KINTAMPO
RURAL BANK LIMITED

FINANCIAL REPORTS FOR THE YEAR ENDED
31 DECEMBER, 2021

TABLE OF CONTENTS

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY given that the 36th Annual General Meeting (AGM) of the Kintampo Rural Bank Limited will be held at Wesley Methodist Church, Kintampo on Saturday, 6th August, 2022 at 10:00am to transact the following business.

AGENDA

Ordinary Business

1. To read the Notice convening the meeting
2. To receive and consider the Directors' and Chairman's Reports.
3. To receive and consider the Financial Statements of the company for the year ended 31st December, 2021 and the Reports of the Auditors thereon.
4. Passing of Resolutions
5. To elect Directors
6. To approve the Director's fee for the year 2022
7. To authorize the Directors to fix the remuneration of the Auditors for the year 2022.

Special Business

8. To change the name Kintampo Rural Bank Limited to Kintampo Rural Bank PLC in accordance with the provisions of Section 21(1)(b) of the Companies Act 2019 (Act 992)
9. To amend the Bank's constitution in accordance with the provisions of the Companies Act 2019 (Act 992).
10. Any other Business

DATED THIS 4TH DAY OF JUNE, 2022 BY ORDER OF THE BOARD

....

MR. YAW WIREDU PREPRAH (ESQ)
(BOARD SECRETARY)

NOTES:

A member entitled to attend and vote at the meeting may appoint a proxy who need not be a member of the bank to vote in his stead. A form of proxy for it to be valid for the purposes of the meeting must be completed and deposited at the Head Office, Kintampo, not less than forty-eight (48) hours before the meeting

All Shareholders who have not received their Annual Reports and Financial Statements for the year ended 31st December 2021 should contact the bank's Head Office at Kintampo or any of its Agencies/Mobilization Centre or download a copy from the bank's website www.kintamporuralbank.org.

BOARD OF DIRECTORS AND OFFICIALS

Board of Directors	Hon. Yaw Effah-Baafi	Non-Executive Chairman
	Mr. Boyd Donkor	Non-Executive Vice Chairman
	Dr. Sulemana Abubakari	Non-Executive Member
	Madam Mary Ama Owusu	Non-Executive Member
	Mr. Martin Kwame Kodom	Non-Executive Member
	Mr. Appiah Donyina	Non-Executive Member
	Nana Owusu Gyare II	Non-Executive Member
Secretary	Mr. Yaw Wiredu Peprah P.O. Box 98 Kintampo-Bono East Region	
Management	Mr. Martin Mensah	General Manager
	Mr. Isaac Kwarteng Ankomah	Head, Operations
	Mr. Alhassan Adams	Head, Credit
	Mr. Samuel Appiah	Head, Administration
	Mr. Abdul Ganiyu Ibrahim	Head, Finance
	Mr. Benjamin Ofosu Okyere	Head, Risk & Compliance
	Mr. Emmanuel K. Tawiah	Head, ICT
	Mr. Asafo-Adjei Baffoe	Head, Internal Audit
Registered Office	Bank Premises Plot 131 Block D Sector 1 Kintampo-Bono East Region	
Auditors	Opoku, Andoh & Co Chartered Accountants SDA 8, Community 5 P. O. Box CO 1364 Tema	
Solicitors	Wiredu Peprah, Oduro & Co. Post Office Box 1542 Sunyani-Bono Region	
Bankers	ARB Apex Bank PLC Consolidated Bank Ghana	

REPORT OF THE DIRECTORS

The Directors present their report together with the audited financial statements of the Bank for the year ended 31 December 2021.

1. DIRECTORS' RESPONSIBILITY STATEMENT

The 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 have made an assessment of the ability of the Bank to continue as a going concern and have no reason to believe that the Bank will not be a going concern in the year ahead.

2. NATURE OF BUSINESS

The Bank's principal activities are provision of Rural Banking services. There was no change in the nature of the Bank's business during the year.

3. FINANCIAL RESULTS

The results of operations for the year ended 31 December 2021 are set out in the attached financial statements, highlights of which are as follows:

	2021 GHS	2020 GHS
The Bank recorded a net profit before taxation of	**1,829,513**	1,443,659
From which is deducted income tax expense of	**(519 205)**	(509,102)
Giving a net profit after tax of	**1, 310,308**	934,557
There was a transfer to statutory reserve fund of	**(163 788)**	(233,639)
Leaving a profit for the year after tax and transfer to statutory reserve of	**1,146 520**	700,918
When added to the opening balance on the income surplus account as of 1 January	**6,296,446**	5,595,528
Transfer to Stated Capital	**(375,532)**	-
From which is deducted final dividend paid of	**(14,889)**	-
Leaving a closing balance on the income surplus account of	**7,052 545**	6,296,446

4. STATED CAPITAL

The Bank's Stated Capital relating to Ordinary Shares issued increased from GH¢2,437,141 as at the end of the previous year to GH¢2,857,467; recording an increase of GH¢420,326 as at close of the year. The number of issued shares also increased from 18,776,633 to 20,878,263 showing an increase of 2,101,630.

5. **DIVIDEND**

The Directors do recommend the payment of dividend for the year of Ghc 0.020 (2020 - GH¢0.00) per share qualifying on 30th September 2021, the Bank's closure of its register date.

6. **CORPORATE GOVERNANCE**

The Board of Directors is committed to ensuring good corporate governance 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.

7. **DIRECTORS REPRESENTATION**

The Directors confirm that no matters have arisen since 31st December, 2021 which materially affect the financial statements as presented.

8. **AUDITORS**

The Auditors, Opoku Andoh & Co will continue in office in accordance with Section 139 (5) of the Companies Act, 2019 (Act 992).

9. **APPROVAL OF THE FINANCIAL STATEMENTS**

The Financial Statements were approved by the Board of Directors on 20th April, 2022 and were signed on their behalf by the following:

....	....
DIRECTOR	DIRECTOR

INDEPENDENT AUDITORS REPORT TO MEMBERS OF KINTAMPO RURAL LTD. ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER, 2021.

