2022

ANNUAL REPORT

ARB APEX BANK
Together for progress

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Dr. Anthony Aubynn	-	Non Executive Chairman
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Ms. Margaret-Ann Wilson	-	Non Executive Member
Mr. Frank Owusu	-	Non Executive Member
Mr. Cletus Azaabi	-	Non Executive Member
Mr. Patrick Owusu	-	Non Executive Member
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Mr. Yaw Odame-Darkwa	-	Non Executive Member (Retired 30/12/22)
Mr. Francis Kogh Beinpuo	-	Non Executive Member
Mr. Kwame Owusu Sekyere	-	Non Executive Member

Registered Office:
P.O. Box GP 20321, Accra
No. 5, 9th Road
Gamel Abdul Nasser Avenue
South Ridge, Accra
Ghana Post GPS: GA 053-7581

Secretary:
Curtis William Brantuo

Auditors:
Deloitte and Touche
Chartered Accountants

The Deloitte Place
Plot No. 71, Off George Walker Bush Highway
North Dzorwulu,
P.O. Box GP 453,
Accra, Ghana

Bankers:
Bank of Ghana, Accra
Ghana International Bank PLC
London

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PROFILE OF DIRECTORS

Anthony Kwesi Aubynn (PhD, Esq.)

Chairman

Dr. Anthony Aubynn has over 20 years of Senior Management experience spanning the mining industry (both gold mining, oil and gas). He has demonstrable management experience in both policy formulation and regulations as Chief Executive Officer, Ghana Minerals Commission; Chief Executive Officer of the Ghana Chamber of Mines; Human Resources and Corporate Affairs Management in his role as Director, Corporate Affairs, Tullow Ghana Limited; Head, Corporate Affairs and Social Development, Goldfields Ghana Limited; and Head of Human Resources and Local Affairs (Abosso Goldfields Limited). Dr. Aubynn's expertise in mining policy formulation has been sought for in projects in Cameroon, Tanzania, Haiti, and the Republic of Congo. He also has banking experience, having worked with the erstwhile Ghana Cooperative Bank.

Anthony is the Representative of the, Western Region Chapter of the Association of Rural Banks and Board Chairman of Amenfiman Rural Bank. He was also the Board Chairman of Investorcorp Mid-Tier Funds and a member of International Finance Corporation Advisory Group on Local Content. He was a member of UNITAR Experts on Artisanal Small Scale Mining for West Africa. He is currently a member of the Executive Council, Ghana Football Association. He joined the Board of the ARB Apex Bank PLC in March 2020 and was elected as the Chairman of the Board of Directors of ARB Apex Bank PLC.

Dr. Anthony Kwesi Aubynn graduated from the University of Ghana with a Bachelor of Arts Degree in Geography and Political Science, and obtained a Diploma in International Law from University of Helsinki. He holds a PhD in International Development from the University of Tampere, and was a PhD Fellow at the United Nations University, IAS, Tokyo, and was awarded a DBA (Honoris Causa), Oil and gas by the Commonwealth University of London. He also holds an MPhil (Development Geography) from the University of Oslo, Master of Social Science (International Relations) from the University of Oslo, and an MA (Development and Environmental Studies) from the University of Tampere.

He also holds other qualifications including; a Certificate in Natural Resources and Development from the Oxford University Blavatnik School of Government (UK), Harvard University's Executive Programme on Global Markets where he obtained a Certificate in Natural Resources and Development. Dr. Aubynn is also a Lawyer and a member of the Ghana Bar Association.

Larry Kwesi Jiagge (Esq.)
Vice Chairman

Larry is an accomplished Insurance and Risk Management Practitioner and Lawyer with combined experience spanning almost four decades. He is currently the Chief Executive Officer (CEO) of Risk Management and Advisory Services Limited.

Prior to that he was the Managing Director (MD) /CEO of Nsiah Ghana Insurance Company Limited, MD/CEO of CDH Insurance Company Limited and General Manager of Hollard Insurance Company Limited (formerly Metropolitan Insurance Company Limited).

Presently, Larry is a member of the Ministerial Committee working on a new Insurance Bill to replace the current regulatory law and the Commissioners Committee on Compulsory Fire and Liability insurances, which he chairs. He delivers lectures across West Africa covering Insurance and Risk Management, the International Motor Insurance (Brown Card), Strategic Management, and acts as a consultant to insurance companies, institutions and individuals.

He is a Lecturer at the West African Insurance Institute in the Gambia and the Insurance College in Ghana where he teaches Law relating to business and Insurance, Liability Insurance, and Surety Contracts, among others.

He is an active Rotarian and a member of the Rotary Club of Accra South and Seke Social Club.

Mr. Jiagge is a senior member of the Ghana Bar Association (GBA), and chaired the Board of Anlo Rural Bank Limited through which he represented the Volta Chapter of the Association of Rural Banks on the Board of ARB Apex Bank PLC. He was elected to the Board of ARB Apex Bank Limited in January 2016 and then elected Vice-Chair of the Board in March 2020. His other previous directorship roles include: Director, Bank of Baroda Ghana Limited; Director, CDH Insurance Company Limited; Director CDH Life Insurance Company Limited; Chairman, ECOWAS Brown Card, Ghana Bureau; and Chairman ECOWAS Brown Card Permanent Secretariat, Lome, Togo.

He holds an Executive MBA from the Ghana Institute of Management and Public Administration (GIMPA); Barrister Certificate (BL); a Fellow of the Chartered Insurance Institute of London (F.C.I.L.); holds a Diploma in Insurance; and a BA Hons. (Social Sciences) from the Kwame Nkrumah University of Science and Technology, Kumasi.

Kwame Owusu Sekyere (Esq.)
Member

Kwame Owusu Sekyere (Esq.) is a lawyer with experience spanning over 17 years who has applied the ethics of his profession and knowledge acquired strategically in solving problems. He has acted as a defence attorney for clients in criminal cases and handled property, commercial and civil cases in the area of contract and tort. He has also acted as a legal advisor for individuals, institutions, and corporate bodies, drafting regulations, rules, bye-laws, and constitutions for individuals, institutions, and corporate clients. He is also a Notary Public.

He is currently the President, Ghana Bar Association, Ashanti Branch, a position he has held since 2019 and has also been a council member of the Ghana Bar Association since 2017. Prior to this Kwame was the Secretary of the Ghana Bar Association, Ashanti Branch from 2017 to 2019. He has been a Board Member of Sekyere Rural Bank Limited from 2012 to date.

He joined the Board of Directors of ARB Apex Bank Plc in 2021. He is the President of the National Association of Rural Banks, Ghana.

His other previous roles include Chairman, St. Mary's Parish Education Fund from 2015 to 2017; Member, Metropolitan Archdiocese Finance Council of the Catholic Church, Kumasi since 2016; Member, Entity Tender Committee, St Louis College of Education from 2019; and Moderator, Tetrem Resettlement Negotiation Committee in 2019.

Mr. Sekyere began his career as a teacher at Atwimaman Secondary School in 1998, where he taught Geography and Economics. He later worked with the Cocoa Merchant Ghana Limited as a District Manager in charge of purchases of cocoa in the Sefwi-Wiowso District in the Western Region from 1999 to 2000.

He holds a Bachelor of Arts degree in Social Sciences from the Kwame Nkrumah University of Science and Technology, Kumasi, and a Bachelor of Law (LLB) from the University of Ghana Legon 2002. He was called to the Ghana Bar in the year 2004 and in February 2022 appointed as a Notary Public.

Naa Adofoley Nortey (Esq.)

Member

Naa Adofoley Nortey has over 15 years' working experience as a Lawyer with capacity extending from Litigation, Commercial Law, Real Property Law, Criminal Law, Family and Probate Matters. She also worked with Zoe, Akyea & Co., where she practiced Criminal Law for three (3) years and worked on Land Litigation and Recoveries on behalf of bank and non-bank clients. She is currently a Junior Partner at the Accra-based Beyuo and Co., a Law Firm.

Naa's many years of Legal experience fetched her a lot of contracts where she was engaged by some financial and nonfinancial institutions to recover loans from recalcitrant customers. Some of the banks she worked for include Zenith Bank, Ghana, Standard Chartered Bank, Ivory Finance, Abokobi Rural Bank etc. Her work extends beyond Ghana to other countries. Naa worked for Gapuma Limited and Emeraude Limited, both in the United Kingdom (UK) just to mention a few. Naa has also worked for the Legal Aid Board, Ghana where she organized workshops on behalf of the Board. She is the current Chairperson of Abokobi Rural Bank and joined the Board of ARB Apex Bank PLC in March 2020 as the Representative of the Greater Accra Chapter of the Association of Rural Banks.

In 2018, Naa was appointed a member of the Normalization Committee formed by the Federation Internationale de Football Association (FIFA) and the Confederation of Africa Football (CAF) in consultation with the Government of Ghana to replace the Ghana Football Association Executive Committee. She was a member of a team made up of Lawyers from West Africa, led by the Chief Justice, to put together a viable and sustainable working document on Alternative Dispute Resolution in Ghana. The document was a huge success and is currently being used as a guidance tool by The Gambia.

She obtained her LLB from the Ghana School of Law and was called to the Ghana Bar and holds a Bachelor of Arts degree in Law and Sociology.

Margaret-Ann Wilson

Member

Margaret-Ann Wilson is a Principal Economic Officer at the Ministry of Finance. She started her career as a National Service Person at the World Bank Unit at the Ministry of Finance in 2003. She was later appointed Assistant Economic Officer at the same Unit, where she monitored project disbursements and provided guidance to the Project Management Unit. Her success story did not end there as she was soon elevated to the position of an Economic Officer and further to Senior Economic Officer at the same Ministry.

Madam Wilson was a member of the Core National Planning Committee for the Third High Level Forum on Aid Effectiveness. She was also a member of a Steering and Technical Committee of the Economic and Private Sector Development Projects. She also undertook preparatory work on Fiscal Regimes and Fund Types for the drafting of the Oil and Gas Law. She joined the Board of ARB Apex Bank PLC in March 2020 as the Representative of the Ministry of Finance.

Frank Owusu
Member

Frank Owusu is a seasoned educationist with over 10 years of experience in Education. He was a Lecturer at both Koforidua Technical University, and the Institute of Distance Learning at the Kwame Nkrumah University of Science and Technology (KNUST), Kumasi. He served as the Dean of the School of Business at the Koforidua Technical University, and is an Examiner at the Institute of Chartered Accountants, Ghana.

He has served as President of the Association of Rural Banks, Central Region Chapter. Prior to that, he served as Chairman of Sachet Water Management Committee, Development and Planning Committee, and Appointment and Promotion Committee at the Koforidua Technical University. He joined the Board of ARB Apex Bank PLC in March 2020 as the Representative of the Central Region Chapter of the Association of Rural Banks.

Mr. Owusu holds a Master of Science degree (Accounting option) from the Ghana Institute of Management and Public Administration (GIMPA). He is also a Chartered Accountant from the Institute of Chartered Accountants and a product of Ghana Institute of Taxation.

Patrick Owusu
Member

Patrick Owusu, a retired Educationist was the Chairman of the Board of Directors of Atwima Kwanwoma Rural Bank Limited. Under his leadership, the Bank won many awards, including: CIMG Rural Bank for the years 2013, 2015, 2018 and 2019. The Bank has also held its membership position on the Ghana Club 100 for last ten years.

He is a Member of the West Africa Nobles Forum and was the President of the Ashanti Chapter of the Association of Rural Banks as well as Council Member of the National Association of Rural Banks (ARB), Ghana. He was elected as the Ashanti Region Chapter Representative to the Board of ARB Apex Bank PLC in July 2021.

Mr. Owusu had his secondary education at Dwamena Akenten Secondary School. He holds a GCE 'O" Level certificate as well as a Post Sec Cert "A' from Wesley College of Education. He has attended several training programmes, including; Effective Programme on Good Corporate Governance, Institute of Directors (IoD –Ghana), Contemporary Issues in Banking, the Banks and Specialised Deposit-Taking Institutions Act, (Act 930), Risk Management and Fraud Prevention, and Interpretation of Bank of Ghana's Prudential Returns, all at the Osei Tutu II Centre for Executive Education and Research. He also attended a training progamme in Talent Management to the Next Level, organized by ARB (GH) at the University of Ghana Business School.

He is an accredited Local Preacher and a Synod Member of the Obuasi Diocese of the Methodist Church Ghana.

Cletus Azaabi
Member

Azaabi is currently the Head, Information and Communication Technology (ICT) Unit at Bosco College of Education, Navrongo. He is also a Tutor at the same College. He is a part-time lecturer at the University of Cape Coast, where he teaches Management Information Systems to Undergraduates at the College of Distance Learning. In addition, he was a Manager, Management Information Systems at Garu Tempane District Mutual Health Insurance Scheme. He also serves as the Chief Executive Officer of Knowledge House Consult.

He is the Chapter President, Association of Rural Banks, Upper East and also serves on various boards including: Bessfa Rural Bank, where he is the Chairman of the Board and Presbyterian Health Services. He served as a board member of the Regional Lands Commission in Bolgatanga. He joined the Board of ARB Apex Bank PLC in March 2020 as the Representative of the Upper East Chapter of the Association of Rural Banks.

Cletus is noted for his leadership role as he was elected an Assembly Member for Yabrago Electoral Area and the National President of the National Union of Kusasi Students, Ghana and Vice President of Kusasi Students Union, UCC. Prior to that, his leadership roles started when he was elected the Senior Prefect and SRC President of Bawku Senior Secondary School.

Mr. Azaabi is currently a PhD (Computer Science) candidate at the University of Energy and Natural Resources, Sunyani. He holds a Master of Science in Information Technology from the Kwame Nkrumah University of Science and Technology, Kumasi, a Bachelor’s Degree in Computer Science and Education, University of Cape Coast, a Post-Graduate Diploma in Management Information Systems from the Ghana Institute of Management and Public Administration (GIMPA), and a Teacher’s Certificate from the Pusiga Training College.

Philip Abradu-Otoo
Member

Philip Abradu-Otoo is an Economist with track record in Policy Analysis and Implementation at Bank of Ghana and International Monetary Fund and has over 30 years' experience in the banking industry. Mr. Abradu-Otoo was employed by the Bank of Ghana as an Analyst and Research Officer in the Research Department.

He was later appointed as a Desk Economist at the Central Bank and then as Head, Special Studies Unit at the Research Department. Through hard work, he was promoted to the position of Director of Research, a position he currently holds. He also served as an Economist and Advisor at the Office of the Executive Director, International Monetary Fund (IMF). As the Director of Research, Mr. Abradu-Otoo is currently working on understanding the transmission mechanism of Monetary and Fiscal Policies in selected West African Countries.

He is a member of the Bank of Ghana's Monetary Policy Committee and serves on various boards including, Ghana Statistical Service, National Pensions Regulatory Authority, Ghana Tourism Development Corporation, and Ghana Export Promotion Authority. He joined the Board of ARB Apex Bank PLC in March 2020 as the Representative of the Bank of Ghana.

Mr. Abradu-Otoo holds a Master of Science Degree in Economics from University of Warwick, UK, and Bachelor's Degree in Economics and Statistics from University of Ghana. He has undertaken several courses and attended several training programmes including; Macroeconomic Analysis, Monetary Policy Analysis and Applied Economics.

Yaw Odame Darkwa
Member

Yaw Odame Darkwa was appointed as a Board Member of the ARB Apex Bank PLC on 1st January, 2016. He was the Chairman of Wenchi Rural Bank Limited and represented the Brong Ahafo Chapter of the Association of Rural Banks.

He is an Administrator and Researcher. He has exceptional knowledge in administrative procedures and rules of mortgage lending.

He worked as Monitoring and Risk Management Officer at Sinapi Aba Trust. He also worked as Senior Loan Consultant of Showcase Financial Mortagage, Houston, Texas, US with seventeen (17) years of working experience in Monitoring and Risk Management and Banking.

He holds a Certificate in Loan Processing and Underwriting from Tomball College, Houston, BA (Hons) Social Science, Specialization in Law and Sociology from Kwame Nkrumah University of Science and Technology.

Francis K. Beinpuo

Member

Francis K. Beinpuo has over 40 years of banking, rural banking and microfinance practice locally and internationally. Francis had a brief banking career with the Agricultural Development Bank. He soon moved on to start the Nandom Rural Bank as the first Manager and superintended that bank for 10 years.

Francis subsequently moved to the Association of Rural Banks as the Training Manager, which was then known as the Training Counterpart. For nearly 15 years, Francis was Country Director of Freedom from Hunger Ghana, where he promoted its flagship product, which is still a major credit product line for many Rural and Community Banks (RCBs) and Microfinance Institutions. After voluntarily retiring from Freedom from Hunger, he took up a contract with Initiative Development Ghana as Country Director.

However, before his contract could be confirmed, through an international head-hunting process, Francis left for Sierra Leone to take up the position of Resident Technical Advisor to the Microfinance Investment and Technical Facility (MITAF), a multi-donor project in that country.

While serving as Country Director of Freedom from Hunger, Francis chaired the discussion group of Microfinance practitioners that led to the formation of the Ghana Microfinance Institutions Network (GHAMFIN) and became the first Chairman when the Network was incorporated. He held that position until he left the country.

Francis also served on the Technical Committee of the African Microfinance Network (AFMIN). Francis was the Chairman of the Board of Directors of Nandom Rural Bank Ltd. He also represents the Catholic Diocese of Wa on the Board of the Standard Newspapers and Magazines (SNAM) Ltd.

Francis has special interest in Strategic and Business Planning, Staff Training, especially in group-based lending products and in the areas of governance, among others. He has facilitated training events nationally and in several African countries. Perhaps his passion for training is driven by the fact that he is a trained Certificate A-4-year Teacher from what is now St. John Bosco's College of Education.

Francis holds a BSc Administration degree in Accounting from the University of Ghana, a Post Graduate Diploma in Social and Community Development from Coady International Institute of the St. Francis Xavier University in Nova Scotia Canada.

He also holds a Microfinance Proficiency Certificate from the University of Colorado Microfinance Institute (previously known as the Boulders Programme) in USA and several other certificates obtained from participating in short courses abroad in Continuing Professional Development.

He joined the Board of ARB Apex Bank PLC in 2020 as the representative of the Upper West Chapter of the Association of Rural Banks.

Alex Kwasi Awuah
Managing Director

Alex Kwasi Awuah was appointed Managing Director of ARB Apex Bank PLC on January 1, 2022. Prior to becoming substantive Managing Director, he served as Acting Managing Director of the Bank from July 2021 to December 2021.

He is a Chartered Banker and began his banking career in 1996. His career experience in banking covers central banking, universal banking and rural banking.

Alex had a spell at the then Internal Revenue Service (now Ghana Revenue Authority) as District Statistician in charge of Wenchi and Goaso Tax Districts before joining the Bank of Ghana the same year (1996). Whilst at the Central Bank, he worked at the Rural Finance Inspection Department and Banking Supervision Department as a Bank Examiner until March 2005 when he left the Bank as an Assistant Manager.

He joined the Agricultural Development Bank (ADB) in April 2005 and worked in various capacities, first as an Auditor in the Internal Audit and Assurance Department, a Manager in the Research and Planning Department and the Strategic Policy Coordinating Unit. He headed the Budgets, Planning and Strategy Unit of the Finance and Planning Department and left the Bank in October 2013.

Alex moved to the ARB Apex Bank PLC in November 2013 as the Head of the Internal Control Department, responsible for the audit of departments and branches of the Bank. He was also in-charge of the inspection of the Rural and Community Banks in Ghana as a complementary service to the regulatory role of the Bank of Ghana. He was elevated to the position of Deputy Managing Director in June 2015 and later served as Acting Managing Director of the Bank from November 2016 to May 2017. Awuah holds an Executive Master of Business Administration (Finance option), and a Bachelor of Science in Administration (Banking and Finance option) both from the University of Ghana Business School. He qualified as an Associate of the Chartered Institute of Bankers (ACIB), Ghana in 2003. He also passed the Association of Chartered Certified Accountants, UK examinations up to the professional level.

Alex is a Fellow of the Chartered Institute of Bankers, Ghana and served on the Executive Committee of the Institute, having previously served as a Council Member. He is also a former member of the Boards of Konrad Adenauer Memorial Credit Union (KAMCCU) at the Credit Unions Head Office, Accra and Suma Rural Bank, Suma Ahenkro. He is a former Director of Finance of the Presbyterian Church of Ghana, Ascension Congregation, North Legon.

MANAGEMENT TEAM

Alex Kwasi Awuah
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Awuah holds an Executive Master of Business Administration (Finance option), and a Bachelor of Science in Administration (Banking and Finance option) both from the University of Ghana Business School.

He qualified as an Associate of the Chartered Institute of Bankers (ACIB), Ghana in 2003. He also passed the Association of Chartered Certified Accountants, UK examinations up to the professional level.

Alex is a Fellow of the Chartered Institute of Bankers, Ghana and serves on the Executive Committee of the Institute, having previously served as a Council Member. He is also a former member of the Boards of Konrad Adenauer Memorial Credit Union (KAMCCU) at the Credit Unions Head Office, Accra and Suma Rural Bank, Suma Ahenkro. He is a former Director of Finance of the Presbyterian Church of Ghana, Ascension Congregation, North Legon.

Curtis William Brantuo **(Esq.)**

Deputy Managing Director

Curtis William Brantuo (Esq.) was appointed Deputy Managing Director of the Bank on December 1, 2022. Before assuming the role of Deputy Managing Director, he served in various roles, including Head of Legal, Compliance and Company Secretary from October 1, 2008.

Mr. Brantuo joined the ARB Apex Bank PLC on February 1, 2008.

He holds a B. A. (Sociology and Psychology) and Q. C. L, B. L in Law. He has a post-graduate certificate in Information Technology Law from the Wisconsin University College, Ghana and an MBA (Banking & Finance) from the Paris Graduate School of Management.

He has 22 years' experience in the law profession. He is a multifaceted professional with knowledgeable and practical experience in banking with over fourteen (14) years' experience as the Head, Legal and Compliance Department and Company/Board Secretary. He is a member of the Ghana Bar Association with 22 years standing at the Bar. Prior to joining the Bank, he worked as a Lawyer at Lexnet Legal Consult between 2004 through 2007 and also at Hayibor, Djarbeng & Co., Accra between 2001 through 2003.

Samuel Gyimah Amoako

Head, Finance

Samuel Gyimah Amoako was appointed as the Head of Finance on August 15, 2022. Prior to that he served as the Head of Internal Control of the Bank from July 1, 2020.

Samuel Gyimah Amoako joined the ARB Apex Bank PLC as an Internal Auditor/Inspector in February, 2015. Five years afterwards in February, 2019, he became Head of Finance and Strategy Unit of the Bank.

