654)
Value added by banking services	5,769,651	5,223,646
Impairments	(1,058,907)	(1,206,319)
Value Added	**4,710,744**	**4,017,327**
Distributed as follows:		
To Employees:-		
Directors (non-executives)	(36,100)	(55,800)
Other employees	(4,001,321)	(3,451,635)
To Government:		
Income tax	(241,872)	(217,839)
To providers of capital:-		
Dividends to shareholders	-	-
To expansion and growth		
Depreciation	(180,292)	(186,578)
Amortisation of intangible assets	(79,417)	-
Right of use assets	(29,659)	(59,264)
Income Surplus	**142,082**	**46,212**

39. Analysis of shareholdings as at 31 December, 2022

Number of shareholders

The bank has four thousand, four hundred and ninety five (4,495) ordinary shareholders at 31 December, 2022 distributed as follows:

Category	Number of Shareholders	Number of Shares	Percentage Holding (%)
1-1,000	158	128,438	0.08%
1,001-5,000	1,183	4,298,746	2.66%
5,001-10,000	857	6,085,204	3.77%
Over 10,000	2,297	150,938,012	93.49%
Total	**4,495**	**161,450,400**	**100.00%**

Directors' shareholding

Name of Director	Number of Shares	Percentage Holding (%)
1. Nana Kwamena Addae Nyarko	1,624,509	1.01%
2. Nana Ampaabeng Kyeremeh Sikafo	1,380,572	0.86%
3. Dominic Kwasi Nti	1,363,320	0.84%
4. Frank Kumi	932,528	0.58%
5. Bright God Enterprise/Bright Owusu	258,889	0.16%
Total	**4,368,401**	**3.44%**

	Twenty (20) largest shareholders Name of shareholder	Number of Shares	Percentage Holding (%)
1.	Kofi Bonsu Boakye-Boateng	4,196,554	2.60%
2.	Musah Ibrahim	4,050,951	2.51%
3.	Emmanuel Kwabena Dei	2,811,849	1.74%
4.	Adu Yeboah	2,712,696	1.68%
5.	Solomon Oppong Twumasi	2,368,054	1.47%
6.	Benjamin Boakye-Yiadom	2,077,905	1.29%
7.	Gilbert Agyei-Sakyi	1,891,032	1.17%
8.	Daniel Kwasi Asare	1,876,115	1.16%
9.	David Kwabena Ampofo	1,842,816	1.14%
10.	Alberta Cherkoh Adorkie	1,820,088	1.13%
11.	Benard Robert Oppong Adjei	1,815,030	1.12%
12.	Georgina Ama Yeli	1,796,824	1.11%
13.	Nana Kwamena Addae Nyarko	1,624,238	1.01%
14.	Abena Agyeman Konadu	1,590,297	0.99%
15.	Joseph Lartey	1,563,743	0.97%
16.	Frank Beyuo Benedict	1,544,617	0.96%
17.	Empretec Association	1,434,953	0.89%
18.	Johnson Atta-Kruffie	1,379,702	0.85%
19.	John Kingsley Kyeremeh	1,346,227	0.83%
20.	Monica Atuahene	1,342,310	0.83%
	Reported Totals	41,086,001	25.45%
	Unreported Totals	120,364,399	74.55%
	Total	**161,450,400**	**100.00%**