Our Opinion
We have audited the financial statements of Kintampo Rural Bank Limited, which comprise the statements of financial position as at 31 December 2021, and the statements of comprehensive income, changes in equity and cash flows for the year then ended, and the notes to the financial statements which include a summary of significant accounting policies and other explanatory notes, as set out on pages 8 to 47.

In our opinion, the accompanying financial statements give a true and fail view of the financial position of Kintampo Rural Bank Ltd. as at 31 December, 2021, its financial performance and cash flows for the year ended in accordance with International Financial Reporting Standards (IFRS) and in compliance with the Company's Act 2019 (Act 992) and Specialized Deposit- Taking Institutions Act 2016 (Act 930).

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 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 have obtained is sufficient and appropriate to provide a basis for our opinion.

We are independent of the Bank in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of financial statements in Ghana, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

Key Audit Matter
There was no key audit matter for consideration and disclosure.

Other Information
The Directors are responsible for the other information. The other information comprises the Corporate Information, Report of the Directors as required by the Companies Act, 2019 (Act 992) and the Banks and Specialized Deposit-Taking Institutions Act, 2016 (Act 930), the Chairman's Report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Statements
The Directors are responsible for the preparation of the financial statements that give a true and fair view in accordance with International Financial Reporting Standards and in the manner required by the Companies Act, 2019 (Act 992) and the Banks and Specialized Deposit-Taking Institutions Act, 2016 (Act 930), and for such internal control as the Directors determine is necessary to enable the

preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

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

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Bank's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Bank's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated and separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Bank to cease to continue as a going concern.

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

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

Report on Other Legal and Regulatory Requirements

Compliance with the requirements of Section 137 of the Companies Act, 2019 (Act 992) and Section 85 of the Banks and Specialized Deposit-Taking Institutions Act, 2016 (Act 930);
We have obtained all the information and explanations which, to the best of our knowledge and belief were necessary for the purpose of our audit.

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

The Statement of Financial Position and the Statement of Comprehensive Income of the Bank are in agreement with the accounting records and returns.

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

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

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

The engagement partner on the audit resulting in this independent auditor's report is Peter Opoku (ICAG/P/1402).

Opoku Andoh & Co (ICAG/F/2022/053)
Chartered Accountants
SDA 8, Community 5
Tema

20th April, 2022

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	NOTES	2021 GH¢	2020 GH¢
Interest Income	7	9,478,600	8,300,926
Interest Expense	7	(1,754,618)	(1,504,995)
Net Interest Income		7,723,982	6,795,931
Fees & Commission Income	8	1,591,515	1,184,218
Fees & Commission Expense	8	(705,873)	(614,317)
Net Fees & Commission Income		885,642	569,901
Other Income	9	-	
Net Other Income		-	
Total Operating Income		8,609,624	7,365,832
Net Impairment Loss on Financial Assets	19	(208,024)	(552,242)
Personnel Expenses	10	(4,302,457)	(3,384,467)
Depreciation & Amortization	11	(338,757)	(300,744)
Other Expenses	12	(1,930,873)	(1,684,720)
Total Operating Expenses		(6,780,111)	(5,922,173)
Profit Before Tax		1,829,513	1,443,659
Income Tax Expense	13	(494,205)	(509,102)
Profit For The Year		1,335,308	934,557
Other Comprehensive Income			
Total Comprehensive Income for the Year		1,335,308	934,557
Basic Earnings Per Share (Cedis)	14	0.064	0.0124
Diluted Earnings Per Share (Cedis)	14	0.064	0.0124

STATEMENT OF FINANCIAL POSITION

	NOTES	2021 GH¢	2020 GH¢
ASSETS			
Cash and Cash Equivalents	16	5,495,740	6,181,264
Non-Pledged Trading Assets	17	3,370,000	5,237,259
Pledged Trading Assets	18	31,299,448	27,000,000
Loans and Advances to Customers	19	18,649,771	14,053,029
Other Assets	21	1,888,441	850,122
Investment in Securities	22	49,704	49,704
Property, Plant & Equipment	24	1,464,730	1,725,471
Total Assets		62,217,834	55,096,849
LIABILITIES			
Deposits from Customers	25	43,648,782	39,454,969
Provisions	26		
Deferred Tax Liability	20	117,564	124,501
Borrowings	27	261,469	289,336
Current Income Tax Liabilities	13	131,142	211,230
Other Liabilities	28	5,756,915	4,080,064
Total Liabilities		49,915,872	44,160,100
EQUITY AND RESERVES			
Stated Capital	29	2,857,480	2,437,154
Income Surplus		7,074,421	6,296,447
Revaluation Reserve	30	39,404	39,404
Statutory Reserve	31	2,330,657	2,163,744
Credit Risk Reserve	32		
Total Equity and Reserves		12,301,962	10,936,749
Total Liabilities and Equity		62,217,834	55,096,849

The financial statements were approved by the Directors on 20th April, 2022 and were signed on their behalf by:

.... DIRECTOR

.... DIRECTOR

STATEMENT OF CASH FLOWS

	NOTES	2021 GH¢	2020 GH¢
Cash flows from operating activities			
Profit before tax		**1,829,513**	1,443,659
Adjustments for:			
Depreciation	8	**338,757**	300,744
Impairment on financial assets		**208,024**	552,242
Adjustment-Loan write off		**(575,185)**	-
Change in loans and advances to customers	19	**(4,229,580)**	(532,096)
Change in pledged trading assets		**(4,299,448)**	(11,350,000)
Change in non-pledged trading assets		**1,867,259**	3,225,070
Change in other assets		**(1,038,319)**	873,618
Change indeposits from customers		**4,193,813**	8,663,517
Change in other liabilities		**1,676,851**	588,110
		(28,315)	3,764,864
Income tax paid		**(581,230)**	(353,688)
Net cash generated from operating activities		**(609,545)**	3,411,176
Cash flows from investing activities			
Purchase of property & equipment	24	**(78,017)**	(664,733)
Proceeds from asset disposal	9		
Net cash used in investing activities		**(78,017)**	(664,733)
Cash flows from financing activities			
Dividend paid		**(14,889)**	
Repayment ofborrowings		**(27,867)**	94,266
Payment from other reserves			
Issue of ordinary shares		**44,794**	54,585
Net cash used in financing activities		**2,038**	148,851
Net increase in cash and cash equivalents		**(685,524)**	2,895,294
Cash and cash equivalents at 1 January		**6,181,264**	3,285,970
Cash and cash equivalents at 31 December	16	**5,495,740**	6,181,264