Prior to joining the bank, he worked with Guaranty Trust Bank Ghana PLC as the Deputy Unit Head, Financial Control, from June, 2013 to January, 2015. He also worked with First Atlantic Bank from January, 2006 to June, 2013 as a Relationship Manager in the Corporate Banking Department, and also Assistant Manager, Internal Control and Audit. Before his banking career, he had auditing experience with Eddie Nikoi Accounting Consultancy, as Audit Officer.

Samuel is a multifaceted professional with over 18 years of cumulative experience in Auditing, Accounting and Financial Reporting, Banking, Taxation and Project Management.

Samuel is a Chartered Certified Accountant and Tax Practitioner, a Fellow of the Association of Chartered Certified Accountants (ACCA), a member of the Institute of Chartered Accountants, Ghana (ICAG), Chartered Institute of Taxation Ghana (CITG) and Institute of Internal Auditors (Ghana). He holds BSc. Administration (Accounting Option) and MSc. in Professional Accountancy from the University of Ghana and University of London respectively.

Benjamin Chemel
Head, Audit & Inspection

Benjamin Chemel was appointed as the Head of Audit and Inspection at the Bank on August 15, 2022. Prior to that he served as Head of Finance and Administration at the Bank from November 1, 2018.

Benjamin Chemel is a consummate Banker and Finance Professional with over 19 years of experience in the financial services industry. His experience spans Financial Control, Financial Reporting, Strategic Planning, Budgeting, Treasury Management, Procurement and Project Management.

He started his carrier with the Fiaseman Rural Bank Limited in August 1996, where he rose through the ranks to become the Operations Manager of the Tarkwa Branch.

Chemel joined the ARB Apex Bank PLC in August 2004 as the Head Office Accountant. By dint of hard work, he rose through the ranks to become the Deputy Head, Finance and Strategic Planning in 2009.

He is a Fellow of the Association of Certified Chartered Accountants (ACCA), UK, having qualified in 2006. He is also a professional member of the Chartered Institute of Bankers, Ghana (ACIB). He holds a Master of Business Administration (MBA) in Finance from the Ghana Institute of Management and Public Administration (GIMPA) and a Bachelor of Science in Applied Accounting from the Oxford Brookes University, UK.

Mark Odoi Adjei
Head, Banking Operations

Mark Odoi Adjei was appointed Head of Banking Operations Department at the ARB Apex Bank Plc on June 1, 2023

Prior to his appointment, Mark served in various capacities including Acting Head, Banking Operations, Head of Branch Banking Unit, Accra Branch Manager, Sunyani Branch Manager, Remittances Manager, Domestic Funds Transfer Manager, Accounts Reconciliation Officer, Cheque Clearing Officer and Banking Operations Officer.

He has over 20 years' work experience in the Rural Banking industry, having joined ARB Apex Bank on May 2, 2002.

Mark holds a BSc in Operations and Project Management from the Ghana Institute of Management and Public Administration (GIMPA) and an MBA in Marketing from University of Cape Coast.

Joseph Osei Asantey (PhD)

Head, Risk and Compliance

Dr. Joseph Asantey was appointed as the Head of Risk and Compliance on August 15, 2022. Prior to that he served as the Head of Risk and Credit Management from September 3, 2018.

Dr. Asantey once worked with the erstwhile National Board for Small Scale Industries, currently Ghana Enterprises Agency (GEA) . His working experience was associated with several institutions like the then Ghana Export Promotion Council (G.E.P.C), National Council on Women and Development (N.C.W.D.), Ghana National Chamber of Commerce and Industry, Diverse Financial Institutions, Local and Foreign Non-Governmental Organizations (NGO's), projects and state organizations involved in enterprise risk management/business development and business financing.

Dr. Asantey worked with Amalgamated Bank (currently Bank of Africa) as an SME Manager and later rose to the position of Head of Credit. He further worked with Standard Chartered Bank as Head- Risk Portfolio Monitoring, Controls and Policy and later on as Cluster Head- Risk Processes and Controls-West Africa and was as well made a member of the Standard Chartered Africa Retail Risk Policy Management Team.

He further went on and worked with Premium Bank Ghana Limited as the Chief Risk Officer. Dr. Asantey's vision has always been embedded in channeling all necessary approaches and strategies that support the cause of successful and sustainable enterprise/business development services.

He is a Risk Professional and a Business Development Specialist. He drives the enterprise risk management agenda and consistently implements topnotch risk approaches, models, methods and strategies that are best suited for the Banking Risk and Business Risk Management environments. He has acquired an immense exposure and knowledge within the local and international banking environment. He has a combined experience of not less than 20 years in overall Risk Management and Credit Management.

He holds an MSc in Economics and EMBA in Banking and Finance. He is a Chartered Economic Policy Analyst (CEPA, USA), a Chartered Financial Economist (ChFE, USA), a Certified Risk Analyst (CRA), a Certified Operational Risk Manager, (CORM), Fellow of the Global Academy of Finance and Management (FGAFM, USA), Fellow of the Association of Certified Chartered Economists (FCCE, USA Global), and a Chartered Global Management Accountant (CIMA-UK). He is also a Chartered Financial Risk Manager (FRM- USA).

Dr Joseph Asantey is a Chartered Accountant and a member of the Institute of Chartered Accountants –Ghana (ICAG). He holds a PhD in Business Administration (Finance Major) and is a member of the Institute of Directors- Ghana (IOD).

Francisca Dedei Afutu
Head, Human Capital

Francisca Dedei Afutu was appointed as the Head of Human Capital Department on 1st June 2023.

Francisca's journey with the Bank began when she joined the Apex Technical Secretariat as the Administrative Officer in October 1999, as the first employee. She worked with the Transition Apex Steering Committee (TASC), which was set up to see to the establishment of the ARB Apex Bank. Eight (8) years later, in 2007, she was transferred to the Human Resource Department as the Human Resource Manager. By dint of hard work, she rose through the ranks to become the Head of Human Resource and Administration Department from 2009 to 2013. After a merger of the Human Resource and the Learning and Development functions in 2014, she became the Deputy Head of Human Capital Department. After four years, in September 2019, she was redesignated as the Head of the Human Resource Unit after a restructuring exercise until her current appointment.

Prior to joining the Bank, she worked with Kofi Aboagye and Co. Law Firm as the Office Manager from 1997 to 1999. She also worked as a Senior Administrative Assistant with the University of Cape Coast Consultancy Unit from 1994 to 1997, while a student of the University of Cape Coast. Francisca had a brief stint as Administrative Assistant with the University of Ghana Medical School, Korle-Bu Teaching Hospital in 1991, and was a Human Resource Assistant with Cadbury Ghana Ltd. in 1993.

She is a Human Resource Professional with over 24 years of cumulative experience in Management and Administration, Human Resource Management, and Learning and Development.

She is a member of the Chartered institute of Human Resource Management (CIHRM) and a student member of the HR Certification Centre. She also holds a Master of Business Administration (MBA) in Human Resource Management from the Ghana Institute of Management and Public Administration (GIMPA), a Bachelor of Management Studies and a Diploma in Education from the University of Cape Coast.

Samuel Terpkertey Tetteh (Esq.)

Acting Head, Legal

Samuel Terkpertey Tetteh was appointed in December 2022 as the Acting Head, Legal & Company Secretary. Samuel joined ARB Apex Bank on April 1, 2019 as the Manager, Legal Services. Prior to joining the Bank, Samuel worked with Manya Krobo Rural Bank as its in-house Counsel and Board Secretary between April 2014 and March 2019.

Before his banking career, he worked at Rehoboth Chambers (Tetteh & Tetteh Associates) between March 2013 and March 2014 as an Associate and at AB & David Africa between June 2011 through March 2013 as a Junior Associate.

Samuel is a methodological advocate with over twelve (12) years professional experience in Law and Company Secretarial duties. His practice areas include commercial litigation, corporate law, human rights, company secretarial duties, corporate governance, trade, and investment law with knowledgeable and practical experience in banking and finance.

Samuel is a Professional Lawyer and a member in good standing of the Ghana Bar Association. He holds a Master's Degree in law (LL.M in International Trade and Investment Law in Africa) from the University of Pretoria, South Africa, and an Executive Master's Degree in Business Administration (Finance Option) from the University of Ghana.

George Edward Neizer
Head, ICT

George Edward Neizer was appointed as Head of the Information and Communication Technology (ICT) Department at ARB Apex Bank PLC on June 1, 2023. Prior to assuming this substantive role, he served as Acting Head of ICT from August 2022 to May 2023.

George joined ARB Apex Bank in September 2008 as an Applications Manager. He was designated the Manager of the Technology Unit in September 2012, and thereafter appointed as Deputy Head of ICT in January 2014. Subsequently, George was designated Manager of the Management Information Systems (MIS) Unit from September 2018 to July 2022.

Prior to his tenure at the Bank, he served as a Software Development Supervisor at MTN and a Software Developer at AQSolutions from December 2005 to August 2008 and November 2001 to December 2005, respectively.

He holds an MSc in Information Technology from the Accra Institute of Technology (AIT) and a BSc in Computer Science and Mathematics from the University of Ghana. George has more than 22 years of experience as an Information Technologist, with diverse background comprising Data Centre Operations, Software Development, Database Design and Development, Business Analytics and Business Process Re-engineering.

George's professional credentials include being a Certified Data Centre Facilities Operations Manager, Certified Data Centre Expert, Certified Project Director, and Certified Governance Risk and Compliance Professional (GRCP). Notably, he possesses qualifications in ISO standards, including ISO 20000 (IT Service Management), ISO/IEC 27032 (Lead Cyber Security Manager), and ISO/IEC 38500 (Lead IT Corporate Governance Manager) certifications.

“Great things in business are never done by one person; they're done by a team of people.” - Steve Jobs

ARB APEX BANK PLC

Report of the Directors

To the Members of ARB Apex Bank PLC

The directors present their report together with the audited financial statements of ARB Apex Bank PLC for the year ended 31 December 2022.

Statement of Directors' Responsibility

The directors are responsible for the preparation of the financial statements for each financial year, which gives a true and fair view of the state of affairs of the Bank. In preparing the financial statements, the directors have selected suitable accounting policies, applied them consistently, made judgments and estimates that are reasonable and prudent and have followed International Financial Reporting Standards and the provisions of the Companies Act, 2019 (Act 992) and the Banks and Specialised Deposit-Taking Institutions Act, 2016 (Act 930).

The directors are responsible for ensuring that the Bank keeps proper accounting records that disclose with reasonable accuracy at any time the financial position, the financial performance and cash flows of the Bank. The directors are also responsible for safeguarding the assets of the Bank and taking reasonable steps for the prevention and detection of accounting fraud.

Nature of business

The ARB Apex Bank Limited is a Public Limited Company incorporated under the Companies Act, 1963 (Act 179), now Companies Act, 2019 (Act 992). It has been licensed by the Bank of Ghana, through the ARB Apex Bank Regulations, 2006 (L.I. 1825), to provide banking and non-banking support services to the Rural and Community Banks (RCBs). The core mandate and the line of business of the Bank did not change during the year under review.

The Bank is owned by the Rural and Community Banks in Ghana. The ownership structure remained unchanged during the 2022 financial year. No rural bank has significant percentage of shares to influence decision making.

Domestic Debt Exchange Impact

Before the end of the reporting year, the Government of Ghana launched Ghana's Domestic Debt Exchange programme (DDEP) in which the Bank participated and exchanged its holdings in bonds for new variant bonds. Participating in the DDEP resulted in significant estimated impairment loss recognised in the financial statements. However, it did not affect the ordinary operations of the Bank. Prudent measures are also put in place to ensure operational safety and soundness.

Results of operations

The results of operations for the year ended 31 December 2022 are set out in the statement of profit or loss and other comprehensive income, statement of financial position, statement of changes in equity and statement of cash flows together with notes to the financial statements.

Activities	2022 (GH¢)	2021 (GH¢)
Operational Results		
Loss before taxation	(103,530,977)	(4,222,011)
Income tax credit	24,749,669	712,396
Loss after tax for the year	(78,781,308)	(3,509,615)
Other Comprehensive income		
Revaluation gain/(loss) on post-employment (net of tax)	270,644	(50,095)
	(78,510,664)	(3,559,710)

Dividend

The Bank did not propose the payment of dividend for the year under review (2021: nil). This is because the Bank recorded a loss for the year under review, mainly resulting from the effect of the Domestic Debt Exchange Programme (DDEP) during the year. Due to the impact of the DDEP, the Bank of Ghana directed the suspension of declaration and payment of dividends and other distributions to shareholders, effective 31 December 2022.

Corporate Social Responsibility

The Bank spent GH¢279,168 (2021: GH¢157,892) on various socially responsible activities. A donation of GH¢24,000 was made to support some senior high schools and traditional Council across the country where the Bank's branches are located.

Auditor and Audit fees

The term of office for Deloitte & Touche as auditor of the Bank will expire after the audit of the 2022 financial statements in accordance with Section 139 (5) of the Companies Act, 2019 (Act 992). The Bank will appoint a new auditor for the audit of the financial statements beginning from the financial year 2023.

Audit fees paid for the 2022 statutory audit was GH¢217,000 (2021: GH¢174,240), exclusive of taxes.

Going Concern

The Board has made an assessment of the Bank's ability to continue as a going concern and is satisfied that the Bank has the resources to continue in business for the foreseeable future. Furthermore, management is not aware of any material uncertainties that may cast significant doubt upon the Bank's ability to continue as a going concern. Therefore, the financial statements continue to be prepared on the going concern basis.

Though participating in the DDEP resulted in significant estimated impairment loss leading to negative net worth, capital adequacy and earning per share, this did not affect the ordinary operations of the Bank.

Shareholders have passed a Special Resolution to increase the Stated Capital of the Bank by GH¢25 million over a period of five years, starting from 2023, with GH¢5 million to be raised every year. This exercise has already commenced in March, 2023. With prudent management and efficient utilization of resources, the Bank has returned to profit making position in the first quarter of 2023. With the capital plan and prudent management, the Bank projects to fully recover from the effect of the DDEP by end of year 2025.

The Bank spent

GH¢279,168

on various socially responsible activities.

Regulatory Reliefs

The Regulator, the Bank of Ghana has granted some reliefs to Banks for purposes of determining Minimum Regulatory Capital. The key regulatory reliefs for the determination of capital were:

1. Reduction of Capital Conservation Buffer from 3% to zero, effectively reducing the minimum Capital Adequacy Ratio (CAR) from 13% to 10%.

2. Derecognition losses (ECL) emanating from the Debt Exchange shall be spread equally over a period of four (4) years for the purposes of CAR computation.

3. Banks have a maximum of four (4) years to restore the minimum paid-up capital as a result of any capital shortfall arising solely from the derecognition losses.

4. Increase in Tier II component of regulatory capital from 2% to 3% of Total Risk Weighted Assets (RWA)

5. Reduction of minimum Common Equity Tier 1 (CET1) capital from 6.5% to 5.5% of RWA

6. Increase in allowable portion of property revaluation gains for Tier II capital computation from 50% to 60%.

7. Risk-weights attached to New Bonds to be set at 0% for CAR computation, and at 100% for Old Bonds

8. Derecognition losses arising from the Debt Exchange shall be spread equally over a period of four (4) years for the purposes of Net Own Funds computation.

Steps Taken to Build Capacity of Directors

The Directors were taken through their core duties and functions and corporate governance principles as part of a sensitization workshop in compliance with the provisions under Section 136 of the Companies Act, 2019 (Act 992), the Bank Held a training on corporate governance facilitated by Millennium Financial Centre on 28 July 2022. There was additional training on financial reports and analysis, risk and compliance as well as money laundering.

The report of the directors and the financial statements were approved by the board of directors on 22 May 2023 and signed on behalf of the board by two directors as follows:

Francis Kogh Beinpuo
Date: 22 May 2023

Alex Kwasi Awuah
Date: 22 May 2023

ARB APEX BANK PLC

Corporate Governance Report

To the members of ARB Apex Bank PLC

ARB Apex Bank PLC has a good governance practice and ensures that governance is at the center of its core values. The Bank implements effective corporate governance principles in its business operations as a whole. The Board ensures that the Bank complies with the available legislation on corporate governance in the Banks and Specialized Deposit-Taking Institutions Act, 2016 (Act 930) and the Companies Act, 2019 (Act 992) as well as the principles of best practices. The Bank has structures and processes set out in its regulations and policies, including the Board's Charter which promotes transparency, disclosures and accountability.

The Board of Directors

The Board of Directors of the Bank has the overall responsibility for ensuring compliance with the legal and regulatory provisions on corporate governance. They are ultimately responsible for ensuring that best practices of corporate governance are maintained and adhered to by the Bank. In order to promote effective governance of the Bank, the following structures have been put in place for the execution of the Bank's Corporate Governance strategy:

1. Board of Directors and Company Secretary
2. Board Committees
3. The Managing Director

As at 31 December 2022, ARB Apex Bank PLC had 12 members on the Board of Directors including one Executive Director.

1.	Dr. Anthony Aubynn	-	Chairman
2.	Mr. Larry Kwesi Jiagge	-	Vice Chairman
3.	Ms. Margaret-Ann Wilson	-	Member
4.	Mr. Cletus Azaabi	-	Member
5.	Mr. Yaw Odame-Darkwa	-	Member
6.	Ms. Naa Odofoley Nortey	-	Member
7.	Mr. Frank Owusu	-	Member
8.	Mr. Patrick Owusu	-	Member
9.	Mr. Francis Kogh Beinpuo	-	Member
10.	Dr. Phillip Abradu-Otoo	-	Member
11.	Mr. Kwame Owusu Sekyere	-	Member
12.	Mr. Alex Kwasi Awuah	-	Managing Director/Member

The Board of Directors mostly execute its mandate and responsibility through its Committees. The Committees include the following: Risk, Audit and Compliance; Finance; Governance, Administration and Legal; ICT & Cyber and Information Security; and Procurement. The Committees have policies and laid down procedures with governance issues as the underlining principle.

The following Directors retired during the year 2022:

1. Mr. Larry Kwesi Jiagge (Retired: 31 October 2022)
2. Mr. Yaw Odame-Darkwa (Retired: 30 December 2022)

Appointment

During the 2022 financial year Mr. Alex Kwesi Awuah was appointed as the Managing Director after prior approval by the Bank of Ghana.

Key Responsibility

The mandate of the Board of Directors is to act in the best interest of the Bank by ensuring that the core purpose of the Bank is achieved. The Board ensures this by protecting the interest of shareholders as well as other stakeholders of the Bank. The Board provides overall guidance and policy direction and provides oversight in the Bank's strategic direction, policy formulation and is the ultimate decision-making body of the Bank.

The roles of Chairman, the non-executive Directors and the Managing Director are separated and clearly defined.

The Chairman of the Board and the Directors are primarily responsible for the overall governance, policy and strategic formulation of the Bank whilst the Managing Director is responsible for the day-to-day operation of the business in accordance with the Board's strategic plans and policy direction. The Board is ultimately responsible for the Bank's structure and areas of operation, financial reporting, as well as ensuring that there is an effective system of internal control and risk management and compliance. The Board has the authority to delegate matters to Directors, Committees, the Managing Director and the Management Committee. The Board regularly reviews the Bank's performance, matters of strategic concern and any other matters it regards as material.

The Board meets quarterly and additional meetings are convened as the need arises. The Board evaluates itself on an annual basis.

Attendance at Board Meetings

Membership and attendance at Board meetings during the year are set out below:

Name	24/03/22	24/03/22)	29/07/22	28/10/22
1. Dr. Anthony K. Aubynn				
2. Mr. Larry K. Jiagge				-
3. Mr. Frank Owusu				
4. Mr. Cletus Azaabi				
5. Ms. Naa Odofoley Nortey				
6. Ms. Margaret-Ann Wilson				
7. Mr. Yaw Odame-Darkwa				
8. Dr. Philip Abradu-Otoo		-	-	-
9. Mr. Francis K. Beinpuo				
10. Mr. Patrick Owusu				
11. Mr. Kwame Owusu Sekyere				
12. Mr. Alex Kwasi Awuah				

Financial Reporting

The Board has presented a balanced assessment of the Bank's position and prospects. The Board is mindful of its responsibilities and is satisfied that in the preparation of its Financial Report, it has met its obligation under the Board Charter and applicable legal provisions.

The Directors make themselves accountable to the shareholders through regular publication of the Bank's Annual Financial Reports and holding of Annual General Meetings (AGM). The Board has ensured that the Bank's reporting procedure is conveyed in the most recent infrastructure to ensure accuracy. This procedure involves the monitoring of performance throughout the financial year, in addition to monthly reporting of key performance indicators.

Deloitte and Touche acted as External Auditors to the Bank during the 2022 financial year.

Internal Control

The Bank is mindful of the importance of its internal controls in the general operations and has put in place effective control systems to ensure that the Bank's operations are carried in a safe, objective and effective manner. The Board reviews the effectiveness of the system through regular reports and reviews which is submitted at Committee and Board meetings.

1. Anti-Money Laundering
The Board and Management of the Bank are committed to ensuring compliance with the statutory provisions in the Anti-Money Laundering Act, 2020 (Act 1044) and the applicable regulations and guidelines. Staff are continuously trained on the Bank's anti-money laundering policies to ensure strict compliance.

2. Conflicts of Interest
The Bank has a comprehensive policy on conflict of interest and disclosures and the Bank ensures strict compliance with the legal provisions on conflicts. The Bank has an Interests Register where Directors and Key Management Personnel record their interests. The laid down policies and procedures of the Bank's businesses ensures that the law is strictly complied with to reduce any conflicts of interest that may arise and where there are conflicts, there are effective means of disclosing the conflict of interest.

3. Shareholding Rights
The Board ensures that general meetings are held regularly in accordance with law and the shareholders are provided with all information as required by statute in respect of the Bank's general operations. Shareholders, who are the Rural and Community Banks, are treated equally and provided adequate time and equal opportunity to seek clarifications on the Bank's published Financial Statements at General Meetings.

4. Annual Certification
The Board certifies that for the financial year ended 31 December 2022, the Bank has complied with the provisions of the Corporate Governance as contained in Act 930 and Act 992 as well as best practices, including but not limited to:

a) Board qualification and composition
b) Board size and structure
c) Board secretary
d) Other engagements of directors
e) Board committees

In addition, the Board certifies that:

1) It has independently assessed and resolved that the Bank's corporate governance process is effective and has successfully achieved its objectives.