KINTAMPO RURAL BANK LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER, 2021

STATEMENT OF CHANGES IN EQUITY 2021

	Stated Capital	Income Surplus	Revaluation reserve	Statutory Reserve	Credit risk reserve	Total Equity
	GH¢	**GH¢**	**GH¢**	**GH¢**	**GH¢**	**GH¢**
At 1/01/2021	2,437,154	6,296,447	39,404	2,163,744	-	10,936,749
Net Profit for the year	-	1,335,308	-	-	-	1,335,308
Total Comprehensive Income	**-**	**1,335,308**	**-**	**-**		**1,335,308**
Transaction with equity holders						
Issue of share	44,794	-	-	-	-	44,794
Issue of shares Transfer from Stated						-
Capital	375,532	(375,532)				
Dividend Paid		(14,889)		-	-	(14,889)
Total Transactions with equity holders	**420,326**	**(390,421)**	**-**	**-**	**-**	**29,905**
Transfer to Statutory reserve funds		(166,913)		166,913		
Transfer to building fund						
Transfer to general Welfare fund	-	-	-	-	-	-
Transfer to credit risk reserve						
Total Regulatory reserve		**(166,913)**		**166,913**		
Balance at 31/12/2021	**2,857,480**	**7,074 421**	**39,404**	**2,330 657**		**12,301,962**

KINTAMPO RURAL BANK LIMITED
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER, 2021
STATEMENT OF CHANGES IN EQUITY 2020

	Stated Capital	Income Surplus	Revaluation reserve	Statutory Reserve	Credit risk reserve	Total Equity
	GH¢	GH¢	GH¢	GH¢	GH¢	GH¢
At 1/01/2021	2,382 569	5,595,528	39,404	1,930,105		9,947,606
Prior Year Adjustment	-	52,537	-	-	-	52,538
Restated Balance	**2,382 569**	**5,648 065**	**39,404**	**1,930 105**		**10 000 143**
Net Profit for the year	-	934,577	-	-	-	934,577
Total Comprehensive Income	**-**	**934,577**	**-**	**-**		**934,577**
Transaction with equity holders						
Issue of share	54,585	-	-	-	-	54,585
Issue of shares-Transfer from Stated Capital	-	-	-	-	-	-
Dividend Paid		(52,536)	-	-	-	(52,536)
Total Transactions with equity holders	**54,585**	**(52,536)**	**-**	**-**	**-**	**2,049**
Transfer to Statutory reserve funds	-	(233 639)	-	233 639	-	-
Transfer to building fund						
Transfer to general Welfare fund	-	-	-	-	-	-
Total Regulatory reserve	**-**	**(233,639)**	**-**	**233,639**	**-**	**-**
Balance at 31/12/2021	**2,437,154**	**6,296 447**	**39,404**	**2,163,744**		**10,936 749**

NOTES TO THE FINANCIAL STATEMENTS

1. **Reporting entity**

Kintampo 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 The Bank Premises Kintampo Rural Bank Limited, Kintampo. 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 presentations 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.

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 organisations 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 rate 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 rate 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 the related services are 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 relates mainly to transaction and service fees, which are expensed as the services are received.

c. **Other income**

Other income comprises profit on disposal of assets.

d. **Lease payments made**

Payments made under operating leases are recognized in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognized as an integral part of the total lease expense, over the term of the lease.
Minimum lease payments made under finance lease are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. 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 rate 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 exist and valuation models.

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 set 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 rate method, except when the Bank chooses to carry the loans and advances at fair value through profit or loss as described in the accounting policies.

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 held-to-maturity, fair value through profit or loss, or available-for-sale.

i) **Held-to-maturity**

Held-to-maturity 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 maturity, and which are not designated at fair value through profit or loss or available-for-sale.

Held-to-maturity 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 held-to-maturity assets are classified as amortized cost.

(ii) **Fair value through profit or loss**

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) **Available-for-sale**

Available-for-sale 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 cost. All other available-for-sale investments are carried at fair value. Interest income is recognized in profit or loss using the effective interest rate 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	50 years
Motor Vehicles	3 years
Office Equipment	4 years
Furniture and Fittings	5 years
Computers & Accessories	4 years

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

m) **Leased assets - lessee**

Leases in terms of which the Bank assumes substantially all the risks and rewards of ownership are classified as finance leases. 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. Other leases are operating leases and the leased assets are not recognized on the Bank statement of financial position at its fair value.

n) **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 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.

o) **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.

p) **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 employee's basic salary to SSNIT and Enterprise Trustees 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 Enterprise Trustees.

ii) **Provident fund**

The Bank has a provident fund scheme for all employees who have completed probation with the Bank. Employees contribute 4.5% of their basic salary to the fund whilst the Bank contributes 4.5%. 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.

q) **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.

r) **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.

s) **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 established.

t) **Offsetting of financial assets and liabilities**

Financial assets and liabilities are offset and the net amount reported on the statement of financial position when there is a legally enforceable right of set-off and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously.

u) **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.

v) **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 rate 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.

vi) **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 2019, with early application permitted. The Bank adopted this standard effective 1st January 2020 and will not restate comparative information or apply it retrospectively.

a) **Classification and measurement**

The Bank does not expect a significant impact on its balance sheet or equity in 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 will apply the General Approach and calculate expected losses on all its instruments.

Impairment Loss Schedule - 2021:

	Stage 1 12-month ECL	Lifetime ECL Not credit impaired	Stage 3 Lifetime ECL Credit impaired	Total
	GH¢	GH¢	GH¢	GH¢
Loan loss Allowances investment with other institutions	279,082	63,413	1,044,719	1,387,214

4. **IFRS 15 Revenue from contracts with customers**

IFRS 15 was issued in May 2014 and amended in April 2016, and establishes a five-step model to account for revenue arising from contracts with customers. Under IFRS 15, revenue is recognized at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services. The new revenue standard supersedes all current revenue recognition requirements under I FRS and the Bank complied with it.

5. **Financial risk management**

a) **Introduction and overview**

The Bank's activities expose the business to risks. These risks are managed in a targeted manner. Key risks arising from core functions are identified and measured to facilitate, managing and determining risk positions and capital allocations.

The Bank has exposure to the following risks arising from the use of financial instruments.

- Credit risk
- Liquidity risk
- Market risk
- Operational risk.

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

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, Audit and Strategic, Loans and the Human Resource and Staff Welfare Committees which are responsible for developing and monitoring the Bank's 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 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 Finance, Audit and Strategic 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 Finance, Audit and Strategic 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 Finance, Audit and Strategic 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 Loans Committee. A separate Bank credit department, reporting to the Bank Loans Committee, is responsible for oversight of the Bank's credit risk, including:

- Formulating credit policies covering collateral requirements, credit 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 managers. Larger facilities require approval by the head of credit, General Manager and the Board of Directors as appropriate.
- Reviewing and assessing credit risk. The Bank's Loans Committee assesses all credit exposures in excess 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 and market liquidity (for investment securities).
- Developing and maintaining the Bank's risk grading in order to categorize 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 various 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 with agreed exposure limits, including those for selected industries and product types. Regular reports are provided to the Bank's Loans Committee on the credit quality of portfolios and appropriate corrective action being taken.
- Providing advice, guidance, specialist skills and training to promote best practice throughout the Bank in the management of credit risk.

Each branch is required to implement Bank credit policies and procedures, with credit approval authorities delegated from the Bank Loans Committee. Each branch has a credit risk officer who reports on all credit related matters to local management and the Bank Loans Committee.

Each branch is responsible for the quality and performance of its credit portfolio and for monitoring risk in its portfolios, including those subjects 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 recognition of that financial asset, the Bank shall recalculate the gross 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 writes off a loan/security 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.

Collateral of impaired exposures

The Bank holds collateral against loans and advances to customers in the form of 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 on 31 December 2021 or 2020.

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 & advances to customers 2021 GH¢	Loans & advances to customers 2020 GH¢
Cash and near cash instruments	Nil	461,408
	Nil	461,408

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:

	2021 GH¢	2020 GH¢
Agriculture	**1,062,834**	938,768
Cottage Industry	**608,192**	467,235
Transport	**352,291**	581,939
Trading	**7,559,467**	5,420,351
Others	**10,454,201**	8,399,112
	20,036,985	15,807,405
Credit impairment loss	**(1,387,214)**	(1,754,376)
	18,649,771	14,053,029

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 committee. Daily reports cover the liquidity position of the Bank.

A summary report including any exceptions and remedial action taken, is submitted regularly to the Finance, Audit and Strategic 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 liquid assets to deposits and customers at the reporting date and during the reporting period were as follows:

Average of liquidity ratios are as follows:	2021	2020
At 31 December	92.13	79.35
Average for the period	79.93	72.91
Maximum for the period	91.75	88.08
Minimum for the period	70.87	55.95

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 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 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 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 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 Finance, 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 into two tiers:

- Tier 1 capital, which includes ordinary share capital, perpetual bonds, retained earnings, translation reserves and non-controlling interest 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 purpose.
- 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. 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 1 capital. Other deductions from capital include the carrying amounts of investments in subsidiaries that are not included in the regulatory consideration, 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 has complied with all externally imposed capital requirements throughout the period.

There have been no material changes in the Bank's management of capital during the period. The Bank's regulatory capital position at 31 December are as follows:

Adjusted Capital Base	2021 GH¢	2020 GH¢
Tier 1 Capital		
Ordinary Share Capital	**2,857,480**	2,437,154
Disclosed Reserve	**9,747,443**	8,460,191
Less: Investments in the capital of other financial institutions	**(49,704)**	(49,704)
Intangible Assets	**(341,201)**	(352,967)
	12,214 018	10,494,674

	2021 GH¢	2020 GH¢
Tier 2 Capital		
Other Reserves (Revaluation)	**39,404**	39,404
	39,404	**39,404**
Total Adjusted Capital Base (Tier 1 and Tier 2)	**12,253,422**	**10,534,078**

Adjusted Asset Base

	2021 GH¢	2020 GH¢
Total Assets	61,376,280	55,096,849
Less: Cash on hand	(1,950,975)	(1,387,499)
Claims on ARB Apex Bank (Clearing)	(71,092)	(2,839,063)
Claims on ARB Apex Bank (5% Deposit)	(2,311,264)	(1,954,702)
Claims on Government	(31,299,448)	(27,000,000)
Intangible Assets	(341 201)	(352,967)
Investment in the capital of other financial institutions	(49,704)	(49,704)
80% of claims on other banks	(929,927)	-
50% claims on other financial institutions	(1,685,000)	(2,618,629)
Adjusted total assets	**22 737 669**	**18,894,285**
100% of 3 years average annual gross income	9,756,578	8,592,999
Total Adjusted Asset Base	32,494 247	**27,487,284**
Capital adequacy ratio (adjusted capital base/adjusted asset base*100)	**37.71%**	38.36%

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 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.

6. **Use of estimates and judgements**

Management discussed with the Finance, Audit and Compliance 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.

In assessing the need for collective loan loss allowances, management considers factors such as credit quality, portfolio size, 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.

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).