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

ARB APEX BANK PLC

Sustainability report

To the members of ARB Apex Bank PLC

BACKGROUND AND INTRODUCTION

ARB Apex Bank (the "Bank") is a public limited liability company, incorporated in January 2000 in accordance with Ghanaian law, with all its shares being held by the Rural & Community Banks (RCBs). Its operations are governed by the ARB Apex Bank Ltd. Regulations, 2006 (L.I. 1825). It is licensed to carry on banking business and other related activities approved by the Bank of Ghana. Its head office is located in Accra, with ten (10) branch offices in Accra, Kumasi, Sunyani, Bolgatanga, Takoradi, Koforidua, Hohoe, Wa, Cape Coast and Tamale. Furthermore, there are one hundred and forty-seven (147) Rural and Community Banks which operate a network of about 850 branches, providing banking services across the country. Its core functions include amongst others, keeping accounts for the members and to maintain primary cash reserves in accordance with Bank of Ghana's monetary regulations; monitor, inspect and supervise operations of the members, lend to rural and community banks that face temporary liquidity problems; render funds management services to RCBs; develop credit assessment procedures and encourage members to enforce them; monitor loans and advances made by members; to perform any other function that is incidental to the attainment of the objects of the bank. Its ancillary functions include provision of training for its directors and employees, and other members of the Bank; to establish a Rural Banking College to provide technical and professional training to the staff, directors and members of the Bank amongst others.

In light of the responsibility placed on the Bank, and in compliance with Bank of Ghana's regulatory requirements, and in recognition of the evolving global trends, and in response to the demand for sustainable finance, the Bank has decided to embark on a journey to incorporate sustainability/ESG in its strategy and operations. It admits that no conscious steps have been taken in the past financial year to integrate these principles in its operations. However, it has decided to make disclosures in its 2022 annual report, as a sign of its commitment to promoting the implementation of these principles within the rural banking industry in Ghana and the intention to subject its operations to the scope of the document. This decision is fuelled by the Bank's appreciation of the benefits of ESG adoption and conversely, the consequences of non-compliance or slow adoption. A failure to identify and control environmental and social risks arising from its clients' activities can lead to severe consequences including the inability of potential borrowers to repay their loans which may ultimately affect the Bank's financial performance. These may jeopardise the Bank's long-term financial and operational viability.

B. ARB APEX BANK'S GOVERNANCE STRUCTURE

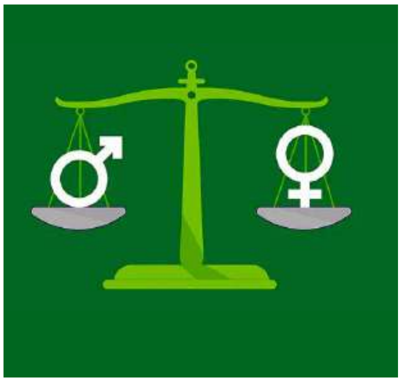
Per Regulation 30 of L.I. 1825, the general direction and control of the affairs and business of the Bank shall be vested in the governing body of the Bank, a Board of Directors. The Regulations require that Board of Directors of the Bank be made up of 13 members; nine (9) representatives of the rural and community banks elected to represent the nine (9) chapters of the Association of Rural Banks, one (representative) each of the Ministry of Finance, Bank of Ghana and the National Council of the Association of Rural Banks, and the Managing Director of the Bank. This forms the highest governing body of the Bank. They are required by law to meet once every three (3) months, with a quorum of at least seven (7) members, including any substitute and alternate directors.

Currently, the Bank's Board of directors is made up of only twelve (12) members, one less the legally required thirteen (13)-member board, with the age and gender distribution represented in the table below. The Volta/Oti Chapter representative on the Board retired during the year under review and his replacement is currently awaiting approval of the Bank of Ghana. This has however not affected the Bank's business as the legally mandated quorum for board meetings is seven (7).

The Bank however recognises the potential to disenfranchise key stakeholders of the organisation and deny their representation if the position is not promptly filled.

Age Group	Male	Female	Total
30-50	2	2	4
50-60	4	0	4
61-75	4	0	4
Total	10	2	12

Table 1: Gender and Age Distribution of Board Members



The Board is made up four (4) sub-committees which are well equipped to handle the Bankís business namely:

1. Finance
2. Risk, Audit and Compliance
3. Governance, Administration and Legal
4. ICT and Cyber and Information Security

C. BOG PRINCIPLES AND COMPLIANCE BY THE BANK

The Bank of Ghana Sustainable Banking Principles and Sector Guidance Notes were seven (7) principles namely:

1. Identify, measure, mitigate and monitor environmental and social risks in business activities. Identify environmental and social opportunities in business activities

Whilst the Bank has implemented a risk management system, it is yet to take steps to expand this system to include assessment of environmental and social risks. It is yet to create a system that allows it to assess the environmental and social opportunities in its business activities. The Bank remains committed to its desire to integrate environmental, social and governance considerations in its operations and intend to take steps in the next reporting year towards the implementation of these commitments.

2. Promote good environmental, social and governance practices in internal business operations

Similar to the first principle, the Bank is yet to take conscious steps in compliance with this principle and commits to its resolve to make sustainability/ESG mainstream in its strategy and operations in the next reporting year and beyond.

3. Promote good corporate governance and ethical standards

The Banks corporate governance structure is regulated by L.I. 1825 and related legislation, provisions. With the exception of its breach of the board membership requirement, the Bank has in good faith sought to comply with all relevant requirements. The Bank was fined by the Bank of Ghana for shortages detected at its cash operation centres. It has since taken steps to remedy the situation and put in mechanisms to ensure this does not happen again.

The Bank has a robust well implemented tax system, with a schedule for monitoring, that ensures full compliance with Ghanaís tax laws. It has filed all requisite tax returns.

The business recognises that it needs to put formal policies in place to prevent and monitor anti-corruption behaviour that may potentially occur in the banking sector.

Data protection.
The Bank is duly registered with the Data Protection Commission and has complied with all obligations under the Data Protection Act, 2012 (Act 843). No incidents of data breaches were recorded in the past year.

4. Promote gender equality

The Bank admits its abysmal performance in ensuring equity in its employment and appointments. At Board level, the ratio of male to female members is 1 is to 6 and shows extreme polarisation. At Management level, only one of the Bankís managers is female, in contrast to the 8 males at that level out of a total of 9 managers. At staff level, less than 30% of the Bank’s workforce is female. Out of the Bank’s one hundred and ninety-five employees, the male employees are one hundred and forty, with the remaining fifty-five representing the female workforce. About 87% of the Bank’s workforce is covered by a collective bargaining agreement. The Bank recognises that its employment statistics should reflect the national gender distribution of 49.3% male and 50.7% females, and further acknowledges that attainment of such a ratio will take time as employment and appointments are largely contingent on the availability of positions.

That notwithstanding, the Bank, in its strategy for the next reporting period will consciously plan towards attaining gender parity in its workforce by analysing the root cause of the disparity and proposing a long-term solution that ensures compliance with this principle.

Beyond ensuring gender balance in its appointments and employment, the Bank commits to creating work environment that ensures that women and men are treated fairly at work. It will take cognisance of the role of women as primary care givers in the Ghanaian society, whether for their children or the elderly, and will take steps to ensure that women are not discriminated against because of this societal norm, but rather the Bank will seek out solutions that ensures women are not held back for this reason.

The Bank of Ghana, in the sustainable banking document, also expects that all forms of violence and abuse against both males and females are prohibited. The Bank is in a unique position to influence parity in the earning potential of its clients and customers by engineering products geared towards promoting financial inclusion for women, and gender equality generally. It commits to exploring and ascertaining its level of influence, and in that regard developing a strategy and implementation plan for the long-term, in compliance with this requirement.

5. Promote financial inclusion

The very nature of the business of the Bank and its network is to make banking available to the underbanked and unbanked by operating in Ghana's rural areas. It incorporates the peculiarity of the rural demographic such as lack of access to a formal address system, inability to meet certain minimum requirements in the large commercial banks, lack of credit history, lack of financial literacy, in opening and maintaining bank accounts, and in accessing credit facilities. The bank commits to assessing its current structure and operational requirements in the next reporting year, and where deficient, setting targets and key performance indicators in ensuring compliance with the financial inclusion principle of the Bank of Ghana Sustainable Banking Principles.

6. Promote resource efficiency and sustainable consumption and production

The Bank is yet to comply with this requirement and commits to taking steps in the next reporting year in compliance with this principle.

7. Reporting

The Bank recognises the importance of reporting on its sustainability/ESG progress and has embarked to report its current state of affairs despite not taking in conscious steps towards compliance, in the past reporting period. It sees this as a record of the state of affairs, prior to the official start of its sustainability/ESG journey and sees this as an accountability tool that will hold the Bank to its commitments made. Additionally, the Bank commits to share its sustainability/ESG journey and achievements with the public, as it considers the public as one of its key stakeholders.

D. Conclusion

The Bank recognises its shortfalls in respect of sustainability/ESG and is taking steps to integrate sustainability/ESG factors into its internal operations as part of its commitment to sustainable business practices. The Bank intends to comprehensively assess its own activities and how they could be enhanced and improved in order to set the Bank in motion towards full compliance with the Bank of Ghana Sustainable Banking Principles and Sector Guidance Notes.

Dr. Anthony Kwesi Aubynn
Chairman

CHAIRMAN'S REPORT

INTRODUCTION

Distinguished Shareholders, Fellow Directors, Ladies and Gentlemen. On behalf of the Board of Directors, I deem it a great honour and privilege to welcome you all to the 21st Annual General Meeting (AGM) of the ARB Apex Bank PLC and to present to you the Audited Financial Statements and Annual Report for the year ended 31st December, 2022. In this report, I will present the general context of the Banks performance during the year under review such as the state of the Global economy, our Ghanaian economy, the situation of the Banking industry in general and the Rural banking sub-sector in particular. I will then focus on our Bank's performance.

THE GLOBAL ECONOMY

IIn financial year 2022, the global economy came under severe strain on the back of continued spill overs from geopolitical tensions arising from the Russia-Ukraine war and the lingering COVID-19 pandemic, which continued to weigh heavily on economic activities. The global economy experienced a sharper than expected slowdown, with inflation higher than seen in several decades. Consequently, the high inflationary condition led Central Banks across the world to raise interest rates to keep the inflation pressures under control, which in turn led to slower economic growth. This was followed by tightened financial conditions in most regions, resulting in high cost-of-living.

On the back of the developments in the global economy, including the recent financial sector turbulence in the United States, growth is projected to slow to 2.8 percent in 2023, down from the 3.4 percent in 2022. However, latest projections pointed to some rebound in economic activity resulting from easing of pandemic restrictions, supply chain bottlenecks and falling energy prices. Global headline inflation is also expected to ease to 6.6 percent by December, 2023, from the previous year 8.8 percent.

THE GHANAIAN ECONOMY

The global economic developments significantly impacted Ghana's economy in diverse ways. The overall economic growth rate slowed to 3.1% in the year 2022 from 5.1% in the previous year, attributable to slowdown in the agriculture and service sectors. The Ghana Cedi was not left out of the woods, as it came under intense pressure during the year under review, mainly due to sovereign downgrades, lack of access to the international markets and heightened foreign exchange demand pressures, resulting in a sharp depreciation over the period.

The annual inflation rate also rose significantly more than two-decade high to 54.1% in December, 2022. However, recent price developments indicated that the inflation surge has peaked, with two consecutive drops to 42.2 percent in May, 2023. There was, however, a slight rise to 42.5 percent in June, 2023. The decline in inflation was attributed to lower food and beverage inflation, while non-food inflation remained fairly stable.

To support the objective of restoring public debt sustainability, the Government of Ghana launched the Domestic Debt Exchange Programme (DDEP) in the last quarter of the year for the voluntary exchange of approximately GHS137 billion domestic notes and bonds of the Republic, including E.S.L.A. and Daakye bonds, for a package of New Bonds issued by the Republic. This however, excluded Treasury Bills in totality.

Negative sentiments from the DDEP partly contributed to the sharp depreciation of the Cedi, which has, however, recovered as the country reached a Staff Level Agreement (SLA) with the IMF, amid tightening monetary policy. The Government resorted to the IMF programme with the aim to restore macroeconomic stability and debt sustainability while laying the foundation for stronger and more inclusive economic growth.

THE BANKING INDUSTRY

Happenings in the banking sector were broadly reflective of the current macroeconomic conditions, with rising cost of credit due to inflationary pressures, and revaluation-driven balance sheet performance. As a result, the performance of the sector moderated during the year under review, compared with the previous year. Some key financial indicators recorded significant declines on account of the macroeconomic conditions and the implementation of the DDEP, in which all affected universal banks and RCBs participated.

Industry profitability levels declined, driven by the ripple effect of the DDEP, mark-to-market losses on investments, higher impairments on loans, and rising operating costs. Profit-After-Tax was GH¢3.9 billion at end December, 2022, representing 18.9 percent contraction year-on-year, compared to 12.3 percent annual growth recorded in 2021. Total investments also contracted by 4.8 percent to GH¢79.2 billion, relative to a 29.0 percent annual growth in 2021, resulting from impairment losses from the DDEP. Total assets, however, increased to GH¢221.0 billion, representing an annual growth of 22.9 percent in year 2022, compared to a growth of 20.4 percent in the previous year. Total deposits ended the year at GH¢157.9 billion, representing an increase of 30.4 percent in 2022, relative to a growth of 16.6 percent in 2021. Credit extension also saw significant increase, with a growth rate of 30.2 percent to GH¢70.0 billion from GH¢53.8 billion in December, 2021.

Asset quality marginally improved, as NPL ratio reduced to 14.8 percent in December, 2022 from 15.2 percent in the previous year, on account of higher credit growth, relative to the increased stock of NPLs. The industry's average CAR declined to 16.6 percent from 19.6 percent in December, 2021, which was adjusted with the effect of the DDEP with its associated regulatory reliefs, which resulted in 15.7 percent. The adjusted CAR reflected valuation losses on Government of Ghana bonds, elevated credit risk, and revaluation losses on foreign currency denominated loans.

THE RURAL BANKING INDUSTRY

The rural banking sub-sector recorded some improvements in the year under review. Profit Before Tax grew by 44.8 percent to GH¢164.0 million as at December, 2022 from GH¢113.3 million recorded a year ago. Total assets also grew by 25.6 percent year-on-year from GH¢6.7 billion to GH¢8.4 billion at the end of December, 2022. Deposits rose by 25.4 percent from GH¢5.9 billion in December, 2021 to GH¢7.4 billion. Loans and advances also recorded an increase of 18.2 percent from GH¢2.2 billion to GH¢2.6 billion. CAR and NPL improved marginally year-on-year to 10.7 percent and 11.2 percent in 2022, from 9.9 percent and 10.8 percent recorded in 2021, respectively.

Profit Before Tax grew by 44.8% to

GH¢164.0

Million as at December 2022

Total assets also grew by

25.6%

Deposits rose by

25.4%

Loans advances rose by

18.2%

from GH¢2.2 billion to GH¢2.6 billion

It is worth noting that, participating in the Government of Ghana DDEP programme has compounded the effects of the already unresolved RCBs locked-up funds with some Securities and Exchange Commission (SEC) regulated institutions. RCBs held significant funds in Government related bonds, which have been exchanged for new holdings under the DDEP. The ARB Apex Bank, however, will continue with its engagements with regulators and government officials to salvage the situation to ensure improvement and sustainability in the industry.

THE BANK'S PERFORMANCE

Cherished Shareholders, the challenging economic conditions under which the Bank operated for the period under review cannot be overlooked. The high inflation rate, significant depreciation of the Ghana Cedi, uncertainty in the global economic outlook and the effect of the Government of Ghana DDEP generally impacted on the performance of the Bank. The Bank recorded an impressive, unprecedented Profit Before Tax of GH¢10.4 million. However, the participation of the Bank in the Government of Ghana DDEP, resulted in significant impairment losses of GHc113.6 million, leading to a Loss Before Tax of GH¢103.5 million at the end of December 2022.

Notwithstanding the difficult times, the Bank performed creditably during the year under review. Total assets grew by 47.0 percent from GH¢702.3 million recorded in 2021 to GH¢1.0 billion in 2022.

This was largely influenced by significant growth in Deposits by 63.0 percent from GH¢621.6 million in 2021 to GH¢1.0 billion in 2022. Investments of the Bank was, however, written down by the effects of the DDEP, but saw an increase from GH¢405.8 million in 2021 to GH¢432.4 million in 2022. Overall operating income recorded growth of 37.9 percent from GH¢78.2 million in 2021 to GH¢107.8 million in 2022.

As reported at the last AGM, some RCBs continued to invest in other financial institutions as well as borrowed from same, with their deposits pledged as collateral. However, there was significant improvement as most RCBs channelled their deposits to the Bank, which resulted in the significant increase in deposits.

Dear Shareholders, as announced last year, your Bank continued to invest heavily in infrastructure to support the smooth running of our RCBs. This includes heavy investment in ICT equipment to replace the ageing data centre infrastructure to sustain the rural banking industry. As you are aware, the Bank, together with RCBs also invested in the acquisition of protective bullet proof vests and helmets to help protect specie operators. In addition, eight (8) new armoured Bullion Vans out of the eleven that were acquired based on your approval, have been shipped by the Vendor to complement the three (3) already in use. This would go a long way to support cash-in-transit operations of the Bank and RCBs. Above, all, the Bank has provided support to eleven (11) RCBs to acquire and retrofit their Bullion Vans as specified by the regulator.

It is worth noting that, the world is moving into artificial intelligence (AI), and this calls for the Bank to continue to explore avenues to meet the challenging and continuous disruption in the banking industry to enable rural banks remain relevant in their catchment areas. It is our wish to assure you that we shall maintain and improve the prudent practices already in place to ensure growth in shareholder value.

“

It is worth noting that, the world is moving into artificial intelligence (AI), and this calls for the Bank to continue to explore avenues to meet the challenging and continuous disruption in the banking industry to enable rural banks remain relevant in their catchment areas.”

Dr. Anthony Kwesi Aubynn

CHANGES TO THE BOARD

Distinguished Shareholders, the Board had the full complement of its members in the year 2022. At the end of the year, Messrs Larry Kwesi Jiagge and Yaw Odame Darkwa had, however, retired from the Board in accordance with the terms of their contract.

Mr. Alex Kwasi Awuah was, on the other hand, appointed the Managing Director for four years effective 1st January, 2022. The revision of the ARB Apex Bank Limited Regulations, 2006 (L.I. 1825) is still under consideration.

CAPITALISATION OF THE BANK

It is a delight to acknowledge that RCBs approved the Bank's strategy to raise additional capital of GHS25.0 million over five years with GHS5.0 million annually to boost its capital base and reduce operational bottlenecks. With this, the paid-up capital of the Bank has recorded growth from GHS9.3 million as at December, 2022 to GHS10.9 million as at June, 2023. Deductions for the shares acquisition is done monthly.

With its current performance, the Bank would have been in a position to pay dividends to Shareholders, but was constrained by the woeful impact of the DDEP with its associated regulatory restrictions. Notwithstanding, this would be done when the restrictions are relaxed.

OUTLOOK

The global economic outlook remains uncertain with concerns about further possible spill overs from the recent bank failures in the US and the persisting geopolitical tensions from the Russia-Ukraine war. Based on these downside risks, global growth is projected to slow in 2023, relative to 2022. Global headline inflation has moderated in many economies, but underlying inflationary pressures remain strong due to tight markets conditions. Central banks are projected to continue to tighten policy rates, though at a slower pace and financing conditions would remain somewhat tight.

On the local economy, inflationary pressures may persist longer than expected, pushing interest rates higher than assumed as financial conditions remain tight. The somewhat weaker but still relatively strong US dollar and heightened uncertainty will continue to weigh on economic activities. The effects of these shocks are likely to be amplified by economic vulnerabilities and uncertainties.

The banking sector, not excluding the rural banking sub-sector, are experiencing the spill over effects of the DDEP. It is anticipated that the debt exchange would perform in accordance with the agreed tenets. The Bank shall, however, continue to take prudent decisions to take advantage of opportunities in the financial markets to ensure sustained growth.

ACKNOWLEDGEMENTS

Distinguished shareholders, let me first of all take the opportunity to thank the rural banking fraternity for their unflinching support throughout the years. We also want to thank the Bank of Ghana for their continuous support to our operations. The issue of an increase in corporate taxes paid by RCBs from 8% to 25% continues to be a lingering concern to RCB and I would like to take this opportunity to appeal to the Bank of Ghana to support the push for a decrease from the current 25% to at most 15% to help them deliver on their mandate of deepening financial intermediation in the rural economy of the country.
I wish also to express my deepest gratitude to my colleague Board members for your unwavering support and invaluable contributions during the period. Similarly, I thank Management and Staff of the Bank for their steadfast dedication to hard work.

I cannot forget our RCBs customers and External Auditors for their healthy business and professional partnership. I finally wish to thank you, our cherished Shareholders and colleague board members of our rural banks for the confidence you have reposed in us to steer the affairs of the Bank.

Thank you for your warm audience.

REPORT BY

Alex Kwasi Awuah
MANAGING DIRECTOR OF ARB APEX BANK

AT THE 21ST ANNUAL GENERAL MEETING (AGM) OF THE BANK AT THE ROCK CITY HOTEL, NKWATIA – KWAHU, SATURDAY, SEPTEMBER 23, 2023

INTRODUCTION

Mr. Chairman, esteemed Shareholders, and Directors of ARB Apex Bank, I bid you a warm welcome to the 21st Annual General Meeting (AGM) of the Bank. This is the second in-person AGM we are holding post COVID-19 although we cannot gloss over the unending global and domestic economic challenges. I am happy that we have all gathered here this morning to take stock of the performance of the Bank for the 2022 financial year.

STAFFING AND LEADERSHIP

a) During the year under review and in line with the Strategic Plan of the Bank, Curtis William Brantuo (esq.) was confirmed as Deputy Managing Director of the Bank effective December 1, 2022. A few employees also left the Bank through separation and statutory retirement. I am happy to report that the Bank continues to operate with a very lean staff though its scope of operations keeps expanding. In the year under review, we lost one employee to the icy hands of death, one was separated from the Bank through termination, another one resigned, while four went on statutory retirement upon attaining the mandatory age of 60 years. The total number of employees for the period, therefore, remained at 156. The total number of outsourced employees, who support various operational areas in the Bank remained at 37.

b) Implementation of the Strategic Plan also kicked into full effect on August 1, 2022, with seven (7) Heads-of-Department (HoD) and eight (8) Unit Heads assisting in undertaking various responsibilities in the implementation of the Plan. We have stepped up training to enable our employees at all levels acquire the necessary skills and capabilities to enable us deliver on the key strategic objectives of the Bank.