2021	Carrying Value	Fair Value
Assets as at 31 December, 2021	GH¢	GH¢
Cash & Cash Equivalents	5,495,740	5,495,740
Non-pledged assets	3,370,000	3,370,000
Pledged assets	31,299,448	31,299,448
Loans & advances to customers	20,036,985	18,649,771
Other assets	1,888,441	1,888,441
Investment securities	49,704	49,704
	62,140,318	**60,753,104**
Liabilities as at 31 December, 2021		
Deposits from customers	43,648,782	43,648,782
Other liabilities	5,756,915	4,458,874
Institutional borrowings	261,469	261,469
	49,667,166	**48,369,125**

2020	Carrying Value	Fair Value
Assets as at 31 December, 2020	GH¢	GH¢
Cash and cash equivalents	6,181,264	6,181,264
Non-pledged assets	5,237,259	5,237,259
Pledged assets	27,000,000	27,000,000
Loans & advances to customers	15,807,405	14,053,029
Other assets	850,122	850,122
Investment securities	49,704	49,704
	55,125,754	**53,371,378**
Liabilities as at 31 December, 2020		
Deposits from customers	39,454,969	39,454,969
Other liabilities	4,080,064	4,080,064
Institutional borrowings	289,336	289,336
	43,824,369	**43,824,369**

7. Net Interest Income

Interest income	2021	2020
	GH¢	GH¢
Loans and advances to customers	5,291,180	4,843,406
Investment (Trading)	4,187,420	3,457,520
Total interest income	**9,478,600**	**8,300,926**

Interest expense	2021	2020
	GH¢	GH¢
Deposits from customers	591,226	501,736
Borrowings	57,474	10,450
Debt securities issued	1,105,918	992,809
Total interest expense	**1,754,618**	**1,504,995**

8. Net fees and commission income

Fees and Commission Income	2021	2020
	GH¢	GH¢
Retail Banking customer fees	782,842	565,243
SMS charges	37,322	26,910
Sundry income	771,351	592,065
Total fees and commission income	**1,591,515**	**1,184,218**

Fees and Commission Expenses	2021	2020
	GH¢	GH¢
Susu Mobilization	705,873	614,317
Total fees and commission expenses	**705,873**	**614,317**

Net fees and commission income	**885,642**	**569,901**

9. Other Income

	2021	2020
	GH¢	GH¢
Profit on Disposal	-	-

10. Personnel Expenses

	2021	2020
	GH¢	GH¢
Salaries	3,720,617	2,940,957
Contributions to defined benefit plans-Tier 1	252,897	204,776
Contributions to defined contribution plans-Tier 3	194,536	159,029
Medical expenses	22,141	19,363
Staff training	103,738	60,342
Housing	8,528	
Total fees and commission income	**4 302,457**	**3,384,467**

11. Depreciation & Amortization

	2021 GH¢	2020 GH¢
Depreciation of Property and Equipment	338,757	300,744
	338,757	**300,744**

12. Other Expenses

	2021 GH¢	2020 GH¢
Directors fees & Meeting Expenses	261,599	258,636
Software licensing and support	307,982	145,725
Auditors' remuneration	33,390	25,000
Operating lease rentals	-	-
Electricity & water	223,931	188,091
Other Administrative Expenses	1,103,971	1,067,268
	1,930,873	**1,684,720**

13. Income tax expense

	2021	2020
Current Income Tax (a)	501,142	481,230
Deferred Income Tax (b)	(6,937)	27,872
	494,205	**509,102**

(a) Current income tax

Year of Assessment	Balance at 1/1/2021 GH¢	Payments for the year GH¢	Charged to P&L GH¢	Balance at 31/12/2021 GH¢
2020	83,689	(353,689)	481,230	211,230
2021	211,230	(581,230)	501,142	131,142

All Tax liabilities are subject to the agreement with the Ghana Revenue Authority.Income tax rate was 25% per the Income Tax Act, 2015 (Act 896).

(b) Deferred income tax

2021	Assets GH¢	Liabilities GH¢	Net GH¢
Property and Equipment	-	117,564	117,564
Impairment allowance for loan losses	-		
		117,564	**117,564**

2020	Assets GH¢	Liabilities GH¢	Net GH¢
Property and Equipment	-	124,501	124,501
Impairment allowance for loan losses			
	-	**124,501**	**124,501**

Deferred income tax is calculated using theenacted income tax rate of 25% (20 20: 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;

2021	Balance at 1/1/2021 GH¢	Recognized in P&L GH¢	Balance at 31/12/2021 GH¢
Property and Equipment	124,501	(6,937)	117,564
Impairment allowance for loan losses			
	124,501	**(6,937)**	**117,564**

2020	Balance at 1/1/2020 GH¢	Recognized in P&L GH¢	Balance at 31/12/2020 GH¢
Property andEquipment		27,872	27,872
Impairment allowance for loan losses			
		27,872	**27,872**

2021

Reconciliation of effective tax rate	**GH¢**
Profit before income tax	1,829,513
Income Tax using the enacted corporation tax rate	457,378
Non Deductible expenses	136,695
Tax incentive not recognized in the income statement	(125,286)
Deferred Tax	(6,937)
Total Income tax expense in income statement	461 851
Effective Tax Rate	**25 24%**

14. **Earnings per share**

Basic earnings per share

The calculation of basic earnings per share at 31 December 2021 was based on the profit attributable to ordinary shareholders of GH¢1,335,308 (2020: GH¢934,557) and number of ordinary shares of 20,878,263 (2020: 18,776,633) existing as at 31 December, calculated as follows:

Profit attributable to ordinary shareholders	2021 GH¢	2020 GH¢
Net profit for the period attributable to equity holders of the Bank	**1,335,308**	**934,557**
Weighted average number of ordinary shares		
Issued ordinary shares at 1 January	18,776,633	18,503,710
Effect of share issued as at 31 December	2 101 630	272,923
Number of ordinary shares at 31 December	**20,878,263**	**18,776,633**

Diluted earnings per share

The calculation of diluted earnings per share at 31 December 2021 was based on the profit attributable to ordinary shareholders of GH¢1,335,308 (2020: GH¢934,557) and number of ordinary shares after adjustment for the effects of all dilutive potential ordinary shares of 20,878,263 (2020: 18,776,633) calculated as follows:

Profit attributable to ordinary shareholders (Diluted)	2021 GH¢	2020 GH¢
Net profit for the period attributable to equity holders of the Bank	**1,335,308**	**934,557**
Weighted average number of ordinary shares		
Issued ordinary shares at 1 January	18,776,633	18,503,710
Effect of share issued as at 31 December	2,101,630	272,923
Number of ordinary shares at 31 December	**20,878,263**	**18,776,633**

15. **Dividend per share**

At the Annual General Meeting to be held in 2022, a dividend in respect of the year ended 31 December 2021 of Gh¢ 0.020 (2020 - GH¢0.00) for every ordinary share qualifying on 30th September 2021, of 20,874,013 (2020-nil) is to be proposed. This brings total dividend amounting to GH¢417,480.26 (2020-nil). Payment of dividend is subject to withholding tax at the rate of 8% for the year.

16. Cash and Cash Equivalent

	2021 GH¢	2020 GH¢
Cash Balance	1,950,975	1,387,499
Unrestricted Balance with ARB Apex Bank PLC	71,092	2,839,063
Unrestricted Balance with CBG	1,162,409	
Restricted Balance with ARB Apex Bank 5% Placement	2,311,264	1,954,702
Cash and Cash Equivalent	**5,495,740**	**6,181,264**

17. Non Pledged Trading Assets

	2021 GH¢	2020 GH¢
Fixed Deposits and Call Accounts:	-	-
Apex Partners Finance Inv.	500,000	500,000
Bond Savings & Loans Limited	2,870,000	3,537,259
ACOD 7		1,200,000
	3,370,000	**5,237,259**

18. Pledged Trading Assets

	2021 GH¢	2020 GH¢
Bank of Ghana Treasury Bills held by: ARB Apex Bank	31,299,448	27,000,000
	31,299,448	**27,000,000**

The trading assets balance held at the reporting date was as scheduled.

Trading liabilities

There were no trading liabilities during the year.

16. Loans and Advances to customers

	2021 GH¢	2020 GH¢
Loans and advances to customers at fair value through profit or loss	20,036,985	15,807,405
Allowances for impairment	(1,387,214)	(1,754,376)
	18,649,771	**14,053,029**

Loans and advances to customers at amortized cost

Loans by business segment to customers:	2021	2020
Agriculture	1,062,834	938,768
Cottage industries	608,192	467,235
Transport	352,291	581,939
Commerce	7,559,467	5,420,351
Susu and other credit lines	10,454,201	8,399,112
	20,036,985	**15,807,405**

Allowance for Impairment

Individual allowances for impairment	2021 GH¢	2020 GH¢
Balance at 1 January	1,754,376	1,202,134
Impairment loss for the year:		
Charge for the year	208,024	552,242
Excess Impairment		
Write off	(575,186)	
Balance at 31 December	**1,387,214**	**1,754,376**

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

At 31 December 2021 the maximum exposure to credit risk on loans and advances at fair value through profit or loss was GH¢20.03 million (2020: GH¢15.80 million).

	2021	2020
i) Twenty (20) largest exposures to total exposures	15.62%	14.90%
ii) Loan loss provision ratio	5.77%	11.10%

20. **Deferred Tax Assets and Liabilities**
Deferred tax is calculated, in full, on all temporary differences under the liability method using a

principal tax rate of 25% (2020 : 25%). The movement on the deferred income tax account is as follows:

	2021	2020
Balance at 1/1/21	124,501	96,629
Income Statement (credit)/charge	(6,937)	27,872
Net tax (assets)/ liabilities	**117,564**	**124,501**

21. Other Assets

	2021 GH¢	2020 GH¢
Office account	85,893	2
Cheque Book Suspense	1,433	2,743
Accrued interest - investments	1,623,301	173,086
Accrued interest -Loans	-	-
Stationery stocks	116,333	144,743
Prepayments	24,628	11,923
ATM Stock	9,764	8,347
E-ZWICH operations	23,216	26,021
Unassigned Lines	3 873	1,867
Others-Interest in Arrears	-	481,390
	1,888,441	**850,122**

22. Investment in Securities

	2021	2020
Investment in ordinary shares of ARB Apex Bank	49,704	49,704
	49,704	**49,704**

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

23. **Leases (IFRS 16)**
`
The Company applies IFRS 16 where leases are recognized as right-of-use assets and corresponding liabilities at the date at which the leased assets are available for use by the Company. The right-of-use asset is presented separately in the statement of financial position, except for right-of-use assets that meet the definition of investment property, which is presented in the statement of financial position in separate line items - "investment property".
IFRS 16 allows two methods of initial application: (1) full retrospective application with the restatement of comparatives and (2) modified retrospective approach without the restatement of comparatives and with certain simplifications available upon adoption. The Company has elected to use the second approach by implementing the standard retrospectively in relation to all leases in which the Company is a lessee without restating comparatives. The implementation of IFRS 16 will not affect total equity. The adjustments to assets and liabilities are disclosed in the financial statements.

The Company has elected to apply the exemption for low value assets on lease-by-lease basis. The Company has decided that for the leases where the asset is sub-leased, a right-of-use asset is recognized with the corresponding lease liability. For all other leases of low value assets, the lease payment associated with those leases will be recognized as an expense on a straight-line basis over the lease term.

24. a. Property, Plant and Equipment -2021

COST	Land & Buildings GH¢	Motor Vehicles GH¢	Furniture & Fittings GH¢	Office Equipment GH¢	Computer & Accessories GH¢	Right of Use GH¢	Motor Bike GH¢	Plant and Generator GH¢	Computer Software GH¢	Total GH¢
Balance at 1/1/2021	1,243,155	219,241	132,144	317,777	588,448	193,306	24,465	59,693	352,967	3,131,196
Additions	-	-	-	70,392	7,625	-	-	-	-	78,017
Disposal	-	(219,239)	(43,750)	(93,498)	(70,592)	-	(4,789)	-	-	(431,867)
Balance at 31/12/2021	**1,243,155**	**2**	**88,394**	**294,671**	**525,481**	**193,306**	**19,677**	**59,693**	**352,967**	**2,777,345**
Depreciation										
Balance at 1/1/2021	470,558	219,241	91,859	213,278	308,024	40,506	22,278	28,215	11,766	1,405,725
Charge for the year	62,158	-	16,689	52,994	122,602	43,847	2,186	2,985	35,297	338,757
Disposal	-	(219,239)	(43,750)	(93,498)	(70,592)	-	(4,789)	-		(431,867)
Balance at 31/12/2021	**532,716**	**2**	**64,798**	**172,774**	**360,035**	**84,353**	**19,676**	**31,200**	**47,063**	**1,312,615**
CARRYING AMOUNT - 31/12/2021	**710,439**	**-**	**23,596**	**121,896**	**165,447**	**108,953**	**1**	**28,493**	**305,904**	**1,464,730**
CARRYING AMOUNT - 31/12/2020	**772,597**	**-**	**40,285**	**104,499**	**280,424**	**-**	**2,187**	**31,478**	**341,201**	**1,725,471**