HIGHLIGHTS OF FINANCIAL PERFORMANCE

Distinguished Shareholders, the combined effects of the COVID-19 pandemic, the Russia-Ukraine conflict, and global economic meltdown and their severe adverse impact on the economy of Ghana have conspired to deal the Bank a huge blow as we recorded a Loss After Tax of GHS78.78 million in 2022 as compared to a loss of GHS3.51 million for the 2021 financial year. Although the previous year's loss was attributable to legacy communications charges and impairment of facilities extended to distressed Rural and Community Banks (RCBs), last year's loss was due largely to the

Government's Domestic Debt Exchange Programme (DDEP). Your Bank held a total amount of GHS434.0 million, which were restructured under the DDEP. Significant impairment amounting to GHS113.0 million was made in recognition of the restructured bonds. The good news though is that this year's projections are pointing to a major turnaround in the fortunes of the Bank. And all things being equal, we shall report a net profit for the coming financial year. It is our hope that Government can honour maturing coupons on every bond going forward, so that our plans are not jolted.

SPECIAL INITIATIVES IN THE YEAR

a) Financial Sector Development Project

Dear Directors, I am happy to report that our much awaited and touted Financial Sector Development Project (FSDP) under which the anchor Mobile, Agency, and Internet Banking solutions are to be delivered is gaining momentum. Currently, we have completed Train-the-Trainers and User Assessment Test (UAT) for the USSD Banking solution. I can also report that all the 5,000 pieces of the Point of Sale (PoS) devices have been procured and shipped into the country by the project consultants, Eban Capital. We plan to deploy the Mobile, and Agency Banking Applications by the end of the fourth quarter of 2023, while the Internet Banking Application shall be ready by quarter one of 2024. All the RCBs should, therefore, stand in readiness for the launch of this important landmark project, which if launched is expected to bring more delight and convenience to our esteemed customers, and bring a major turnaround in the fortunes of the RCBs.

b) Purchase of Bullion Vans

Dear Shareholders, to ensure that our Cash-In-Transit (CIT) and personnel are protected from miscreants in the society, the Bank has taken delivery of three (3) armoured bullion vans. The three have been placed in Accra, Ashanti, and Western regions; while we await the next batch of eight (8) for which Letters of Credit (LCs) have already been issued. As soon as the eight are delivered, the remaining regions of the country would each be allocated an armoured bullion van. This shall pave way for the full implementation of our specie management services. This will enable us to provide cash-in-transit services to our banks which will not be in the position to comply with the armoured bullion vans' directive from the Bank of Ghana and the Ghana Police Service.

c) Funds for on-lending

Distinguished Shareholders, we reported to you last year about our pursuit of various credit lines to help improve liquidity of the RCBs.

First, under the US$4.0 million funding facility from the African Development Bank (AfDB) US$1.0 million has been released to the Social Investment Fund (SIF). We are expecting SIF to release the funds to the Bank for onward disbursement to the RCBs.

Second, we are still pursuing a US$40 million co-financing facility from the International Fund for Agricultural Development (IFAD), for which IFAD has secured funding from the Green Climate Fund to be disbursed at affordable interest rates to smallholder farmers. This is to encourage adaptation and climate mitigation practices. The Parliament of Ghana recently approved the Funding Facility, and the necessary institutional arrangements are being put in place towards disbursement.

Additionally, the ARB Apex Bank has been selected as a partner for the implementation of the Affordable Agricultural Financing for Resilient Rural Development (AFFORD) Project, that involves a funding amount of US$69.7 million of which US$13.0 million of blended funds would be channeled to beneficiaries through ARB Apex Bank and the RCBs. The project is a collaborative agricultural finance initiative supported by the International Fund for Agricultural Development (IFAD) and the Government of Ghana. The primary aim is to provide accessible and affordable financing to farmers, and micro, small, and medium enterprises engaged in agricultural-related activities. The project focuses on enhancing food security and uplifting the livelihoods of smallholder farmers, women, and youth groups.

Third, the US$10 million facility from the ECOWAS Bank for International Development (EBID), is still being pursued. As part of the continuing engagements towards securing this facility, a high-level delegation led by Dr. Nana George Agyekum Donkor, President of EBID recently visited us from their Lome, Togo, Headquarters of the Bank to help appreciate the operations of the Bank and the sector further. The only challenge to the approval of this facility is the severe negative effect of the DDEP that has thrown the networth and the Capital Adequacy Ratio of your Bank into negative position. We hope that our quick recovery effort will enable us to access this funding support in due course.

d) ICT Infrastructure

In the year under review, we experienced significant challenges with the T-24 Core Banking Application, post implementation of the upgrade to R16 and R20. With the approval of the Board, we commissioned Consultants who have helped to address the challenges. There has been a marked improvement in our T-24 platform subsequently. The Wide Area Network (WAN) communications platform was stable throughout the year. The Information and Communications Technology (ICT) team at the ARB Apex Bank is working hard to synchronize the two T-24 platforms of the ARB Apex Bank and the RCBs to help address the challenges of duplication of resources in the management of these platforms and ensure efficiency of the services to customers.

e) Distressed RCBs

As reported last year, we have set up a specialized Unit called Business Intelligence and Distressed Banks' Reform Unit to data-based research to help the Bank assist ailing RCBs. So far, a lot of work has been done in this area as through this initiative, we have been engaging the OFISD and the distressed rural banks to chart sustainable paths to recovery.

f) Remittances Business

Dear Directors, due to the influx of phone and internet-based banking, there has been a marked decline in inward remittances at our locations across the country. ARB Apex Bank, therefore, commissioned a research to identify how to remedy the decline in our foreign remittance business. We identified that while remittances of the banking industry recorded a consistent growth trajectory, that of the ARB Apex Bank and the RCBs' network consistently declined. Chief among the recommendations from the research was the need for an urgent marketing programme to help shore up interest in, and attract remittance traffic to our locations. At this juncture, I wish to express appreciation to the Board of Directors for approving the budget for major communications campaign to help shore up interest in remittance services within our network. We will accordingly reach out to all RCBs for their support in undertaking the promotions activities.

g) Capitalization of Apex Bank

Last year, we managed to secure Shareholders' approval to support the Bank to shore up the stated capital position. Subscription to additional shares in the Bank has begun and we wish to thank you most sincerely for your support. We hope to grow the capital base of your Bank by GHS25.0 million within the next five years.

GRATITUDE

Distinguished Shareholders and Directors, my address cannot be complete without expressing my heartfelt gratitude to all Shareholders for the immense support and wise counsels you have offered me for the past one-and-a-half years that I have been Managing Director of this Bank. Though we cannot be certain that the economic challenges would be gone soon, it is our prayer that the economy would regain a marginal level of stability to help in effective planning and execution of our Strategic Plan.

Thank you for your attention.

God bless us all.

Independent Auditor's Report

To the Shareholders of
ARB Apex Bank PLC

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of ARB Apex Bank PLC, set out on pages 19 to 91, which comprise the statement of financial position as at 31 December 2022, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flow for the year then ended, the notes to the financial statements, including a summary of significant accounting policies and other explanatory disclosures.

In our opinion, the financial statements give a true and fair view of the financial position of ARB Apex Bank PLC as at 31 December 2022, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards, the requirements of the Companies Act, 2019 (Act 992) and the Banks and Specialised Deposit Taking-Institutions Act, 2016 (Act 930).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Bank in accordance with the requirements of the International Ethics Standards Board for Accountants' (IESBA) International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA code) and other independence requirements applicable to performing audits of financial statements in Ghana. We have fulfilled our other ethical responsibilities in accordance with the IESBA Code and other ethical requirements that are relevant to our audit of financial statements in Ghana.

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

Emphasis of Matter

(1) Unimpaired capital

We draw attention to notes 24 and 36 where the Bank has unimpaired capital of negative GH¢47.6 million as against the required authorized capital level of GH¢10 million specified in the ARB Apex Bank Regulations, 2006 (L.I. 1825).

(2) Capital Adequacy (CAR)

We draw attention to note 34 where the Bank's CAR at 31 December 2022 is (7.73%) as against the regulator's required level of 10%.

The going concern of the Bank depends on the injection of additional capital needed to address the unimpaired capital position and the CAR to be in line with the regulatory requirement.
Our opinion is not modified in respect of these matters.

Key Audit Matter

Key audit matter is the matters that, in our professional judgement, was of most significance in our audit of the financial statements of the current period. This matter was addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on this matter.

Independent Auditor's Report
To the Shareholders of ARB Apex Bank PLC

Loan Loss Provision	How the matter was addressed in the audit
As disclosed in Note 12, the impairment of loans amounted to GH¢ 14.5 million for the year, whilst the carrying value of loans and advances was GH¢ 70.8 million. Significant judgement is required by the directors in assessing the expected credit loss allowance of loans and advances. Accordingly, for the purposes of our audit, we identified the impairment of loans and advances as representing a significant risk of material misstatement and a key audit matter. The assumptions with the most significant impact on the cash flow forecast were; - Determining the staging of financial assets of the Bank which includes establishing groups of similar financial assets - Determining criteria for significant increase in credit risk - Determination of the probability of default (PD) and Loss Given Default (LGD), which includes establishing the relative weightings of forward-looking scenarios for each type of loan and the associated Expected Credit Loss (ECL). The Bank is required to compute loan provision in accordance with the Bank of Ghana (BOG) prudential guidelines. There is the risk of inappropriate classification of loans and advances in accordance with BOG's guidelines that results in inaccurate loan impairment computations. The Bank is also required to make transfers from income surplus to regulatory credit risk reserve based on the excesses of IFRS impairment and Bank of Ghana provision. The disclosures relating to impairment of loans and advances to customers, which are included in notes to the financial statements, are considered important to the users of the financial statements given the level of judgement and estimation involved.	We evaluated the design and tested the implementation and operating effectiveness of the key controls over the computation of impairment loss. In evaluating the design of controls, we considered the appropriateness of the control considering the nature and significance of the risk, competence and authority of person(s) performing the control, frequency and consistency with which the control is performed. In performing operating effectiveness of controls, we selected a sample of transactions based on the control frequency to determine whether the control operated effectively during the year. We performed an evaluation of management's key assumptions over the expected credit loss model (ECL), including the probability of default and the Loss Given Default. We challenged management's staging of its financial assets in the ECL module and tested facilities to ensure they have been included in the correct stage. We tested the underlying calibration data behind the determination of the probability of default by agreeing same to underlying supporting documentation. We found that the assumptions used by management were comparable with historical performance and have been assessed as reasonable. We further tested the disclosures to ensure that the required disclosures under IFRS 9 have been appropriately disclosed. We further assessed as appropriate the classifications of the Bank's loans and advances in accordance with Bank of Ghana, prudential guidelines and the transfer of any excess provision over the IFRS computed provisions to the regulatory credit Risk Reserve.

Independent Auditor's Report
To the Shareholders of ARB Apex Bank PLC

Impairment of Investments in Government Securities	
As disclosed in Note 11, investment in government securities (government bonds and bills) amounted to GH¢ 432 million. This represented 42% of the Bank's total assets. The bank recognised an impairment loss of GH¢ 114 million on these balances as at 31 December 2022, as a result of the Government's Domestic Debt Exchange Programme (GDDEP). This is the first time the bank is assessing government securities for impairment under the GDDEP and due to the significant judgements applied by management, we consider this to be a key audit matter. The areas of judgement within the Expected Credit Loss (ECL) process includes: * Whether the debt exchange programme is considered an adjustment subsequent event. * The determination of cashflows of the new bonds in accordance with the financial terms of the new bonds. * Whether an appropriate discount rate is used to calculate the ECL of the relevant government bonds. * The determination of the discount rate is complex as the new bonds do not have an active trading market. * Whether there is increased credit risk around other instruments issued by the Government of Ghana. * Whether the disclosures around the impairment of these investments are considered relevant to the users of the financial statement and in accordance with the applicable accounting standards.	We performed the following procedures on the ECL for investments in government securities with the assistance of our credit specialists: * We evaluated the design and tested the implementation of the key controls over the computation of impairment loss. * In evaluating the design of control, we considered the appropriateness of the control considering the nature and significance of the risk, competence and authority of the person(s) performing the control, frequency and consistency with which the control is performed. * We tested the completeness of the investments held with the Government of Ghana, obtained confirmations and reconciled the carrying amount of each category of investment to ensure all eligible bonds and other related exposures are fully assessed for impairment. * We evaluated the treatment of the valuation of the bonds as adjusting subsequent events. * For eligible bonds, we reviewed the expected cashflow and payments-in-kind from the new bonds based on the financial terms provided in the exchange memorandum. * We have engaged our internal specialist to challenge the appropriateness of the discount rate used for determining the present value of cashflows for the new bonds and also ensured that the rate used is within the acceptable range issued by the accounting and banking regulators. * For other investments held with the Government of Ghana, we challenged management on the appropriate staging, determination of an appropriate Loss Given Default (LGD) and Probability of Default (PD) for each category of investment. * We found that the assumptions used by management were comparable with current macroeconomic trends and have been assessed as reasonable.

Independent Auditor's Report
To the Shareholders of ARB Apex Bank PLC

Impairment of Investments in Government Securities	
	* Evaluated the appropriate application of regulatory directives on accounting for eligible bonds. * We further tested the disclosures to ensure that the disclosures have been made in accordance with the requirements of IFRS 9. * Based on the procedures performed, we found the judgement made by the Bank reasonable and assess the related disclosures as appropriate.

Other Information

The directors are responsible for the other information. The other information comprises the Report of the Directors and the Corporate Governance Report, which we obtained prior to the date of this report, and the Annual Report, which is expected to be made available to us after that date. The other information 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 and will not express an audit opinion or 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 on the other information obtained prior to the date of this auditor's report, 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 and fair presentation of the financial statements in accordance with International Financial Reporting Standards, the requirements of the Companies Act, 2019 (Act 992) and the Banks and Specialised Deposit Taking-Institutions Act, 2016 (Act 930) and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the 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.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

* Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- 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 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 those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine the matter that was of most significance in the audit of the financial statements of the current year and is therefore the key audit matter. We describe this matter in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

In accordance with the Seventh Schedule of the Companies Act, 2019 (Act 992) we expressly state that:

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

2. In our opinion:
    - proper books of accounts have been kept by the Bank, so far as appears from our examination of those books.
    - the information and explanations given to us, were in the manner required by the Companies Act, 2019 (Act 992) and give a true and fair view of the:

3. The Bank's statement of financial position and statement of profit or loss and other comprehensive income are in agreement with the accounting records and returns.

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

a. statement of financial position of the Bank at the end of the financial year, and

b. statement of profit or loss and other comprehensive income for the financial year.

Independent Auditor's Report

To the Shareholders of ARB Apex Bank PLC

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

1. We confirm that the accounts give a true and fair view of the state of the affairs of the Bank and the results of operations for the year under review.

2. We were able to obtain all the information and explanation required for the efficient performance of our duties as auditors.

3. We confirm that the transactions of the entity were within the powers of the Bank.

4. In our opinion, the Bank has generally complied with the provisions of the Anti-Money Laundering Act, 2008 (Act 749), as amended by the Anti-Money Laundering (Amendment) Act, 2014 (Act 874), the Anti-Terrorism Act, 2008 (Act 762) and Regulations made under these enactments and;
5. Except as disclosed in note 34 relating to regulatory breaches, the bank has generally complied with the provisions of the Banks and Specialised Deposit – Taking Institutions Act 2016, (Act 930).

The engagement partner on the audit resulting in this independent auditor's report is **Abena Biney (ICAG/P/1508)**

Deloitte & Touche.

For and on behalf of Deloitte & Touche (ICAG/F/2023/129)
Chartered Accountants
Plot No.71, Off George Walker Bush Highway
North Dzorwulu
Accra Ghana

24th May, 2023

ARB APEX BANK PLC

Statement of profit or loss and other comprehensive income

For the year ended 31 December 2022

	Notes	2021 GH¢	2020 GH¢
Interest Income	3	120,058,546	87,276,719
Interest expense	4	(37,346,804)	(21,563,250)
Net interest income		82,711,742	65,713,469
Fees & commission income	5	13,050,387	5,752,796
Net trading income	6	9,246,420	3,632,584
Other operating income	6(b)	2,809,027	3,074,518
Total operating income		107,817,576	78,173,367
Net Impairment loss on Loans & Advances	7(a)	(2,658,645)	(9,506,276)
Net Impairment loss on Invest. Securities	7(b)	(113,964,446)	-
Net operating Income		(8,805,515)	68,961,091
Personnel expenses	8	(50,785,885)	(41,207,064)
Lease expenses	9	(523,350)	(496,326)
Depreciation of PPE	17(a)	(5,667,855)	(4,362,396)
Amortisation of intangible assets	17(c)	(1,697,082)	(1,618,968)
Other operating expenses	9(b)	(36,051,290)	(25,498,348)
Total operating expenses		(94,725,462)	(73,183,102)
Loss before tax		(103,530,977)	(4,222,011)
Income tax credit	14(a)	_24,749,669	712,396
Loss for the year		(78,781,308)	(3,509,615)
Other comprehensive Income			
Items that will not be reclassified subsequently to profit or loss			
Gain / (loss) on postñretirement medical benefits (net of tax)	21(b)	__270,644	_(50,095)
Total comprehensive income for the year		(78,510,664)	(3,559,710)
Loss for the year attributable to owners of the bank		(78,510,664)	(3,559,710)
Earnings per share			
Basic earnings per share	15	(7.57)	(0.34)

ARB APEX BANK PLC

Statement of financial position

For the year ended 31 December 2022

Assets	Notes	2022 GH¢	2021 GH¢
Cash and cash equivalents	10	344,144,601	150,832,213
Investment securities (amortised costs)	11	432,463,465	405,840,913
Loans and advances to customers	12	56,310,557	30,775,989
Investments (other than securities)	13	5,418,781	5,418,781
Corporate tax assets	14(c)	1,436,673	2,731,620
Deferred tax assets	14(d)	29,642,160	1,722,934
Lease asset (right of use)	9(a)	746,438	900,931
Other assets	16	100,073,545	57,444,780
Property, plant and equipment	17(a)	57,359,536	44,810,422
Intangible assets	17(c)	2,634,933	1,843,832
Total Assets		1,030,230,689	702,322,415
Total liabilities and equity			
Liabilities			
Deposits from customers	18(a)	802,868,468	477,193,210
Other deposits	18(b)	211,958,904	144,457,877
Government grant	19	1,972,317	2,074,063
Long term borrowing	35	14,275,832	3,322,566
Lease liability	9(a)	708,237	726,049
Other liabilities	20	23,610,753	21,251,008
Total liabilities		1,055,394,511	649,024,773
Equity			
Issued capital	24	9,268,190	9,218,990
Retained earnings		(69,420,582)	9,360,726
Statutory reserves	25	12,584,856	
Revaluation reserves	33	21,983,155	21,983,155
Other reserves	26	420,559	149,915
Total Equity		(25,163,822)	53,297,642
Total liabilities and equity		1,030,230,689	702,322,415

Director
Date: 22 May, 2023

Director
Date: 22nd May, 2023

* The accompanying notes from an integrated part of these Finanacial Statements.

ARB APEX BANK PLC

Statement of changes in equity

For the year ended 31 December 2022

2022	**Stated capital GH¢**	**Retained earnings GH¢**	**Regulatory credit risk reserve GH¢**	**Other reserves GH¢**	**Revaluation reserve GH¢**	**Statutory reserve GH¢**	**Total GH¢**
At 1 January 2022	**9,218,990**	**9,360,726**	**-**	**149,915**	**21,983,155**	**12,584,856**	**53,297,642**
Loss for the year	**-**	**(78,781,308)**	**-**	**-**	**-**	**-**	**(78,781,308)**
Transfer to statutory reserves	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Other comprehensive income	**-**	**-**	**-**	**270,644**	**-**	**-**	**270,644**
Shares issued	**49,200**	**-**	**-**	**-**	**-**	**-**	**49,200**
Balance as of 31 December 2022	**9,268,190**	**(69,420,582)**	**-**	**420,559**	**21,983,155**	**12,584,856**	**(25,163,822)**

2021	Stated capital GH¢	Retained earnings GH¢	Regulatory credit risk reserve GH¢	Other reserves GH¢	Revaluation reserve GH¢	Statutory reserve GH¢	Total GH¢
At 1 January 2021	9,194,390	12,870,341	-	200,010	21,983,155	12,584,856	56,832,752
Profit for the year	-	(3,509,615)	-	-	-	-	(3,509,615)
Other comprehensive income	-	-	-	(50,095)	-	-	(50,095)
Shares issued	24,600	-	-	-	-	-	24,600
Balance as of 31 December 2021	9,218,990	9,360,726	-	149,915	21,983,155	12,584,856	53,297,642

The accompanying notes form an integral part of these financial statements.

ARB APEX BANK PLC

Statement of Cash Flows

For the year ended 31 December 2022

Assets	Notes	2022 GH¢	2021 GH¢
Cash flows from operating activities			
(Loss) /profit before taxation		**(103,530,977)**	(4,222,011)
Adjustments for:			
Depreciation and amortisation	**17(c)**	**7,364,936**	5,981,364
Depreciation of right of use assets	**9**	**154,493**	154,493
Finance cost of right to use assets	**9**	**124,770**	139,586
Impairment on loans and advances	**7(a)**	**2,728,645**	9,506,276
Impairment on invest. securities	**7(b)**	**113,964,446**	-
Impairment in term placements	**7(a)**	**(70,000)**	(294,000)
Actuarial (gains)/loss	**21(b)**	**360,858**	(50,095)
Notional Interest income	**6(b)**	**(983,012)**	(1,063,344)
Loss (profit) on disposal of property, plant and equipment	**6(b)**	**(403,651)**	110,281
Unrealised exchange (gains)/loss	**6(b)**	**(211,647)**	19,164
Capital grant amortisation	**6(b)**	**(101,746)**	(105,570)
		19,397,115	10,176,144
Changes in workings capital items			
Change in loans and advances to customers		**(27,210,199)**	2,344,193
Change in other assets		**(42,628,765)**	(6,242,070)
Change in deposits from customers		**325,675,258**	(34,600,121)
Change in other deposits		**67,501,027**	7,777,257
Change in other liabilities and provisions		**2,359,745**	(8,243,798)
		345,094,181	(28,788,395)
Income tax paid	**14(c)**	**(1,964,824)**	1,239,981)
Net cash generated from operating activities		**343,129,357**	(30,028,376)
Cash flows from investing activities			
(Purchase)/redemption of investing securities		**(140,586,998)**	13,029,231
Purchase of property, plant and equipment	**117(a)**	**(18,216,969)**	(10,435,588)
Proceeds from sale of property and equipment	**17(d)**	**403,651**	179,686
Purchase of intangible assets	**17(c)**	**(2,488,183)**	(559,799)
Net cash flows from investing activities		**(160,888,499)**	2,213,530
Financing Activities			
Proceeds from share issue	**24**	**49,200**	24,600
Lease payments	**9(a)**	**(142,582)**	(310,344)
Loan addition/(payments)	**35**	**10,953,265**	(10,860,479)
Net cash flows generated from financing activities		**10,859,883**	(11,146,223)
Net increase/(decrease) in cash and cash equivalents		**193,100,741**	(38,961,069)
Cash and cash equivalents at 1 January		**150,832,213**	189,812,446
Effects of exchange rate fluctuations on cash held		211,647	(19,164)
Cash and cash equivalents as at 31 December	**10**	**344,144,601**	150,832,213

The accompanying notes form an integral part of these financial statements.