a. Plant, Property and Equipment- 2020

COST	Land & Buildings GH¢	Motor Vehicles GH¢	Furniture & Fittings GH¢	Office Equipment GH¢	Computer & Accessories GH¢	Right of Use GH¢	Motor Bike GH¢	Plant and Generator GH¢	Computer Software GH¢	Total GH¢
Balance at 1/1/2020	1,243,155	219,241	132,144	262,317	525,448	-	24,465	59,693	-	2,466,463
Additions	-	-	-	55,460	63,000	193,306	-	-	352,967	664,733
Disposal	-	-	-	-	-	-	-	-	-	-
Balance at 31/12/2020	**1,243,155**	**219,241**	**132,144**	**317,777**	**588,448**	193,306	**24,465**	**59,693**	**352,967**	**3,131,196**
Depreciation										
Balance at 1/1/2020	408,400	219,241	75,021	172,807	188,562	-	15,720	25,230	-	1,104,981
Charge for the year	62,158	-	16,838	40,471	119,462	40,506	6,558	2,985	11,766	300,744
Disposal	-	-	-	-	-	-	-	-	-	-
Balance at 31/12/2020	**470,558**	**219,241**	**91,859**	**213,278**	**308,024**	40,506	**22,278**	**28,215**	**11,766**	**1,405,725**
CARRYING AMOUNT - 31/12/202	**772,597**	**-**	**40,285**	**104,499**	**280,424**	**152,800**	**2,187**	**31,478**	**341,201**	**1,725,471**
CARRYING AMOUNT - 31/12/20	**834,755**	**-**	**57,123**	**89,510**	**336,886**	**-**	**8,745**	**34,463**		**1,361,482**

15. Deposits from Customers

Retail Customers	2021 GH¢	2020 GH¢
Demand deposits	6,486,216	5,690,213
Savings deposits	18,078,989	15,574,562
Time deposits	7,945,330	8,177,977
Others-Ezwich	852,332	782,661
Installment deposits-Susu	10,285,915	9,229,556
	43,648,782	39,454,969

Deposit statistics

i) Ten (10) largest depositors to total deposit ratio	11.89%	11.17%

16. Provisions

Building Fund Provision		
Balance at begin	-	-
Transfer from income surplus	-	-
Balance at end	-	-

The provision is to be used for the completion of the Banks' building projects.

(b) General welfare provision

Balance at begin	-	-
Transfer from income surplus	-	-
Funds Applied	-	-
Balance at end	-	-
Total Provisions	-	-

17. Borrowings

KFW Loan	111,469	139,336
Venture Capital Fund Loan	150,000	150,000
	261,469	289,336

28. Other Liabilities

	GH¢	GH¢
Unearned Discount on Treasury Bills	1,456,734	893,098
Unearned Interest / Interest in Arrears	518,199	461,017
Audit Fees	33,390	29,531
Office Account	375 629	255,034
Microfinance Project	118,872	110,767
T24 Software Payable	102,954	240,213
Payment Order	195,894	1,013,591
Mmaa Nkosuo Insurance	296,665	511,547
Accrued Charges/Interest	180,723	197,990
Bancassurance Account	3,299	3,400
AGM Suspense	34,905	72,096
Provision for Bonus	327,975	-
GH Link & ATM Remote	567,815	58,795
ACH Clearing Suspense	1,427,855	-
Ezwich Operations	32,977	22,255
Interest Suspense	3,750	153,314
Susu Project Account	79,279	57,416
	5 756 915	**4,080,064**

29. a) stated capital - 2021

Ordinary shares

	Number of Shares		Proceeds	
	2021	2020	2021	2020
Authorized:			GH¢	GH¢
Ordinary shares of no				
Par value	5 000 000 000	5,000,000,000		
Preference Shares	125,000	125,000		
Issued and fully paid:				
Balance at 1.1	18,776,633	18,503,710	2,437,141	2,382,556
For Cash - 2021	223,970	272,923	44,794	54,585
Capitalization Issues	1,877,660	-	375,532	-
	20,878,263	18,776,633	2,857,467	2,437,141
Preference Shares	125 000	125,000	13	13
Balance at 31.12			**2,857,480**	**2,437,154**

b) Stated capital 2020

Ordinary shares

	Number of Shares		Proceeds	
	2020	2019	2020	2019
Authorized: Ordinary shares of no			GH¢	GH¢
Parvalue	50,000,000	50,000,000		
Preference Shares	125,000	125,000		
Issued and fully paid:				
Balance at 1.1	18,503,710	18,171,853	2,382,556	2,316,185
For Cash 2020	272,923	331,857	54,485	66,371
Capitalization Issues			-	-
	18,776,633	18,776,633	2,437,141	2,382,556
Preference Shares	125,000	125,000	13	13
Balance at 31.12			**2,437,154**	**2,382,569**

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	2021	2020
	GH¢	GH¢
On issue at 1 January	18,776,63	18,503,710
Number of shares issued during the year	2,101,630	272,923
On issue at 31 December	**20,878,263**	**18,776,633**

At 31 December 2021 the authorized share capital comprised 50,000,000 ordinary shares (2020: 50,000,000)

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 poll voting per share at meetings of the Bank. All shares rank equal with regard to the Bank's residual assets.

Dividend	2021	2020
	GH¢	GH¢
The following dividends were paid by the Bank for the year ended 31 December:	-	-

No dividend	-	-
Capitalization Issue	-	-
On issue at 31 December	**-**	**-**

After 31 December 2021 dividend payable through bonus issue was GH¢0.02 per ordinary share (2020: GH¢0.00) was proposed by the directors. The dividends have not been provided for in the profit or loss or the statement of financial position and there are income tax consequence on such bonus issues.