ARB APEX BANK PLC

Notes to the Financial Statements

For the year ended 31 December 2022

1.1 Activities

The ARB Apex Bank Limited is a mini Central Bank in Ghana for the Rural and Community Banks (RCBs) financed mainly through the Rural Financial Services Project (RFSP), which is a Government of Ghana project to holistically address the operational bottlenecks of the rural financial sector with the aim of broadening and deepening financial intermediation in the rural areas.

The ARB Apex Bank Limited is registered and incorporated in Ghana as a Public Limited Company under the Companies Act, 2019 (Act 992), to provide corporate loans to rural banks, monitor their operations and serve as a primary dealer in the purchase of investment instruments on their behalf.

2.0 Basis of Preparation

Presentation of financial statements

The bank presents its statement of financial position broadly in order of liquidity. Financial assets and financial liabilities are offset and the net amount reported in the statement of financial position only when there is a current legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liability simultaneously. Income and expenses are not offset in profit or loss unless required or permitted by any accounting standard or interpretation, and as specifically disclosed in the accounting policies of the bank.

The financial statements have been presented in Ghana Cedi (GH¢) which is the functional currency and under the historical cost convention except land and buildings which are stated at fair values.

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) and Interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC).

2.1 Significant accounting judgments, estimates and assumptions

In the process of applying the Bank's accounting policies, management has exercised judgment and estimates in determining the amounts recognized in the financial statements. The most significant uses of judgment and estimates are as follows:

Deferred tax assets

Deferred tax assets are recognised in respect of tax losses to the extent that it is probable that future taxable profit will be available against which the losses can be utilised. Judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits, together with future tax-planning strategies. Tax losses can be utilized over a period of three years.

Key sources of estimation uncertainty

The following are key estimations that the directors have used in the process of applying the Bank's accounting policies and that have the most significant effect on the amounts recognized in financial statements:

- Establishing the number and relative weightings of forward-looking scenarios for each type of product/market and determining the forward-looking information relevant to each scenario: When measuring ECL, the Bank uses reasonable and supportable forward-looking information, which is based on assumptions for the future movement of different economic drivers and how these drivers will affect each other.

- Probability of default (PD): constitutes a key input in measuring ECL. PD is an estimate of the likelihood of default over a given time horizon, the calculation of which includes historical data, assumptions and expectations of future conditions.

- Loss Given Default (LGD): is an estimate of the loss arising on default. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, taking into account cash flows from collateral and integral credit enhancements, including analysis of the sensitivity of the reported ECL to changes in LGD resulting from changes in economic drivers.

- Fair value measurement and valuation process: In estimating the fair value of an asset or a liability, the Bank uses market-observable data to the extent that it is available. Where such Level 1 inputs are not available the Bank uses third party qualified valuers to perform the valuation.

2.2. Summary of significant accounting policies

The following are the significant accounting policies applied by the Bank in preparing its financial statements:

2.2.1 Property, plant and equipment

The Bank recognizes an item of property, plant and equipment as an asset when it is probable that future economic benefits will flow to it and the cost can be reliably measured.

Property, plant and equipment is stated at cost less accumulated depreciation and any impairment in value. Depreciation is provided on the depreciable amount of each asset on a straight-line basis over the anticipated useful life of the asset. The depreciable amount related to each asset is determined as the difference between the cost and the residual value of the asset. The residual value is the estimated amount, net of disposal costs that the Bank would currently obtain from the disposal of an asset in a similar age and condition as expected at the end of the useful life of the asset.

For the reporting year, the Bank separately depreciated bullion vans over a period of ten years due to their specialized nature, which differentiates them from the ordinary motor vehicles. They also have longer lifespan, much expensive and unique in terms of design, durability and purpose.

The current annual depreciation rates for each class of property, plant and equipment are as follows:

Buildings	2%
Furniture and fittings	15%
Plant and office equipment	20%
Computer hardware	33.33%
Motor vehicles	20%
Bullion vans	10%
Improvement in leased premises	20%

Costs associated with routine servicing and maintenance of assets are expensed as incurred. Subsequent expenditure is only capitalized if it is probable that future economic benefits associated with the item will flow to the Bank.

The carrying values of property, plant and equipment are reviewed for indications of impairment annually, or when events or changes in circumstances indicate that the carrying value may not be recoverable. If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets or cash-generating units are written down to their recoverable amount. The recoverable amount of property, plant and equipment is the greater of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present values using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceeds the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in profit or loss.

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the item. Any gain or loss arising on De-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in the profit or loss in the year the item is derecognized.

Residual values, useful lives and methods of depreciation for property, plant and equipment are reviewed, and adjusted prospectively if appropriate, at each financial year end.

Any revaluation increase arising on the revaluation of such land and buildings is credited to the property revaluation reserve, except to the extent that it reverses a revaluation decrease for the same asset previously recognised as an expense, in which case the increase is credited to profit or loss to the extent of the decrease previously expensed. A decrease in carrying amount arising on the revaluation of such land and buildings is charged as an expense to the extent that it exceeds the balance, if any, held in the property revaluation reserve relating to a previous revaluation of that asset.

Depreciation on revalued buildings is recognised in profit or loss. On the subsequent sale or retirement of a revalued property, the attributable revaluation surplus remaining in the property revaluation reserve is transferred directly to retained earnings.

2.2.1 Government grant

Government grants are recognized when grants are received or where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant relates to an expense item, it is recognized as income over the period necessary to match the grant on a systematic basis to the costs that it is intended to compensate. Where the grant relates to an asset, it is recognized as deferred income and released to income in equal amounts over the expected useful life of the related asset.

Where the Bank receives non-monetary grants, the asset and the grant are recorded gross at nominal amounts and released to profit or loss over the expected useful life and pattern of consumption of the benefit of the underlying asset by equal annual instalments.

Where loans or similar assistance are provided by governments or related institutions with an interest rate below the current applicable market rate, the effect of this favourable interest is regarded as additional government grant.

2.2.2 Lease arrangement

The Bank assesses whether a contract is or contains a lease, at inception of the contract. The Bank recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets. For these leases, the Bank recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Bank uses its incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise:
• Fixed lease payments (including in-substance fixed payments), less any lease incentives receivable;
• Variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
• The amount expected to be payable by the lessee under residual value guarantees;
• The exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and
• Payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

The lease liability is presented as a separate line in the statement of financial position.
The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The Bank remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- The lease term has changed or there is a significant event or change in circumstances resulting in a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.

- The lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using an unchanged discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used).

- A lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The Bank did not make any such adjustments during the periods presented.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, less any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Whenever the Bank incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognised and measured under IAS 37. To the extent that the costs relate to a right-of-use asset, the costs are included in the related right-of-use asset, unless those costs are incurred to produce inventories.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Bank expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

The right-of-use assets are presented as a separate line in the statement of financial position. The Bank applies IAS 36 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in the 'Property, Plant and Equipment' policy.

Variable rents that do not depend on an index or rate are not included in the measurement the lease liability and the right-of-use asset. The related payments are recognised as an expense in the period in which the event or condition that triggers those payments occurs and are included in the line "Other expenses" in profit or loss.

As a practical expedient, IFRS 16 permits a lessee not to separate non-lease components, and instead account for any lease and associated non-lease components as a single arrangement. The Group has not used this practical expedient. For a contract that contain a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

2.2.3 Foreign currencies translations

Assets and liabilities expressed in foreign currencies are translated into Ghana Cedi at the rates of exchange ruling at the reporting date. Transactions during the year are translated at the rates ruling at the dates of the transactions. Gains or losses on exchange are recognised in the profit and loss under the heading "Other Operating Income".

Transactions in foreign currencies are initially recorded by the Bank at their respective functional currency spot rates at the date the transaction first qualifies for recognition.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date.
Differences arising on settlement or translation of monetary items are recognised in profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions.

2.2.4 Employee benefits

The cost of all short-term employee benefits is recognized during the period employees render services, unless the entity uses the services of employees in the construction of an asset, at which stage it is included as part of the related property, plant and equipment item.

Leave benefits

Annual leave is provided in the period that the leave accrued.

Social security contributions

The Bank contributes to the defined contribution schemes (the Social Security Fund) on behalf of employees. This is a national pension scheme under which the Bank pays 13% of qualifying employees' basic monthly salaries to a state managed Social Security Fund for the benefit of the employees. All employer contributions are charged to profit or loss as incurred and included under personnel expenses.

Post-employment medical benefit

The Bank provides post-employment medical benefits to its retirees which are accrued as a liability in the financial statements, using the projected unit credit method. The entitlement to these benefits is conditional on the employee remaining in service up to retirement age and the completion of a minimum service period. The expected costs of these benefits are accrued over the period of employment.

The cost of providing benefits under the defined benefit plan is determined using the projected unit credit method. Re-measurements, comprising of actuarial gains and losses, the effect of the asset ceiling, excluding net interest (not applicable to the Bank) and the return on plan assets (excluding net interest), are recognised immediately in the statement of financial position with a corresponding debit or credit to retained earnings through other comprehensive income (OCI) in the period in which they occur. Re-measurements are not reclassified to profit or loss in subsequent periods.

Past service costs are recognised in profit or loss on the earlier of:

— The date of the plan amendment or curtailment, and

— The date that the bank recognises restructuring-related costs

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. The Bank recognises the following changes in the net defined benefit obligation under 'other operating expenses' in the statement of comprehensive income: Service costs comprising current service costs, past-service costs, gains and losses on curtailments and non-routine settlements.

The post-employment healthcare benefit obligations are valued annually by independent qualified actuaries.

Other employee benefits - loans at concessionary rate

The Bank grants facilities to staff of the Bank on concessionary terms. The Bank recognises such offerings as part of employee benefits on the basis that such facilities are granted to staff on the assumption of their continued future service to the Bank and not for their past service. The Bank's Lending Rate adjusted for risk not associated with the Bank's staff is applied to fair value such facilities. Any discount arising therefrom is recognised as a prepaid staff benefit which is amortised through profit or loss over the shorter of the life of the related facilities and expected average remaining working lives of employees.

2.2.5 Revenue recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Bank and the revenue can be reliably measured. Details of the revenue recognition procedure are as stated below:

(i) Interest and similar income and expense

Interest income or expense is recorded using the effective interest rate, which is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset or financial liability. The Bank currently does not charge any additional fee to the interest on the loan. This has resulted in the effective interest rate being equal to the nominal rate on the loan.

The carrying amount of the financial asset or financial liability is adjusted if the Bank revises its estimates of payments or receipts. The adjusted carrying amount is calculated based on the original effective interest rate and the change in carrying amount is recorded as 'Other operating income'. However, for a reclassified financial asset for which the Bank subsequently increases its estimates of future cash receipts as a result of increased recoverability of those cash receipts, the effect of that increase is recognised as an adjustment to the effective interest rate from the date of the change in estimate.

Once the recorded value of a financial asset or a group of similar financial assets has been reduced due to an impairment loss, interest income continues to be recognised using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss.

(ii) Fee and commission income

The Bank earns fee and commission income mainly from services provided to its customers. The services provided to the Rural and Community Banks include foreign inward transfer, training, specie services and management fees from donor fund management.

2.2.6 Determining fair value

The Bank measures all financial instruments initially at fair value, and are classified and subsequently measured depending on the classification. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the absence of a principal market, in the most advantageous market for the asset or liability
- In the principal market for the asset or liability, or

The principal or the most advantageous market must be accessible to by the Bank. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use. The Bank uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs. All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy disclosed in note 33.

2.2.7 Provisions

The Bank recognizes provisions when it has a present obligation (legal or constructive) as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Where the Bank expects some or all of a provision to be reimbursed, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain.

The expense relating to any provision is presented in profit or loss net of any reimbursement.

If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as a borrowing cost. Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. Contingent liabilities and contingent assets are disclosed in the notes to the financial statements.

2.2.8 Intangible assets

The Bank's intangible assets are the value of computer software. An intangible asset is recognised only when its cost can be measured reliably and it is probable that the expected future economic benefits that are attributable to it will flow to the bank. Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses.

The amortisation expense on intangible assets is recognised in profit or loss in the expense category consistent with the function of the intangible asset. Amortisation is calculated using the straight–line method to write down the cost of intangible assets to their residual values over their estimated useful lives as follows:

Computer software - 5 years.

2.2.9 Taxation

Current income tax

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date. Current income tax assets and liabilities also include adjustments for tax expected to be payable or recoverable in respect of previous periods. Current income tax relating to items recognised directly in equity or other comprehensive income is recognised in equity or other comprehensive income and not in profit or loss.

Deferred tax

Deferred tax is provided on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred tax liabilities are recognised for all taxable temporary differences, except:

Where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss, in respect of taxable temporary differences associated with investments in subsidiaries, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised except:

Where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss. In respect of deductible temporary differences associated with investments in subsidiaries, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date. Current tax and deferred tax relating to items recognised directly in equity are also recognised in equity and not in the profit or loss.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

2.2.10 Financial instruments

Financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Set out below are the specific IFRS 9 accounting policies applied in the current period.

(i) Classification and measurement of financial assets

Financial assets are recognised in the Bank's balance sheet when the Bank becomes a party to the contractual provisions of the instrument. Financial assets are measured at initial recognition at fair value, and are classified and subsequently measured at fair value through profit or loss (FVTPL), fair value through other comprehensive income (FVOCI) or amortised cost. Subsequent classification and measurement for debt securities is based on the Bank's business model for managing the financial instruments and the contractual cash flow characteristics of the instruments.

Debt instruments are measured at amortised cost if both of the following conditions are met and the asset is not designated as FVTPL:

(a) the asset is held within a business model that is Held-to-Collect (HTC) as described below, and

(b) the contractual terms of the instrument give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding (SPPI).

Debt instruments are measured at FVOCI if both of the following conditions are met and the asset is not designated as FVTPL:

(a) the asset is held within a business model that is Held-to-Collect-and-Sell (HTC&S) as described below, and

(b) the contractual terms of the instrument give rise, on specified dates, to cash flows that are SPPI.

(ii) Business model assessment

The Bank determines the business models at the level that best reflects how portfolios of financial assets are managed to achieve the Bank's business objectives. Judgment is used in determining the business models, which is supported by relevant, objective evidence including:

- How the economic activities of our businesses generate benefits, for example through trading revenue, enhancing yields or other costs and how such economic activities are evaluated and reported to key management personnel;

- The significant risks affecting the performance of our businesses, for example, market risk, credit risk, or other risks and the activities undertaken to manage those risks; and

- Historical and future expectations of sales of the loans or securities portfolios managed as part of a business model.

  The Bank's business models fall into three categories, which are indicative of the key strategies used to generate returns:

- Hold-to-Collect (HTC): The objective of this business model is to hold loans and securities to collect contractual principal and interest cash flows. Sales are incidental to this objective and are expected to be insignificant or infrequent.

- Hold-to-Collect-and-Sell (HTC&S): Both collecting contractual cash flows and sales are integral to achieving the objective of the business model.

- Other fair value business models: These business models are neither HTC nor HTC&S, and primarily represent business models where assets are held-for-trading or managed on a fair value basis.

(iii) SPPI assessment

Instruments held within a HTC or HTC&S business model are assessed to evaluate if their contractual cash flows are comprised of solely payments of principal and interest. SPPI payments are those which would typically be expected from basic lending arrangements. Principal amounts include par repayments from lending and financing arrangements, and interest primarily relates to basic lending returns, including compensation for credit risk and the time value of money associated with the principal amount outstanding over a period of time. Interest can also include other basic lending risks and costs (for example, liquidity risk, servicing or administrative costs) associated with holding the financial asset for a period of time, and a profit margin.

Where the contractual terms introduce exposure to risk or variability of cash flows that are inconsistent with a basic lending arrangement, the related financial asset is classified and measured at FVTPL.

(iv) Investment securities

Investment securities include all securities classified as FVOCI and amortised cost. All investment securities are initially recorded at fair value and subsequently measured according to the respective classification.

Investment securities carried at amortised cost are measured using the effective interest method, and are presented net of any allowance for credit losses, calculated in accordance with our policy for allowance for credit losses, as described below. Interest income, including the amortization of premiums and discounts on securities measured at amortised cost are recorded in interest income. Impairment gains or losses recognized on amortised cost securities are recorded in allowance for credit losses. When a debt instrument measured at amortised cost is sold, the difference between the sale proceeds and the amortised cost of the security at the time of the sale is recorded as a gain/ (loss) on Investment securities in Net trading and revaluation income.

Debt securities carried at FVOCI are measured at fair value with unrealized gains and losses arising from changes in fair value included in fair value reserve. Impairment gains and losses are included in allowance for credit losses and correspondingly reduce the accumulated changes in fair value included in fair value reserve. When a debt instrument measured at FVOCI is sold, the cumulative gain or loss is reclassified from fair value reserve to net gain/ (loss) on Investment securities in net trading and revaluation income

(v) Loans

Loans are debt instruments recognized initially at fair value and are subsequently measured in accordance with the classification of financial assets policy provided above. Loans are carried at amortised cost using the effective interest method, which represents the gross carrying amount less allowance for credit losses.

Interest on loans is recognized in interest income using the effective interest method. The estimated future cash flows used in this calculation include those determined by the contractual term of the asset and all fees that are considered to be integral to the effective interest rate.

Also included in this amount are transaction costs and all other premiums or discounts. Fees that relate to activities such as originating, restructuring or renegotiating loans are deferred and recognized as Interest income over the expected term of such loans using the effective interest method.

Where there is a reasonable expectation that a loan will be originated, commitment and standby fees are also recognized as interest income over the expected term of the resulting loans using the effective interest method. Otherwise, such fees are recorded as other liabilities and amortised into other operating income over the commitment or standby period.

Impairment losses on loans are recognized at each balance sheet date in accordance with the three-stage impairment model outlined below.

(vi) Allowance for credit losses

An allowance for credit losses (ACL) is established for all financial assets, except for financial assets classified or designated as FVTPL and equity securities designated as FVOCI, which are not subject to impairment assessment. Assets subject to impairment assessment include loans, overdrafts and debt securities. These are carried at amortised cost and presented net of ACL on the Statement of Financial Position. ACL on loans is presented in Allowance for credit losses - loans and advances. ACL on debt securities measured at FVOCI is presented in Fair value reserve in equity. Off-balance sheet items subject to impairment assessment include financial guarantees and undrawn loan commitments.

For all other off-balance sheet products subject to impairment assessment, ACL is separately calculated and included in Other Liabilities – Provisions.

The ACL is measured at each reporting date according to a three-stage expected credit loss impairment model which is based on changes in credit risk of financial assets since initial recognition:

1) Performing financial assets:

• Stage 1 – From initial recognition of a financial asset to the reporting date, where the asset has not experienced a significant increase in credit risk relative to its initial recognition, a loss allowance is recognized equal to the credit losses expected to result from defaults occurring over the 12 months following the reporting date. Interest income is calculated on the gross carrying amount of these financial assets.

• Stage 2 – Following a significant increase in credit risk relative to the initial recognition of the financial asset, a loss allowance is recognized equal to the credit losses expected over the remaining lifetime of the asset. Interest income is calculated on the gross carrying amount of these financial assets.

2) Impaired financial assets

• Stage 3 – When a financial asset is considered to be credit-impaired, a loss allowance is recognized equal to credit losses expected over the remaining lifetime of the asset. The Stage 3 expected credit loss impairment model is based on changes in credit quality since initial recognition. Interest revenue is calculated based on the carrying amount of the asset, net of the loss allowance, rather than on its gross carrying amount.

The ACL is a discounted probability-weighted estimate of the cash shortfalls expected to result from defaults over the relevant time horizon. For loan commitments, credit loss estimates consider the portion of the commitment that is expected to be drawn over the relevant time period. For financial guarantees, credit loss estimates are based on the expected payments required under the guarantee contract.

Increases or decreases in the required ACL attributable to purchases and new originations, derecognitions or maturities, and remeasurements due to changes in loss expectations or stage migrations are recorded in provision for credit losses. Write-offs and recoveries of amounts previously written off are recorded against ACL.

The ACL represents an unbiased estimate of expected credit losses on our financial assets as at the balance sheet date. Judgment is required in making assumptions and estimations when calculating the ACL, including movements between the three stages and the application of forward-looking information. The underlying assumptions and estimates may result in changes to the provisions from period to period that significantly affect our results of operations.

(vii) Measurement of expected credit losses

Expected credit losses are based on a range of possible outcomes and consider all available reasonable and supportable information including internal and external ratings, historical credit loss experience, and expectations about future cash flows. The measurement of expected credit losses is based primarily on the product of the instrument's probability of default (PD), loss given default (LGD) and exposure at default (EAD) discounted to the reporting date. Stage 1 estimates project PD, LGD and EAD over a maximum period of 12 months while Stage 2 estimates project PD, LGD and EAD over the remaining lifetime of the instrument.

An expected credit loss estimate is produced for each individual exposure. Relevant parameters are modelled on a collective basis using portfolio segmentation that allows for appropriate incorporation of forward-looking information.

Expected credit losses are discounted to the reporting period date using the effective interest rate.

(viii) Assessment of significant increase in credit risk

The assessment of significant increase in credit risk requires significant judgment. The Bank's process to assess changes in credit risk is based on the use 'backstop' indicators. Instruments which are more than 30 days past due may be credit-impaired. There is a rebuttable presumption that the credit risk has increased significantly if contractual payments are more than 30 days past due; this presumption is applied unless the bank has reasonable and supportable information demonstrating that the credit risk has not increased significantly since initial recognition.

In addition, the Bank also considers the following conditions in assessing a significant increase in credit risk especially for corporate loans and advances:

(i) Inadequate or unreliable financials and other information such as unavailability of audited financial statements.

(ii) A downgrade of a borrower by a recognised credit rating agency.

(iii) Non-cooperation of the borrower in matters pertaining to documentation.

(iv) Borrower is the subject of litigation by third parties that may have a significant impact on his financial position.

(v) Frequent changes in senior management of the obligor.

(vi) Intra-group transfer of funds without underlying transactions

(vii) Deferment/delay in the date of commencement if commercial operations by more than one year.

(viii) Modification of terms resulting in concessions granted to the borrower including extension of moratorium, deferment of payment, waiver of covenants etc.

(ix) Expectation of forbearance or restructuring due to financial difficulties.

The following are however considered as exceptions:

1. Outstanding obligation is a result of an amount being disputed between the bank and obligor where the dispute is not more than 90 days.
2. Outstanding obligation is an insignificant amount compared to the total amount due. Any amount not more than 10% is considered insignificant. Only applicable where there is no significant increase in credit risk and analysed on a case by case basis.

The assessment is generally performed at the instrument level and it is performed at least on quarterly basis. If any of the factors above indicate that a significant increase in credit risk has occurred, the instrument is moved from Stage 1 to Stage 2. The assessments for significant increases in credit risk since initial recognition and credit-impairment are performed independently as at each reporting period. Assets can move in both directions through the stages of the impairment model. After a financial asset has migrated to Stage 2, if it is no longer considered that credit risk has significantly increased relative to initial recognition in a subsequent reporting period, it will move back to Stage 1 after 90 days.

Similarly, an asset that is in Stage 3 will move back to Stage 2 if it is no longer considered to be credit-impaired after 90 days. An asset will not move back from stage 3 to stage 1 until after a minimum of 180 days, if it is no longer considered to be credit impaired.

For certain instruments with low credit risk as at the reporting date, it is presumed that credit risk has not increased significantly relative to initial recognition. Credit risk is considered to be low if the instrument has a low risk of default, and the borrower has the ability to fulfill their contractual obligations both in the near term and in the longer term, including periods of adverse changes in the economic or business environment.

(ix) Use of forward-looking information

The measurement of expected credit losses for each stage and the assessment of significant increase in credit risk considers information about past events and current conditions as well as reasonable and supportable projections of future events and economic conditions. The estimation and application of forward-looking information requires significant judgment.

The PD, LGD and EAD inputs used to estimate Stage 1 and Stage 2 credit loss allowances are modelled based on the macroeconomic variables (or changes in macroeconomic variables) that are most closely correlated with credit losses in the relevant portfolio. Each macroeconomic scenario used in our expected credit loss calculation includes a projection of all relevant macroeconomic variables applying scenario weights. Macroeconomic variables used in our expected credit loss models include GDP growth rate, interbank rates, inflation rate and population growth rate.

Our estimation of expected credit losses in Stage 1 and Stage 2 is a discounted probability-weighted estimate that considers a minimum of three future macroeconomic scenarios.

Our base case scenario is based on macroeconomic forecasts published by relevant government agencies. Upside and downside scenarios vary relative to our base case scenario based on reasonably possible alternative macroeconomic conditions.

Additional and more severe downside scenarios are designed to capture material non-linearity of potential credit losses in portfolios. Scenario design, including the identification of additional downside scenarios, occurs at least on an annual basis and more frequently if conditions warrant.

Scenarios are designed to capture a wide range of possible outcomes and weighted according to our best estimate of the relative likelihood of the range of outcomes that each scenario represents. Scenario weights take into account historical frequency, current trends, and forward-looking conditions and are updated on a quarterly basis. All scenarios considered are applied to all portfolios subject to expected credit losses with the same probabilities.

Our assessment of significant increases in credit risk is based on changes in probability-weighted forward-looking lifetime PD as at the reporting date, using the same macroeconomic scenarios as the calculation of expected credit losses.

(x) Definition of default

A default is considered to have occurred with regard to a particular obligor when either or both of the following events have taken place.

- The bank considers that the obligor is unlikely to pay its credit obligations in full, without recourse by the bank to actions such as realising security (if held).
- The obligor is past due more than 90 days on any material credit obligation to the bank (principal or interest). Overdrafts will be considered as being past due once the customer has breached an advised limit or been advised of a limit smaller than current outstanding.
- Interest payments equal to 90 days or more have been capitalized, rescheduled, rolled over into a new loan (except where facilities have been reclassified)

The elements to be taken as indications of unlikeliness to pay include:

- The bank sells the credit obligation at a material credit-related economic loss.
- The bank consents to a distressed restructuring of the credit obligation where this is likely to result in a diminished financial obligation caused by the material forgiveness, or postponement, of principal, interest or (where relevant) fees.
- The bank has filed for the obligor’s bankruptcy or a similar order in respect of the obligor’s credit obligation to the banking group.

The following are considered as exceptions:

a. Outstanding obligation is a result of an amount being disputed between the bank and obligor where the dispute is not more than 150 days;

b. In the case of specialized loans, default is defined as where the obligor is past due more than 180 days on any material credit obligation to the bank (principal or interest). In addition, it is consistent with the Bank's historical default pattern on this category of loans. The specialized loans to which this is applicable are Project Financing, Object Financing, Income Producing Real Estate, Commercial Real Estate and Mortgage Loans;

c. Outstanding obligation is an insignificant amount compared to the total amount due. Any amount not more than 10% of amount due is considered insignificant. Only applicable where there is no significant increase in credit risk and analysed on a case by case basis.

d. Exposure is still in default due to a new debit when the initial debit has been cleared. Usually occurs when the debit that initiated the initial days past due has been paid but the days past due continues to reflect a debit.

(xi) Credit-impaired financial assets (Stage 3)

Financial assets are assessed for credit-impairment at each balance sheet date and more frequently when circumstances warrant further assessment.

Evidence of credit-impairment may include indications that the borrower is experiencing significant financial difficulty, probability of bankruptcy or other financial reorganization, as well as a measurable decrease in the estimated future cash flows evidenced by the adverse

changes in the payments status of the borrower or economic conditions that correlate with defaults. A loan is considered for transfer from stage 2 to stage 1 where there is significant improvement in credit risk and from stage 3 to stage 2 (declassified) where the facility is no longer in default. Factors that are considered in such backward transitioning include the following:

i) Declassification of the exposure by all the licensed private credit bureau or the credit risk management system;

ii) Improvement of relevant credit risk drivers for an individual obligor (or pool of obligors);

iii) Evidence of full repayment of principal or interest.

Generally, the above are to represent an improvement in credit risk to warrant consideration for a backward transition of loans. Where there is evidence of significant reduction in credit risk, the following probationary periods should apply before a loan may be moved to a lower stage (indicating lower risk):

Transfer from Stage 2 to 1:- 90 days

Transfer from Stage 3 to 2:- 90 days

Transfer from Stage 3 to Stage 1:- 180 days

When a financial asset has been identified as credit-impaired, expected credit losses are measured as the difference between the asset's gross carrying amount and the present value of estimated future cash flows discounted at the instrument's original effective interest rate.

For impaired financial assets with drawn and undrawn components, expected credit losses also reflect any credit losses related to the portion of the loan commitment that is expected to be drawn down over the remaining life of the instrument.

When a financial asset is credit-impaired, interest ceases to be recognised on the regular accrual basis, which accrues income based on the gross carrying amount of the asset. Rather, interest income is calculated by applying the original effective interest rate to the amortised cost of the asset, which is the gross carrying amount less the related ACL.

(xii) Write-off

Loans and debt securities are written off when the Bank has no reasonable expectations of recovering the financial asset (either in its entirety or a portion of it). This is the case when the Bank determines that the borrower does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. A write-off constitutes a derecognition event.
The Bank may apply enforcement activities to financial assets written off. Recoveries resulting from the Bank's enforcement activities will result in impairment gains."

(xiii) Presentation of allowance for expected credit loss in the statement of financial position

Loss allowances for ECL are presented in the statement of financial position as follows:
• for financial assets measured at amortised cost: as a deduction from the gross carrying amount of the assets;
• for debt instruments measured at FVTOCI: no loss allowance is recognised in the statement of financial position as the carrying amount is at fair value. However, the loss allowance is included as part of the revaluation amount in the investment revaluation reserve;
• for loan commitments and financial guarantee contracts: as a provision; and

• where a financial instrument includes both a drawn and an undrawn component, and the Bank cannot identify the ECL on the loan commitment component separately from those on the drawn component: the Bank presents a combined loss allowance for both components. The combined amount is presented as a deduction from the gross carrying amount of the drawn component.
Any excess of the loss allowance over the gross amount of the drawn component is presented as a provision.

Debt and equity instruments that are issued are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement.

A financial liability is a contractual obligation to deliver cash or another financial asset or to exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavourable to the Bank or a contract that will or may be settled in the Bank's own equity instruments and is a non-derivative contract for which the Bank is or may be obliged to

deliver a variable number of its own equity instruments, or a derivative contract over own equity that will or may be settled other than by the exchange of a fixed amount of cash (or another financial asset) for a fixed number of the Bank's own equity instruments.

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities.

Equity instruments issued by the Bank are recognised at the proceeds received, net of direct issue costs. Repurchase of the Bank's own equity instruments is recognised and deducted directly in equity. No gain/loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Bank's own equity instruments.

(xiv) Financial liabilities and equity

The Bank recognizes financial liabilities when it first becomes a party to the contractual rights and obligations in the relevant contracts.

Under IFRS 9, financial liabilities are either classified as financial liabilities at amortised cost or financial liabilities at FVTPL.

The Bank classifies its financial liabilities as measured at amortised cost, except for:
i. Financial liabilities at FVTPL: this classification is applied to derivatives, financial liabilities held for trading (e.g. short positions in the trading booking) and other financial liabilities designated as such at initial recognition.

Gains or losses from financial liabilities designated at fair value through profit or loss are presented partially in other comprehensive income (the amount of change in the fair value of the financial liability that is attributable to changes in the Bank's own credit risk, which is determined as the amount that is not attributable to changes in market conditions that give rise to market risk) and partially profit or loss (the remaining amount of change in the fair value of the liability). This is unless such a presentation would create, or enlarge, an accounting mismatch, in which case the gains and losses attributable to changes in the Bank's credit risk are also presented in profit or loss;
ii. Financial guarantee contracts and commitments.

Other financial liabilities (not measured at FVTPL), including deposits and borrowings, are initially measured at fair value, net of transaction costs and subsequently measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The EIR is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

The Bank derecognises financial liabilities when, and only when, the Bank's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

When the Bank exchanges with the existing lender one debt instrument into another one with substantially different terms, such exchange is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, the Bank accounts for substantial modification of terms of an existing liability or part of it as an extinguishment of the original financial liability and the recognition of a new liability. It is assumed that the terms are substantially different if the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received and discounted using the original effective rate is at least 10 per cent different from the discounted present value of the remaining cash flows of the original financial liability.

(xv) Reclassification of financial assets

Financial assets are reclassified when and only when the business model for managing those assets changes. The reclassification takes place from the start of the first reporting period following the change. Such changes are expected to be very infrequent and none occurred during the period.

(xvi) Modification and derecognition of financial assets and liabilities

A modification of a financial asset occurs when the contractual terms governing the cash flows of a financial asset are renegotiated or otherwise modified between initial recognition and maturity of the financial asset. A modification affects the amount and/or timing of the contractual cash flows either immediately or at a future date.
In addition, the introduction or adjustment of existing covenants of an existing loan would constitute a modification even if these new or adjusted covenants do not yet affect the cash flows immediately but may affect the cash flows depending on whether the covenant is or is not met (e.g. a change to the increase in the interest rate that arises when covenants are breached).

The Bank renegotiates loans to customers in financial difficulty to maximise collection and minimise the risk of default. A loan forbearance is granted in cases where although the borrower made all reasonable efforts to pay under the original contractual terms, there is a high risk of default or default has already happened and the borrower is expected to be able to meet the revised terms.

The revised terms in most of the cases include an extension of the maturity of the loan, changes to the timing of the cash flows of the loan (principal and interest repayment), reduction in the amount of cash flows due (principal and interest forgiveness) and amendments to covenants.

When a financial asset is modified the Bank assesses whether this modification results in derecognition. In accordance with the Bank's policy a modification results in derecognition when it gives rise to substantially different terms. To determine if the modified terms are substantially different from the original contractual terms the Bank considers the following:
• Qualitative factors, such as contractual cash flows after modification are no longer SPPI, change in currency or change of counterparty, the extent of change in interest rates, maturity, covenants. If these do not clearly indicate a substantial modification, then;

• A quantitative assessment is performed to compare the present value of the remaining contractual cash flows under the original terms with the contractual cash flows under the revised terms, both amounts discounted at the original effective interest.

In the case where the financial asset is derecognised the loss allowance for ECL is remeasured at the date of derecognition to determine the net carrying amount of the asset at that date. The difference between this revised carrying amount and the fair value of the new financial asset with the new terms will lead to a gain or loss on derecognition.

The new financial asset will have a loss allowance measured based on 12-month ECL except in the rare occasions where the new loan is considered to be originated credit impaired. This applies only in the case where the fair value of the new loan is recognised at a significant discount to its revised paramount because there remains a high risk of default which has not been reduced by the modification.

The Bank monitors credit risk of modified financial assets by evaluating qualitative and quantitative information, such as if the borrower is in past due status under the new terms. When the contractual terms of a financial asset are modified and the modification does not result in derecognition, the Bank determines if the financial asset's credit risk has increased significantly since initial recognition by comparing:

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

For financial assets modified as part of the Bank's forbearance policy, where modification did not result in derecognition, the estimate of PD reflects the Bank's ability to collect the modified cash flows taking into account the Bank's previous experience of similar forbearance action, as well as various behavioural indicators, including the borrower's payment performance against the modified contractual terms. If the credit risk remains significantly higher than what was expected at initial recognition the loss allowance will continue to be measured at an amount equal to lifetime ECL. The loss allowance on forborne loans will generally only be measured based on 12-month ECL when there is evidence of the borrower's improved repayment behaviour following modification leading to a reversal of the previous significant increase in credit risk.

Where a modification does not lead to derecognition the Bank calculates the modification gain/loss comparing the gross carrying amount before and after the modification (excluding the ECL allowance). Then the Bank measures ECL for the modified asset, where the expected cash flows arising from the modified financial asset are included in calculating the expected cash shortfalls from the original asset.

The Bank derecognises a financial asset only when the contractual rights to the asset's cash flows expire (including expiry arising from a modification with substantially different terms), or when the financial asset and substantially all the risks and rewards of ownership of the asset are transferred to another entity.

If the Bank neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Bank recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Bank retains substantially all the risks and rewards of ownership of a transferred financial asset, the Bank continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain/loss that had been recognised in OCI and accumulated in equity is recognised in profit or loss, with the exception of equity investment designated as measured at FVTOCI, where the cumulative gain/loss previously recognised in OCI is not subsequently reclassified to profit or loss.

On derecognition of a financial asset other than in its entirety (e.g. when the Bank retains an option to repurchase part of a transferred asset), the Bank allocates the previous carrying amount of the financial asset between the part it continues to recognise under continuing involvement, and the part it no longer recognises on the basis of the relative fair values of those parts on the date of the transfer.

The difference between the carrying amount allocated to the part that is no longer recognised and the sum of the consideration received for the part no longer recognised and any cumulative gain/loss allocated to it that had been recognised in OCI is recognised in profit or loss. A cumulative gain/loss that had been recognised in OCI is allocated between the part that continues to be recognised and the part that is no longer recognised on the basis of the relative fair values of those parts. This does not apply for equity investments designated as measured at FVTOCI, as the cumulative gain/loss previously recognised in OCI is not subsequently reclassified to profit or loss.

(xvii) Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due in accordance with the terms of a debt instrument.

Financial guarantee contracts issued by the Bank are initially measured at their fair values and, if not designated as at FVTPL and not arising from a transfer of a financial asset, are subsequently measured at the higher of:

* the amount of the loss allowance determined in accordance with IFRS 9; and
* the amount initially recognised less, where appropriate, cumulative amount of income recognised in accordance with the Bank's revenue recognition policies.

Financial guarantee contracts not designated at FVTPL are presented as provisions on the statement of financial position and the re-measurement is presented in other revenue. The Bank has not designated any financial guarantee contracts as at FVTPL.

(xviii) Commitments to provide a loan at below market interest rate

Commitments to provide a loan at a below-market interest rate are initially measured at their fair values and, if not designated as at FVTPL, are subsequently measured at the higher of:

- the amount of the loss allowance determined in accordance with IFRS 9; and
- the amount initially recognised less, where appropriate, cumulative amount of income recognised in accordance with the revenue recognition policies.

Commitments to provide a loan below market rate not designated at FVTPL are presented as provisions in the statement of financial position and the re-measurement is presented in other revenue. The Bank has not designated any commitments to provide a loan below market rate designated at FVTPLThe standards and interpretations that are issued, but not yet effective, up to the date of issuance of the company's financial statements are disclosed below. ARB Apex Bank Limited intends to adopt these standards, if applicable, when they become effective.

2.2.11 Cash and cash equivalents

Cash and cash equivalents as referred to in the statement of cash flow comprises cash on hand, non – restricted current accounts with central banks and amounts due from banks on demand or with an original maturity of three months or less. Cash and cash equivalents are subsequently measured at amortized cost.

2.2.12 Application of new and revised International Financial Reporting Standards New and amended Standards that are effective for the current year.

In the current year, the Bank has applied a number of amendments to IFRS Accounting Standards issued by the International Accounting Standards Board (IASB) that are mandatorily effective for an accounting period that begins on or after 1 January 2022. Their adoption has not had any material impact on the disclosures or on the amounts reported in these financial statements.

New and revised IFRS Standards in issue but not yet effective

At the date of authorisation of these financial statements, the Bank has not applied the following new and revised IFRS Standards that have been issued but are not yet effective.

Amendments to IAS 1	Classification of Liabilities as Current or Non-current
Amendments to IFRS 3	Reference to the Conceptual Framework
Amendments to IAS 16	Property, Plant and Equipment—Proceeds before Intended Use
Amendments to IAS 37	Onerous Contracts—Cost of Fulfilling a Contract
Annual Improvements to IFRS Standards 2018-2020 Cycle	Amendments to IFRS 1 First-time Adoption of International Financial Reporting Standards, IFRS 9 Financial Instruments, IFRS 16 Leases, and IAS 41 Agriculture
Amendments to IAS 1 and IFRS Practice Statement 2	Disclosure of Accounting Policies
Amendments to IAS 8	Definition of Accounting Estimates
Amendments to IAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction

The directors do not expect that the adoption of the Standards listed above will have a material impact on the financial statements of the Bank in future periods, except as noted below:

Amendments to IAS 1 Presentation of Financial Statements—Classification of liabilities as current or noncurrent

The amendments to IAS 1 affect only the presentation of liabilities as current or non-current in the statement of financial position and not the amount or timing of recognition of any asset, liability, income or expenses, or the information disclosed about those items.

The amendments clarify that the classification of liabilities as current or non-current is based on rights that are in existence at the end of the reporting period, specify that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability, explain that rights are in existence if covenants are complied with at the end of the reporting period, and introduce a definition of 'settlement' to make clear that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services.

The amendments are applied retrospectively for annual periods beginning on or after 1 January 2023, with early application permitted.

Amendments to IFRS 3 Business Combinations—Reference to the Conceptual Framework

The amendments update IFRS 3 so that it refers to the 2018 Conceptual Framework instead of the 1989 Framework. They also add to IFRS 3 a requirement that, for obligations within the scope of IAS 37, an acquirer applies IAS 37 to determine whether at the acquisition date a present obligation exists as a result of past events. For a levy that would be within the scope of IFRIC 21 Levies, the acquirer applies IFRIC 21 to determine whether the obligating event that gives rise to a liability to pay the levy has occurred by the acquisition date.

Finally, the amendments add an explicit statement that an acquirer does not recognize contingent assets acquired in a business combination.

The amendments are effective for business combinations for which the date of acquisition is on or after the beginning of the first annual period beginning on or after 1 January 2022.

Amendments to IAS 16 Property, Plant and Equipment—Proceeds before Intended Use

The amendments prohibit deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced before that asset is available for use, i.e. proceeds while bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Consequently, an entity recognises such sales proceeds and related costs in profit or loss. The entity measures the cost of those items in accordance with IAS 2 Inventories.

The amendments also clarify the meaning of 'testing whether an asset is functioning properly'. IAS 16 now specifies this as assessing whether the technical and physical performance of the asset is such that it is capable of being used in the production or supply of goods or services, for rental to others, or for administrative purposes.

If not presented separately in the statement of comprehensive income, the financial statements shall disclose the amounts of proceeds and cost included in profit or loss that relate to items produced that are not an output of the entity's ordinary activities, and which line item(s) in the statement of comprehensive income include(s) such proceeds and cost.

The amendments are applied retrospectively, but only to items of property, plant and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after the beginning of the earliest period presented in the financial statements in which the entity first applies the amendments.

The entity shall recognise the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at the beginning of that earliest period presented.

The amendments are effective for annual periods beginning on or after 1 January 2022, with early application permitted.

Amendments to IAS 37 Provisions, Contingent Liabilities and Contingent Assets—Onerous Contracts—Cost of Fulfilling a Contract

The amendments specify that the 'cost of fulfilling' a contract comprises the 'costs that relate directly to the contract'. Costs that relate directly to a contract consist of both the incremental costs of fulfilling that contract (examples would be direct labour or materials) and an allocation of other costs that relate directly to fulfilling contracts (an example would be the allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract).

The amendments apply to contracts for which the entity has not yet fulfilled all its obligations at the beginning of the annual reporting period in which the entity first applies the amendments. Comparatives are not restated. Instead, the entity shall recognise the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings or other component of equity, as appropriate, at the date of initial application.

The amendments are effective for annual periods beginning on or after 1 January 2022, with early application permitted.

Annual Improvements to IFRS Standards 2018-2020—Amendments to IFRS 1 First-time Adoption of International Financial Reporting Standards, IFRS 9 Financial Instruments, IFRS 16 Leases, and IAS 41 Agriculture

The Annual Improvements include amendments to four Standards:

IFRS 1 First-time Adoption of International Financial Reporting Standards

The amendment provides additional relief to a subsidiary which becomes a first-time adopter later than its parent in respect of accounting for cumulative translation differences. As a result of the amendment, a subsidiary that uses the exemption in IFRS 1:D16(a) can now also elect to measure cumulative translation differences for all foreign operations at the carrying amount that would be included in the parent's consolidated financial statements, based on the parent's date of transition to IFRS Standards, if no adjustments were made for consolidation procedures and for the effects of the business combination in which the parent acquired the subsidiary. A similar election is available to an associate or joint venture that uses the exemption in IFRS 1:D16(a).

The amendment is effective for annual periods beginning on or after 1 January 2022, with early application permitted.