30. Revaluation reserve

	2021	2020
	GH¢	GH¢
Balance at begin	**39,404**	39,404
On issue at 31 December	**39,404**	**39,404**

31. Statutory reserve

	2021	2020
	GH¢	GH¢
Balance at begin	**2,163,744**	1,930,105
Transfer from income surplus	**166,913**	233,639
On issue at 31 December	**2,330 657**	**2,163,744**

This is a non-distributable reserve. The transfer to Statutory Reserve Fund represents 12.5% (2020: 25%) 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).

32. Credit risk reserve

The credit risk reserve is a non-distributable reserve and it represents the excess of the total provisions for loans and advances provision determined in accordance with the Bank of Ghana prudential guidelines over the impairment loss for loans and advances recognized in the income statement under the IFRS framework.

As at the reporting date, total provision for losses under the Bank of Ghana provisioning criteria amount to GH¢1,223,078 (2020: GH¢1,514,119). This was below the impairment allowance for loans and advances recognized under the IFRS framework of GH¢1,387,214.

33. Contingencies

Claims and litigation

There was no claim brought by any person against the Bank.

Contingent liabilities

In the ordinary course of business, the Bank did conduct business involving guarantees and did not engage in letters of credits and acceptances. These facilities are offset by corresponding obligations of third parties.

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.

Letters of credit commit the Bank to make payment to third parties, on production of documents, which are subsequently reimbursed by customers.

Letters of credit commit the Bank to make payment to third parties, on production of documents, which are subsequently reimbursed by customers.

An acceptance is an undertaking by the Bank to pay a bill of exchange drawn on the customer. The Bank expects most acceptances to be presented and reimbursed by the customer immediately. The nominal principal amount of the guarantees are as follows:

	2021	2020
	GH¢	GH¢
Guarantees	**-**	-
	-	-

34. **Related parties**

Transactions with key management personnel

The Bank's key management personnel includes Directors (executive and non-executive) and members of the executive committee. Transactions in the normal course of business with these people who are hereby referred to as related party are as follows:

	2021	2020
	GH¢	GH¢
Loans and Advances	**886,680**	746,695
Interest Income on Loans and Advances	**80,622**	37,335

Interest rates charged on these loans and advances were at concessionary rates. The loans granted are secured with staff provident fund contribution (Tier III Pension). No specific allowance has been made for impairment losses on balances with key management personnel at the year end. These balances have, however been collectively impaired as part of the portfolio impairment assessment.

35. **Capital Commitments**

There were no capital commitments as of 31 December, 2021 (2020: Nil)

36. **Country analysis**

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

37. **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.

38. Value added statement

	2021 GH¢	2020 GH¢
Interest earned and other operating income	**11,070,115**	9,485,144
Direct cost of services	**(7,633,798)**	(6,138,338)
Value added by Banking services	**3,436 317**	3,346,806
Non-Banking Income	**-**	-
Impairments	**208,024**	552,242
Value Added	**3,644,341**	**3,899,048**
Distributed as follows:		
To Employees:		
Directors (non-executives)	**261,599**	258,636
Other employees	**4,302,457**	3,384,467
To Government:		
Income tax	**581 230**	509,102
To providers of capital:		
Dividends to shareholders	**-**	-
To expansion and growth		
Depreciation	**338,757**	300,744
Amortization	**-**	-
Income Surplus	**1,335,308**	**934,557**

39. Analysis of shareholdings as at 31 December, 2021

Number of shareholders

The Bank has one thousand, nine hundred and ninety six(1,996) ordinary shareholders at 31December, 2021 distributed as follows:

Category	Number of Shareholders	Number of Share	Percentage Holdings (%)
1-1,000	1,074	462,110	2.21%
1,001-5,000	573	1,292,960	6.19%
5,001-10,000	136	997,227	4.78%
0ver 10,000	227	18,125,968	86.82%
	2,010	20,878,265	100.00%

Directors' shareholding

Name of Director	Number of Shares	Percentage Holdings
1. Hon. Yaw Effah Baafi	2,085,494	9.99%
2. Mr. Boyd Donkor	1,794,375	8.59%
3. Dr. Sulemana Abubakari	739,889	3.54%
4. Madam Mary Ama Owusu	105,529	0.51%
5. Mr. Martin Kwame Kodom	251,586	1.21%
6. Mr. Appiah Donyina	340,320	1.63%
7. Nana Owusu Gyare II	34,612	0.17%
Total	5,351,805	25.63%

Twenty (20) largest shareholders

Name of shareholder	Number of Shares	Percentage Holding (%)
Yaw Effah-Baafi (Hon)	2,085,494	9.99%
Boyd Donkor	1,794,375	8.59%
Isaac Gyamfi-Boateng	744,494	3.57%
Sulemana Abubakari (Dr)	739,889	3.54%
Kwabena Takyi Ekuban	615,720	2,95%
Samuel Donyina Ameyaw (Dr)	571,118	2.74%
Agyapong Adu-Baah	505,491	2.42%
Stephen Apanga	438,926	2.10%
Philip Kwadwo Asante	421,719	2.02%
Akua Serwaa's Children	349,851	1.68%
Appiah Donyina	340,320	1.63%
Joseph Kwasi Fah	336,205	1.61%
Joseph Kwabena Appiah	260,372	1.25%
Martin Kwame Kodom	251,586	1.20%
Melody Asamoah-Frimpong	250,096	1.20%
George Kwaku Adamu	240,106	1.15%
Yaw Wiredu Peprah	225,989	1.08%
Kwasi Gyasi	213,169	1.02%
Pam Foundation	194,008	0.93%
Matthew Owusu Mensah	184,776	0.88%
Reported Totals	10,763,704	51.55%
Unreported Totals	10,114,561	48.45%
Total	**20,878,265**	**100.00%**

TAX COMPUTATION

	Gh¢	Gh¢
Net Profit as Account		1,829,513
Add Back: Depreciation		388,757
Doubtful Debts Charge		208,024
Adjusted Profit		2,376,294
Les: Capital Allowance: B/F		
Cap. All. Computed	371, 726	
	371, 726	
Cap. All. Utilized		(371, 726)
Chargeable Income		2,004,568
Tax thereon@ 25%		**501,142**

This is subject agreement with the Ghana Revenue Authority