IFRS 9 Financial Instruments

The amendment clarifies that in applying the '10 per cent' test to assess whether to recognize a financial liability, an entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other's behalf.

The amendment is applied prospectively to modifications and exchanges that occur on or after the date the entity first applies the amendment.

The amendment is effective for annual periods beginning on or after 1 January 2022, with early application permitted.

IFRS 16 Leases

The amendment removes the illustration of the reimbursement of leasehold improvements.

As the amendment to IFRS 16 only regards an illustrative example, no effective date is stated.

Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2 Making Materiality Judgements—Disclosure of Accounting Policies

The amendments change the requirements in IAS 1 with regard to disclosure of accounting policies. The amendments replace all instances of the term 'significant accounting policies' with 'material accounting policy information'. Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements.

The supporting paragraphs in IAS 1 are also amended to clarify that accounting policy information that relates to immaterial transactions, other events or conditions is immaterial and need not be disclosed. Accounting policy information may be material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial. However, not all accounting policy information relating to material transactions, other events or conditions is itself material.

The Board has also developed guidance and examples to explain and demonstrate the application of the 'four-step materiality process' described in IFRS Practice Statement 2.

The amendments to IAS 1 are effective for annual periods beginning on or after 1 January 2023, with earlier application permitted and are applied prospectively. The amendments to IFRS Practice Statement 2 do not contain an effective date or transition requirements.

Amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors—Definition of Accounting Estimates

The amendments replace the definition of a change in accounting estimates with a definition of accounting estimates. Under the new definition, accounting estimates are "monetary amounts in financial statements that are subject to measurement uncertainty".

The definition of a change in accounting estimates was deleted. However, the Board retained the concept of changes in accounting estimates in the Standard with the following clarifications:

- A change in accounting estimate that results from new information or new developments is not the correction of an error
- The effects of a change in an input or a measurement technique used to develop an accounting estimate are changes in accounting estimates if they do not result from the correction of prior period errors

The Board added two examples (Examples 4-5) to the Guidance on implementing IAS 8, which accompanies the Standard.

The Board has deleted one example (Example 3) as it could cause confusion in light of the amendments.

The amendments are effective for annual periods beginning on or after 1 January 2023 to changes in accounting policies and changes in accounting estimates that occur on or after the beginning of that period, with earlier application permitted.

Amendments to IAS 12 Income Taxes—Deferred Tax related to Assets and Liabilities arising from a Single Transaction

The amendments introduce a further exception from the initial recognition exemption. Under the amendments, an entity does not apply the initial recognition exemption for transactions that give rise to equal taxable and deductible temporary differences.

Depending on the applicable tax law, equal taxable and deductible temporary differences may arise on initial recognition of an asset and liability in a transaction that is not a business combination and affects neither accounting nor taxable profit. For example, this may arise upon recognition of a lease liability and the corresponding right-of-use asset applying IFRS 16 at the commencement date of a lease.

Following the amendments to IAS 12, an entity is required to recognise the related deferred tax asset and liability, with the recognition of any deferred tax asset being subject to the recoverability criteria in IAS 12.

The Board also adds an illustrative example to IAS 12 that explains how the amendments are applied. The amendments apply to transactions that occur on or after the beginning of the earliest comparative period presented. In addition, at the beginning of the earliest comparative period an entity recognises:

- A deferred tax asset (to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised) and a deferred tax liability for all deductible and taxable temporary differences associated with:
  - Right-of-use assets and lease liabilities
  - Decommissioning, restoration and similar liabilities and the corresponding amounts recognised as part of the cost of the related asset

- The cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at that date.

The amendments are effective for annual reporting periods beginning on or after 1 January 2023, with earlier application permitted.

Transfers of Investment Property — Amendments to IAS 40

The amendments clarify when an entity should transfer property, including property under construction or development into, or out of investment property. The amendments state that a change in use occurs when the property meets, or ceases to meet, the definition of investment property and there is evidence of the change in use. A mere change in management's intentions for the use of a property does not provide evidence of a change in use. Entities should apply the amendments prospectively to changes in use that occur on or after the beginning of the annual reporting period in which the entity first applies the amendments.

An entity should reassess the classification of property held at that date and, if applicable, reclassify property to reflect the conditions that exist at that date. Retrospective application in accordance with IAS 8 is only permitted if it is possible without the use of hindsight.

Effective for annual periods beginning on or after 1 January 2018. Early application of the amendments is permitted and must be disclosed.

The Bank does not currently have any investment property on its book to warrant the amendment. However, the Bank will apply amendments when it becomes necessary.

Annual Improvements 2014-2016 Cycle (issued in December 2016)

These improvements include:

IFRS 1 First-time Adoption of International Financial Reporting Standards - Deletion of short-term exemptions for first-time adopters

Short-term exemptions in paragraphs E3–E7 of IFRS 1 were deleted because they have now served their intended purpose. The amendment is effective from 1 January 2018. This amendment is not applicable to the Bank.

IAS 28 Investments in Associates and Joint Ventures - Clarification that measuring investees at fair value through profit or loss is an investment-by-investment choice

The amendments clarify that:

* An entity that is a venture capital organisation, or other qualifying entity, may elect, at initial recognition on an investment-by-investment basis, to measure its investments in associates and joint ventures at fair value through profit or loss.

* If an entity, that is not itself an investment entity, has an interest in an associate or joint venture that is an investment entity, the entity may, when applying the equity method, elect to retain the fair value measurement applied by that investment entity associate or joint venture to the investment entity associate's or joint venture's interests in subsidiaries. This election is made separately for each investment entity associate or joint venture, at the later of the date on which: (a) the investment entity associates or joint venture is initially recognised; (b) the associate or joint venture becomes an investment entity; and (c) the investment entity associates or joint venture first becomes a parent.

The amendments should be applied retrospectively and are effective from 1 January 2018, with earlier application permitted. If an entity applies those amendments for an earlier period, it must disclose that fact.
These amendments are not applicable to the Bank.

Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts - Amendments to IFRS 4

The amendments address concerns arising from implementing the new financial instruments standard, IFRS 9, before implementing IFRS 17 Insurance Contracts, which replaces IFRS 4. The amendments introduce two options for entities issuing insurance contracts: a temporary exemption from applying IFRS 9 and an overlay approach. The temporary exemption is first applied for reporting periods beginning on or after 1 January 2018.

An entity may elect the overlay approach when it first applies IFRS 9 and apply that approach retrospectively to financial assets designated on transition to IFRS 9. The entity restates comparative information reflecting the overlay approach if, and only if, the entity restates comparative information when applying IFRS 9.

IFRIC Interpretation 22 Foreign Currency Transactions and Advance Consideration

The Interpretation clarifies that, in determining the spot exchange rate to use on initial recognition of the related asset, expense or income (or part of it) on the derecognition of a non-monetary asset or non-monetary liability relating to advance consideration, the date of the transaction is the date on which an entity initially recognises the non-monetary asset or non-monetary liability arising from the advance consideration.

If there are multiple payments or receipts in advance, then the entity must determine the transaction date for each payment or receipt of advance consideration. Entities may apply the amendments on a fully retrospective basis. Alternatively, an entity may apply the interpretation prospectively to all assets, expenses and income in its scope that are initially recognised on or after:

i. The beginning of the reporting period in which the entity first applies the interpretation, or

ii. The beginning of a prior reporting period presented as comparative information

iii. in the financial statements of the reporting period in which the entity first applies the interpretation.

The Interpretation is effective for annual periods beginning on or after 1 January 2018. Early application of interpretation is permitted and must be disclosed. The Bank's current practice is in line with the interpretation, and so there is no effect on its financial statements.

IFRIC Interpretation 23 Uncertainty over Income Tax Treatment

The Interpretation addresses the accounting for income taxes when tax treatments involve uncertainty that affects the application of IAS 12 and does not apply to taxes or levies outside the scope of IAS 12, nor does it specifically include requirements relating to interest and penalties associated with uncertain tax treatments.

The Interpretation specifically addresses the following:

Whether an entity considers uncertain tax treatments separately

* The assumptions an entity makes about the examination of tax treatments by taxation authorities
* How an entity determines taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates
* How an entity considers changes in facts and circumstances

An entity must determine whether to consider each uncertain tax treatment separately or together with one or more other uncertain tax treatments. The approach that better predicts the resolution of the uncertainty should be followed. The interpretation is effective for annual reporting periods beginning on or after 1 January 2019, but certain transition reliefs are available.

3. Interest income

	2022	2021
	GH¢	GH¢
Cash and cash equivalents	21,673,781	10,128,011
Loans and advances to rural banks	7,158,028	4,472,552
Investment securities	90,128,157	71,760,529
Loan and advances to staff	1,082,578	903,836
Mobile money interest	16,002	11,791
	120,058,546	87,276,719

4. Interest expense

	2022	2021
	GH¢	GH¢
Clearing balances	2,248,067	1,576,362
Fixed and time Apex certificate of deposit	24,193,120	7,986,588
Borrowings-inter-bank	1,424,610	150,834
Borrowings- other financial ins.	403,033	1,578,828
Short term deposits (Rural Community Banks)	2,656,680	2,537,508
Staff balances	171,524	151,749
Mobile money balances	6,249,770	7,581,381
	37,346,804	21,563,250

5. Fees and commissions income

	2022	2021
	GH¢	GH¢
Apex link and money transfers	44,612	70,979
Foreign transfers	704,220	857,948
Managed funds	349,780	461,031
Specie fees	190,844	128,876
Commission on clearing	1,163,301	1,189,065
Training fees	1,632,830	1,255,330
Commission on MICR cheque	1,301,680	625,494
Other commissions	7,363,136	840,622
SMS commission	299,984	323,451
	13,050,387	5,752,796

6. Net trading income

Gains from foreign currency dealings	9,246,420	3,632,584

6b. Other operating income

	2022	2021
	GH¢	GH¢
Exchange gain/(loss)	**211,647**	(19,164)
Capital grant amortisation	**101,745**	105,570
Notional interest	**983,012**	1,063,344
Profit/(loss) on disposal	**403,651**	(110,282)
Other income	**1,108,972**	2,035,050
	2,809,027	3,074,518

Other income relates to cost incurred by the bank and subsequently recovered from RCBs.

7a. Net impairment loss on financial assets

	2022	2021
	GH¢	GH¢
Stage 3 impairment on loans	**2,090,459**	8,694,320
Stage 1 impairment on loans	**638,186**	811,956
Total impairment on loans (Note 12)	**2,728,645**	9,506,276
Term placements impairment writeback	**(70,000)**	(294,000)
	2,658,645	9,212,276

7b. Net impairment loss on invest. securities

Domestic Debt Exchange Program	**113,964,446**	-

The government of Ghana announced a Debt exchange program during the last quarter of 2022. Under the program, the Government of Ghana, ESLA and Daakye Bonds (eligible bonds) outstanding as at 31 December 2022 was to be exchanged for a new set of bonds with terms specified by the Government. Though the announcement of the exchange occurred during the year under review, the exchange of the bonds occurred after the year end. Management has therefore assessed for the modification of the bonds during the subsequent period as required by IFRS 9.

The Bank subjected the eligible old bonds to specific Expected Credit Loss assessment in accordance with IFRS 9. In the assessment, the bank determined the eligible bonds as credit impaired. The default by the obligor, the issue of the new bonds with a significantly lower coupons and the modification of the tenure qualifies the instruments as originated credit impaired.

In assessing the impairment, the credit impaired financial asset carries a probability of Default (PD) of 100%. The bank determined the cashflows from the new bonds as the collateral for the old eligible bonds, this was used in the determination of the Loss Given Default (LGD). This was fair valued using the discounted cashflow technique in accordance with the requirement of IFRS 13.

The discount rate used for the valuation of the bonds at 31 December 2022 was determined to be the weighted average of the yield to maturity of the old eligible bonds. The carrying amount of the eligible bonds was compared to the fair values determined using the discounted cashflows and the difference was deemed as the impairment loss on the eligible bonds.

The debt exchange did not result in the transfer of cash to or from the government, hence there is no impact of the debt exchange on cashflows.

8. Personnel expenses

	2022 GH¢	2021 GH¢
Wages and salaries	**32,456,638**	26,277,791
Social security cost	**5,329,338**	4,661,528
Staff accommodation	**2,167,201**	1,850,568
Medical expenses	**2,026,318**	1,552,945
Staff travel and relocation	**6,389,971**	3,871,568
Other staff allowances	**2,416,419**	2,992,664
	50,785,885	41,207,064

Other staff allowances include cost of staff loans fair valuation of GH¢627,699 (2021: GH¢ 1,272,018)

9. Leases/rental expenses

	2022 GH¢	2021 GH¢
Depreciation of right-of-use (Note 9a)	**154,493**	154,493
Finance cost of lease liability	**124,770**	139,586
Short-term rental cost	**244,087**	202,247
	523,350	496,326

9(a). Right-of-use assets

	2022 GH¢	2021 GH¢
As at 1 January	**1,432,011**	1,276,852
Subsequent re-measurement	**-**	155,159
As at 31 December	**1,432,011**	1,432,011
Accumulated depreciation		
As at 1 January	**531,080**	376,587
Charge for the year (Note 9)	**154,493**	154,493
As at 31 December	**685,573**	531,080
Carrying amount	**746,438**	900,931

Lease liability	2022 GH¢	2021 GH¢
As at 1 January	**726,059**	741,648
Lease payments for the year	**(142,592)**	(310,344)
Finance cost of lease liability	**124,770**	139,586
Subsequent re-measurement	**-**	155,159
As at 31 December	**708,237**	726,049

The Bank leases several leased properties used as its branches. The average lease term is 9 years (2021: 9 years).

None of the leased property expired in the current year and no contract was replaced. None of the property leases in which the Bank is the lessee contain variable lease payment terms that are linked to sales generated from the leased property.

There are no extension or termination options on the lease.

The maturity analysis of lease liabilities is presented in note 28.

9(b). Other operating expenses

	2022 GH¢	2021 GH¢
Professional fees	**266,568**	589,809
Costs of bailout	**1,406,046**	1,406,046
Directors' fees & allowance	**1,274,172**	1,063,115
Utilities and cleaning	**3,163,741**	2,787,809
Audit fees	**217,000**	174,240
Staff training	**464,114**	361,386
Rental	**80,759**	84,408
Training of rural banks	**1,509,461**	1,020,837
Repairs and maintenance	**1,911,516**	1,402,102
Meeting and conferencing	**1,307,425**	554,962
Travels (local and foreign)	**5,972,397**	2,990,030
Advertising and marketing	**866,283**	447,275
Specie	**303,761**	242,985
Communication	**1,147,788**	764,268
Insurance	**838,897**	633,533
Printing/ stationery	**669,205**	645,175
Office running costs	**1,551,500**	838,565
Fuel and lubricants	**1,039,374**	487,988
Vehicle maintenance costs	**459,928**	383,402
Subscription /license and dues	**3,551,630**	2,345,324
Donations	**279,168**	157,892
New products expenses	**-**	28,080
Clothing & image enhancement	**3,176,906**	2,826,620
Outsourced service	**2,530,004**	2,044,836
Bank charges	**273,035**	185,632
GIS/ swift charges	**217,486**	115,506
Postage	**186,110**	192,568
Communication cost - RCBs	**1,320,040**	714,562
Overs and shorts in till	**66,976**	9,393
	36,051,290	25,498,348

10. Cash and cash equivalents

	2022 GH¢	2021 GH¢
Cash and balances with banks	**43,155,177**	38,465,722
Mobile money e-cash	**46,744,156**	13,780,989
Unrestricted balances with the central bank	**73,745,268**	43,655,502
Money market placements	**180,500,000**	55,000,000
Impairment–term placement	**-**	(70,000)
	344,144,601	150,832,213

There are no restrictions on these cash balances and the cash with central bank are non-interest bearing. There are no indications of impairment for cash due from the central bank for 2022. The interest rate on placement due from other banks ranged from 12.96% - 25.43% (12.70% - 13.56% in 2021).

11. Investment securities – amortised Cost

	2022 GH¢	2021 GH¢
Government debt securities	**410,503,411**	350,348,818
Treasury bills held to maturity	**135,924,500**	55,492,095
Bond exchange impairment	**(113,964,446)**	-
	432,463,465	405,840,913

The average interest rate on the held to maturity investments are 91-day Treasury bill rate 35.36%; 182-day Treasury bill 35.90%; 364-day Treasury bill 36.10%; 2-year Notes 21.5%; 5-year Notes 22.30%; 7-year Note 18.10% and 10-year Note 19.75%. Impairment was charged on investments in Government of Ghana bonds as there was a default during the year, resulting in debt exchange.

12. Loans and advances

	2022 GH¢	2021 GH¢
On-lending	**15,253,540**	10,759,065
Capital projects	**13,856,094**	3,312,086
Micro finance	**8,425,424**	-
Short term loan	**7,720,427**	18,782,789
Long term loan	**4,827,894**	1,129,160
Rural banks automobile loan	**3,592,584**	1,049,087
Staff loan	**17,112,145**	12,966,214
Total gross loans	**70,788,108**	47,998,401
Less: allowance for impairment losses	**(14,477,551)**	(17,222,412)
	56,310,557	30,775,989

	2022	2021
Non-performing loan (stage 3 impairment)	**11,944,946**	15,327,992
Non-performing loan ratio		
	16.87%	31.93%

Impairment losses on loans and advances

	2022	2021
	GH¢	GH¢
Stage 3 impairment	11,944,946	15,327,992
Stage 1 impairment	2,532,605	1,894,420
Balance as at 31 December	14,477,551	17,222,412

There was no interest charged on stage 3 loans.

Reconciliation of impairment losses

	2022	2021
	GH¢	GH¢
Balance as at 1 January	17,222,412	7,716,136
Charge for the year (Note 7)	2,728,645	9,506,276
Balance as at 31 December	19,951,057	17,222,412
Term placement	-	70,000
Bad debt written-off	(5,473,506)	-
Total impairment	14,477,551	17,292,412

13. Investment (Other than securities)

	2022	2021
	GH¢	GH¢
Balance as at 1 January	5,418,781	5,418,781
Notional interest income	-	-
	5,418,781	5,418,781

The Bank in 2015 invested directly in five (5) RCBs through the purchase of preference shares which were issued by those RCBs. The preference shares had a coupon rate of 2% p.a., redeemable in 10 years. This is measured at amortised cost. The bank has waived notional interest for the past 2 years. The carrying amount of the investment is fully secured with a cash-backed investments in Government of Ghana treasury bills.

14. Income tax expense

(a) Tax credit/(charged) to profit or loss

	2022 GH¢	2021 GH¢
Current income tax	3,259,771	-
Deferred tax relating to the origination and reversal of temporary differences	(28,008,440)	(712,396)
	(24,749,669)	(712,396)

(b) Reconciliation of tax charge to the expected tax based on accounting profit

	2022	2021
Accounting loss before taxation	(103,530,979)	(4,222,011)
Tax at the applicable rate of 25%	(25,882,745)	(1,055,503)
Tax on non-deductible expenses	31,223,158	2,195,138
		(1,437,456)
Income not subject to tax	(1,782,821)	
Adjusted tax profit / (loss)	(297,821)	297,821
Tax on temporary diff. to profit & loss	(28,009,440)	(712,396)
	24,749,669	712,396

(c) Corporate taxation

Year of Assessment 2022	At 1 January	Payment during the year	Charge for the year	At 31 December
	GH¢	GH¢	GH¢	GH¢
Corporate income tax				
Up to 2021	(2,581,620)	-	-	(2,581,620)
2022	-	(1,964,824)	3,259,771	1,294,947
	(2,581,620)	(1,964,824)	3,259,771	(1,286,673)
National Fiscal Stabilization Levy (NFSL)				
Up to 2021	(150,000)	-	-	(150,000)
	(150,000)	-	-	(150,000)
Total	(2,731,620)	(1,964,824)	3,259,771	(1,436,673)

(d) Deferred tax asset/(liabilities)	**2022 (GH¢)**	2021 (GH¢)
At 1 January	**1,722,934**	1,010,538
Charge to P&L	**28,009,440**	712,396
At 31 December	**29,732,374**	1,722,934
Charge to OCI (Note 21b)	**(90,214)**	-
	29,642,160	1,722,934

15. Earnings per share

Basic earnings per share is calculated by dividing the net profit for the year attributable to ordinary equity holders of the Bank by the weighted average number of ordinary shares outstanding during the year.

There are no other class of shares that will affect the basic earnings per share. Diluted earnings per share will be equal to the basic earnings per share as there are no dilutive instruments.

The following table shows the income and share data used in the basic earnings per share

	2022	2021
Net loss attributable to ordinary equity holders of the parent (GH¢)	**(78,510,664)**	(3,559,710)
Weighted average number of ordinary shares for basic earnings per share	**10,367,621**	10,347,621

Earnings per share	**2022 GH¢**	2021 GH¢
Earnings per share	**(7.57)**	(0.34)

There have been no transactions involving ordinary shares or potential ordinary shares between the reporting date and the date of the completion of these financial statements which would require the restatement of earnings per share.

16. Other assets

	2022 GH¢	2021 GH¢
Commission/ interest receivable	**30,706,900**	17,481,728
Prepayments	**45,317,788**	26,651,331
Other receivables and stock	**24,048,857**	13,311,721
	100,073,545	57,444,780

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Notes to the Financial Statements

For the year ended 31 December 2022

17(a) Property, plant and equipment – 2022

	Land	Buildings	Rented premises	Office equipment	Furniture & fittings	Motor vehicles	Bullion van	Computer hardware	Work in progress	Total
Cost	GH¢	GH¢	GH¢	GH¢	GH¢	GH¢	GH¢	GH¢	GH¢	GH¢
As at 1/1/22	18,391,800	15,397,949	1,679,822	13,272,440	1,493,887	7,517,193	-	12,316,583	1,956,441	72,026,115
Addition	-	-	-	1,204,081	131,693	3,057,093	2,032,161	1,710,997	10,080,944	18,216,969
Disposal	-	-	-	-	-	(680,647)	-	-	-	(680,647)
Balance as at 31/12/22	18,391,800	15,397,949	1,679,822	14,476,521	1,625,580	9,893,639	2,032,161	14,027,580	12,037,385	89,562,437
Accumulated Depreciation As at 1/1/22	-	1,979,981	1,487,453	5,984,699	994,986	5,322,970	-	11,445,604	-	27,215,693
Charge for the year	-	356,459	34,354	2,289,308	144,492	1,509,787	203,216	1,130,239	-	5,667,855
Disposal	-	-	-	-	-	(680,647)	-	-	-	(680,647)
Balance as at 31/12/22	-	2,336,440	1,521,807	8,274,007	1,139,478	6,152,110	203,216	12,575,843	-	32,202,901
Carrying amount as at 31/12/22	18,391,800	13,061,509	158,015	6,202,514	486,102	3,741,529	1,828,945	1,451,737	12,037,385	57,359,536

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Notes to the Financial Statements

For the year ended 31 December 2022

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

17(b) Property, plant and equipment – 2021

Cost	Land GH¢	Buildings GH¢	Improvement on leased premises GH¢	Office equipment GH¢	Furniture & Fittings GH¢	Motor vehicles GH¢	Computer hardware GH¢	Work in progress GH¢	Total GH¢
As at 1/1/2021	18,391,800	15,397,949	1,679,822	5,672,189	1,319,689	7,942,266	11,391,471	552,250	62,347,436
Additions	-	-	-	7,727,759	174,198	190,093	939,347	1,404,191	10,435,588
Disposal	-	-	-	(127,508)	-	(615,166)	(14,235)	-	(756,909)
Balance as at 31/12/2021	18,391,800	15,397,949	1,679,822	13,272,440	1,493,887	7,517,193	12,316,583	1,956,441	72,026,115
Accumulated Depreciation									
As at 1/1/2021	-	1,623,522	1,409,404	3,863,746	839,248	4,820,594	10,763,725	-	23,320,239
Charge for the year	-	356,459	78,049	2,187,157	155,738	898,369	686,624	-	4,362,396
Disposal	-	-	-	(66,204)	-	(395,993)	(4,745)	-	(466,942)
Balance as at 31/12/21	-	1,979,981	1,487,453	5,984,699	994,986	5,322,970	11,445,604	-	27,215,693
Carrying amount as at 31/12/2021	18,391,800	13,417,968	192,369	7,287,741	498,901	2,194,223	870,979	1,956,441	44,810,422

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For the year ended 31 December 2022

17(c) Intangible assets – computer software

	2022	2021
Cost	GH¢	GH¢
As at 1/1/2022	14,454,037	13,894,238
Additions - acquisition	2,488,183	559,799
Balance as at 31/12/22	16,942,220	14,454,037
Accumulated Amortisation		
As at 1/1/2022	12,610,205	10,991,237
Charge for the year	1,697,082	1,618,968
Balance as at 31/12/22	14,307,287	12,610,205
Carrying amount as at 31/12/22	2,634,933	1,843,832

Total depreciation & amortisation for both PPE and intangible assets for the year amounted to GH¢7,364,936 (2021: GH¢5,981,364).

17(d) Disposal of property, plant and equipment

	2022	2021
	GH¢	GH¢
Cost as at 1/1/2021	680,647	756,909
Depreciation	(680,647)	(466,942)
Net book value	-	289,967
Less proceeds	(403,651)	(179,686)
(Profit)/loss	(403,651)	110,281

18 (a) Deposits from customers

	2022	2021
	GH¢	GH¢
Due to rural and community banks	802,868,468	477,193,210
	802,868,468	477,193,210

(b) Other deposits

	2022	2021
	GH¢	GH¢
Staff balances	3,785,994	1,944,497
Corporate current accounts	9,367,354	7,336,328
MTN float account	192,316,411	125,237,183
Airtel float account	5,935	5,768
Vodafone float account	6,253,903	9,834,101
Zeepay float account	229,307	100,000
	211,958,904	144,457,877

No cash collateral was held as deposit as at the year-end (2021: nil)

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For the year ended 31 December 2022

19. Government grant

	2022 GH¢	2021 GH¢
At 1 January	**2,074,063**	2,179,632
Addition	**-**	-
Released to profit and loss	**(101,746)**	(105,569)
At 31 December	**1,972,317**	2,074,063

Government grants have been received for the purchase of certain items of property, plant and equipment. These items are expected to be used to support the operations of the Bank and the RCBs for a number of years.

20. Other liabilities

	2022 GH¢	2021 GH¢
Accounts payable and sundry creditors	**11,231,195**	12,568,155
Regulatory charges	**4,376,000**	3,682,000
Accrued expenses	**6,682,351**	4,263,373
Interest payable	**1,321,207**	737,480
	23,610,753	21,251,008

Accounts payable and sundry creditors includes amount withheld from RCBs as penalty for onward payment to Bank of Ghana, payment orders in-transit at year end, amount payable for the Wash Project and others. These other liabilities are not interest bearing.

21. Post-employment benefit plan

21(a) Movement of defined benefit obligation

The ARB Apex Bank Limited provides post-employment medical benefits to all employees of the Bank. These benefits are funded. The following table summarizes the changes in the present value of the defined benefit obligation.

	2022 GH¢	2021 GH¢
Defined benefit obligation at 1 January	**2,276,473**	1,907,156
Current service cost	**129,336**	109,524
Interest cost	**479,915**	382,371
Benefit paid/ Cost Incurred	**(197,056)**	(172,673)
Actuarial (gain)/loss in financial assumptions	**175,788**	132,407
Experience actuarial (gain)/loss	**(536,646)**	(82,312)
Total liability as at 31 December	**2,327,810**	2,276,473
Less plan assets for the year	**(3,094,890)**	(2,573,603)
Excess defined plan assets	**(767,080)**	(297,130)

The excess defined plan assets do not represent future economic benefit which is available in the form of refunds from the plan or a reduction in future contributions to the plan. Hence, this has not been recognised as an asset on the statement of financial position.

Most of the plan assets are investments in treasury bills.

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21 (b). Reconciliation of actuarial (gain)/loss in OCI

	2022 GH¢	2021 GH¢
Actuarial Gain /(loss)	**360,858**	(50,095)
Effect of deferred taxes on actuarial gains and losses	**(90,214)**	-
Net amount recognized in OCI	**270,644**	(50,095)

This retirement benefit is only available on retirement with the Bank at the age of 60. The principal assumptions used in determining pension obligations for the Bank's plan are shown below:

	2022 %	2021 %
Discount rate	**19.8**	20.8
Salary percentile increase	**15.0**	10.0
Inflation on medical cost	**13.0**	13.0

The post-retirement medical benefit is assumed to be an average of GH¢2,238 inflated at 13.0% annually. It has been assumed that the average life expectancy beyond the retirement age of 60 is 10 years for both men and women.

Sensitivity analysis of the significant assumptions underlining the fund as at December 31, 2022 has been shown in the table below:

	Base Case	Interest Rate-1%	Interest Rate +1%	Medical Inflation -1%	Medical Inflation +1%	Mortality +10%
Accrued liability						
Post-Retirement Medical Benefit	2,327,810	2,529,856	2,158,022	2,139,440	2,542,452	2,348,387
Scheme Percentage Change		8.7%	-7.6%	-8.1%	9.2%	0.9%

The table indicates that the accrued liabilities are most sensitive to the inflation on medical cost followed by the interest rate assumption. As can be seen from the table above, the accrued liabilities rely greatly on the assumptions made. The nature and magnitude of these liabilities are such that a small change in the assumptions could affect the actuarial liability of the scheme. If these assumptions are not realized in practice, then the liabilities under the scheme will differ from that shown.

The post-employment medical benefits were calculated using the Projected Unit Credit Method. The actuarial valuation has been performed by Stallion Consultant Limited, Accra-Ghana.

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22. Related party transaction

Shareholdings

The rural banks are the owners as well as the only customers of the ARB Apex Bank Limited. None of the rural banks has significant shareholding to influence the Board's decision-making. Transactions conducted between the Bank and rural banks are banking and non-banking business services at arm's length.

ARB Apex Bank Limited is legally required to issue shares only to the shareholders of the Bank, which are the rural banks in Ghana. As at December 2022 all the rural banks had a minimum of 20,000 shares allocated to them.

Compensation to key management personnel

Total compensation of key management personnel (Managing Directors, Deputy Managing Directors and Heads of Department of the Bank at 31 December 2022:

	2021 GH¢	2021 GH¢
Short term employee benefits	4,384,563	3,574,063

Total loan balances of key management staff stood at GH¢1,619,502 (2021: GH¢1,397,945).

All key management staff are entitled to post employment medical benefit. The cost of this benefit has been recognized in profit or loss. Interests charged on loans to staff are at concessionary rates and lower than the rates that would be charged in an arm's length transaction. The secured loans are secured by real estate and other assets of the respective borrowers.

23. Dividends paid and proposed

No dividend has been proposed in 2022 (2021: Nil).

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24. Stated capital

Authorized shares

The Bank is registered with 1,000,000,000 ordinary shares of no par value.

Ordinary shares issued and fully paid

Issued capital	**2022**	2021
	GH¢	GH¢
At 1 January	**9,218,990**	9,194,390
Shares issued during the year	**49,200**	24,600
At 31 December	**9,268,190**	9,218,990

No. of Shares	**2022**	2021
	Number	Number
At 1 January	**10,327,621**	10,327,621
Shares issued during the year	**40,000**	20,000
At 31 December	**10,367,621**	10,347,621

The Bank's unimpaired capital at 31 December 2022 has reduced to negative GH¢47.6 million. This is below its authorized capital required minimum level of GH¢10 million as specified in required by the Bank of Ghana licensed through the ARB Apex Bank Regulations, 2006 (L.I. 1825). However, the Bank is embarking on a capital drive to raise additional capital of GH¢25 million in 5 years from its shareholders ñ the RCBs. This would be raised in instalment of GH¢5 million each year, starting from 2023.

25. Statutory reserves

The statutory reserve fund is a non-distributable reserve required by Section 34 of the Banks and Specialised Deposit-Taking Institutions Act, 2016 (Act 930). This statute requires a mandatory transfer of a specified percentage of profit after tax, before declaring dividends to a non-distributable statutory reserve fund. There was no transfer to statutory reserve fund.

	2022	2022
	GH¢	GH¢
At 1 January	**12,584,856**	12,584,856
Transfer in 2022 (12.5% of profit)	**-**	-
At 31 December	**12,584,856**	12,584,856

26. Other reserve

This reserve is made up of actuarial gain or loss resulting from the actuarial valuation of the Bankís post-employment medical benefits.

	2022	2022
	GH¢	GH¢
At 1 January	**149,915**	200,010
Net amount recognised in OCI	**270,644**	(50,095)
At 31 December	**420,559**	140,915

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27. Credit risk reserves

The credit risk reserve fund is a non-distributable reserve required by the Bank of Ghana to account for differences between impairment provisions on loans and advances per IFRS and the specific and general provisions on loans and advances per the Bank of Ghana provisioning methodology. The IFRS impairment was higher than the Bank of Ghana provision and therefore, no credit risk reserve was recorded.

28. Maturity analysis of assets and liabilities- 2022

Assets	**Within 12 months**	**After 12 months**	**Total**
	GH¢	**GH¢**	**GH¢**
Cash and cash equivalents	344,144,601	-	344,144,601
Investment securities	135,924,500	296,538,965	432,463,465
Loans and advances to customers	16,145,851	40,164,707	56,310,557
Other investments (other than securities)	-	5,418,781	5,418,781
Corporate tax asset	-	1,436,673	1,436,673
Deferred tax assets	-	29,642,160	29,642,160
Intangible assets	416,784	2,218,149	2,634,933
Other assets	23,498,381	76,575,164	100,073,545
Right of use-lease asset	-	746,438	746,438
Property, plant and equipment	765,963	56,593,573	57,359,536
Total assets	**520,896,080**	**509,334,610**	**1,030,230,689**

Liabilities	**Within 12 months**	**After 12 months**	**Total**
	GH¢	**GH¢**	**GH¢**
Deposits from banks	305,554,298	497,314,170	802,868,468
Deposits from customers	198,805,556	13,153,348	211,958,904
Government grant	-	1,972,317	1,972,317
Borrowings	-	14,275,832	14,275,832
Other liabilities	11,578,746	12,032,008	23,610,753
Lease Liability	-	708,237	708,237
Total liabilities	**515,938,600**	**539,455,912**	**1,055,394,511**

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28 (b). Maturity analysis of assets and liabilities- 2021

Assets	Within 12 months	After 12 months	Total
	GH¢	GH¢	GH¢
Cash and cash equivalents	150,832,213	-	150,832,213
Investment securities	122,370,747	283,470,166	405,840,913
Loans and advances to customers	7,718,896	23,057,093	30,775,989
Other investments (other than securities)	-	5,418,781	5,418,781
Corporate tax asset	-	2,731,620	2,731,620
Deferred tax assets	-	1,722,934	1,722,934
Intangible assets	829,036	1,014,796	1,843,832
Other assets	12,390,099	45,054,681	57,444,780
Right of use-lease asset		900,931	900,931
Property, plant and equipment	1,537,726	43,272,696	44,810,422
Total assets	**295,678,717**	**406,643,698**	**702,322,415**
Liabilities			
Deposits from banks	98,970,569	378,222,641	477,193,210
Deposits from customers	62,940,225	81,517,652	144,457,877
Government grant	-	2,074,063	2,074,063
Borrowings	-	3,322,566	3,322,566
Other liabilities	9,578,347	11,672,661	21,251,008
Lease liability	-	726,049	726,049
Total Liabilities	**171,489,141**	**477,535,632**	**649,024,773**

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29. Events after the reporting period

In February 2023, the Bank signed on to the Government Domestic Debt Exchange Program and exchanged its eligible bonds for new bonds issued by the Republic of Ghana. Due to the announcement on 5 December 2022 and the level of investments held, there has been a significant impact on the carrying amount of investments held with the Government of Ghana.

In 2023, the Bank will derecognise the old bonds, recognise the fair value of the new bonds. The difference between the carrying amount of the old bond and the fair value amount of the new bonds shall be recognized in the income statement. See note 7 for disclosure on the GDDE program.

30. Contingencies

Contingent assets

There was no contingent asset as of 31 December 2022 (2021 nil).

Contingent liabilities

There was no contingent liability as of 31 December 2022 (2021: nil).

31. Capital commitments

There were no capital commitments as of 31 December 2022 (2021: nil).

32. Risk management

Introduction:

The Bank's activities expose it to a variety of risks and those activities involve analysis, evaluation, acceptance and management of some degree of risk or combination of risks. Taking risk is core to the financial services business, and operational risk is inevitable consequence of being in business. The Bank defined risk as the probability of loss to earnings and/or capital arising from business activities caused by internal and external factors. The Bank's aim is therefore, to achieve an appropriate balance between risk and return and minimize potential adverse effects on the Bank's financial performance. This will preserve the wealth of the Bank through cost savings (by reducing the frequency of risk events and mitigating their related impacts on the Bank's strategic goals). It will also creates wealth for the Bank by exploiting opportunities (positive risks) which the Bank may encounter.

The Bank's risk management policies are designed to identify and analyse risks, set appropriate risk limits and controls, monitor the risks and adherence to limits by means of reliable and up-to-date information systems. The Risk and Compliance department regularly reviews the risk management policies and systems to reflect changes in markets, products and emerging best practice. The Objective of the Risk Management Unit is to ensure that the Bank's operations are carried out in a manner such that risks are balanced with rewards.

The Bank manages risk through a framework of risk architecture (governance), risk strategies (Policies and Risk Appetite Statements) as well as risk protocols including risk management methodologies, tools and techniques.

Risk management framework

The Bank maintains a Risk Management Framework, which comprises comprehensive set of principles, standards, procedures and processes designed to identify, measure, monitor and mitigate all significant risks across the Bank. Through the framework, risk is managed at enterprise-wide level, with the aim of maximizing risk-adjusted returns within the context of the Bank's risk appetite and risk tolerance levels. The major risks the Bank is exposed to are Operational, Credit, Market, Liquidity, Compliance, Concentration and Reputational.

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Risk governance

The Board of Directors, through its Committee on risk have the overall responsibility for the establishment and oversight of the Bank's risk management framework. They set the overall risk appetite and philosophy for the Bank.

- The Risk, Audit and Compliance (RAC), the Board's Committee on risk exercises oversight of the risk management process: identification, measurement, management and control of all significant risks throughout the Bank. The Committee is supported by the Audit and Inspection Department, which provides an independent assessment of the design, adequacy, application and effectiveness of the Bank's internal control procedures.

- The Risk, Inspection and Compliance (RIC) Committee is the management committee on operational risk. The Committee reviews reports on risks from various Departments and Units when necessary and takes appropriate decisions aimed at improving the management of Operational risks in the Bank.

- The Asset and Liability Management Committee (ALMCO) is a management committee responsible for managing the risk inherent in the Bank's balance sheet. It is charged with ensuring that there is adequate liquidity for the Bank's operations by monitoring the maturity of the Bank's assets and liabilities.

- The Credit Committee is a management committee responsible for managing credit risk in the Bank. This committee is charged with the function of critically evaluating reports in terms of the technical, commercial and financial viability of borrowers (RCBs) as well as their potential default and security realization risks.

- The Risk and Compliance department is responsible for developing, monitoring and evaluation of overall policies and procedures including various risk management strategies and controls in the Bank. The department also provides a review of the overall risk profile of the Bank from time to time. It reports regularly on its activities to RAC through the Managing Director.

- Business Units are represented by a designated Operational Risk Champions who serves as contact persons on operational risk related matters. They assist in the department's self-assessment process, timely identification and recording of operational loss data and explanations.

Risk appetite

Risk Appetite refers to the amount and type of risk that the Bank is prepared to pursue and retain (to seek, accept and tolerate) in order to achieve its strategic objectives. The Bank's risk appetite level reflects the Bank's capacity to sustain losses under stressed business conditions.

The Bank articulates its risk appetite via a combination of qualitative and quantitative statements to cover relevant risk areas.

Operational risk

Operational Risk is defined as the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events. Unlike other forms of risk, it is not taken in pursuit of an expected return, but exist as part of the normal course of business at all levels. It is pervasive and inherent in the Bank's products, activities, processes and systems.

To monitor, mitigate and control operational risk, the Bank maintains a system of policies and has established a framework for assessing and communicating operational risk as well as the overall effectiveness of the internal control environment across business lines.

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Risk Champions have been appointed for all departments, units and branches to monitor and report on operational risk events in their various business lines to the Risk Management Unit.

The Bank's management committee on Risk; Risk, Inspection & Compliance (RIC) ensures that the right and controlled environment exists to enable the identification and assessment of operational risk. The controlled environment is created by ensuring the following:

- **Policies and Documentations:**
    - i. Processes are documented either in the form of policies, manuals or guidelines.
    - ii. Processes mapping of core activities identifying all discrete activities with the respective key risk points identified.
    - iii. The Bank's staff understand and adhere to the documented rules and procedures
- Appropriate internal controls exist including:
    - i. Segregation of duties: business generating functions, recording and monitoring functions
    - ii. Independent authorization
    - iii. Transaction reconciliations
- Regularly monitor, analyze and report on the Bank's operational risk profile through:
    - i. Analyzing internal loss data by recording of risk events in a Loss Events Database
    - ii. Adoption of key risk indicators that provide early warning and insight into the Bank's risk exposure, particularly the ongoing trends in identified key risk areas.
    - iii. Monitoring of external events to ensure that the Bank stays in tune with the industry
    - iv. Snap checks by Audit and Inspection Department on selected control areas
- Effective cyber security and business continuity:
    - i. That the physical infrastructure including buildings, network and computers of the Bank are protected.
    - ii. That the business continuity plan exists, tested and communicated to relevant staff members.
- Physical Controls to ensure that un-authorized persons do not have access to sensitive areas of the Bank.

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- Compliance with standards set by the Bank is supported by periodic reviews undertaken by the Audit and Inspection department as well as Risk and Compliance department. The results of these reviews are discussed with the management of the business unit to which they relate, with summaries submitted to RIC, then to RAC where necessary.
- The Bank's internal controls have been designed to insulate the risk function from any significant operational derelictions that may escalate threats in any aspect of the Bank's operations. Fraud is therefore, controlled in effective manner.

Liquidity risk

Liquidity represents the bank's ability to efficiently meet its due obligations and fund increases in asset requirements without incurring unacceptable losses.

The Bank suffers funding liquidity risk when it is not able to meet its maturing obligations such as; withdrawal by RCBs, draw down on approved credit facilities to RCBs, payment of operational expenses so that the Bank is forced to sell assets at deep discounts or borrow at a highly excessive cost above its normal cost of doing business.

The Bank maintains adequate liquidity at all times to meet all obligations under both normal and stressed conditions, without incurring unacceptable losses or risking damages to the Bank's reputation.

The Assets and Liability Management Committee (ALMCO), chaired by the Managing Director is responsible for developing the Bank's liquidity strategy. The Treasury Unit implements the liquidity policies and strategies by providing both qualitative and quantitative analysis of the Bank's liquidity position and institute measures to meet all prudential and regulatory liquidity requirements.

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The net liquidity gaps resulting from liquidity analysis of assets and liabilities of the Bank as of December 31, 2022 and 2021 respectively are shown below:

MATURITY ANALYSIS OF ASSETS AND LIABILITIES IN CEDIS AS AT - 31 DEC 2022					
ASSETS	Total	Less than 3 months	> 3 months< than 1 year	>1 year < 3 years	3 years and over
	GH¢	GH¢	GH¢	GH¢	GH¢
Cash and cash equivalents	344,144,601	344,144,601	-	-	-
Investments (other than securities)	5,418,781	-	-	-	5,418,781
Loans and advances to customers	56,310,557	9,730,586	10,924,846	28,391,755	7,263,370
Investment securities-held to maturity	432,463,465	91,399,492	44,525,008	48,204,659	248,334,306
Other assets	100,073,545	39,435,021	42,818,225	15,008,204	2,812,095
Total assets	**938,410,949**	**484,709,700**	**98,268,079**	**91,604,618**	**263,828,552**
LIABILITIES & SHAREHOLDERS' FUNDS					
Deposits from banks	802,868,468	419,561,883	150,000	48,924,679	334,231,906
Deposits from customers	211,958,904	136,948,324	75,010,580	-	-
Borrowings	14,275,831	-	-	455,500	13,820,331
Other liabilities	23,610,753	14,512,118	3,891,525	1,203,518	4,003,592
Total liabilities	**1,052,713,956**	**571,022,325**	**79,052,105**	**50,583,697**	**352,055,829**
Net liquidity gap	(114,303,009)	**(86,312,625)**	**19,215,974**	**41,020,921**	**(88,227,277)**

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MATURITY ANALYSIS OF ASSETS AND LIABILITIES IN CEDIS AS AT - 31 DEC 2021					
	GH¢	GH¢	GH¢	GH¢	GH¢
ASSETS	Total	Less than 3 months	> 3 months< than 1 year	>1 year < 3 years	3 years and over
Cash and cash equivalents	150,832,213	150,832,213	-	-	-
Investments (other than securities)	5,418,781	-	-	-	5,418,781
Loans and advances to customers	30,775,989	4,362,162	4,548,909	15,396,878	6,468,040
Investment securities-held to maturity	405,840,913	55,529,501	108,841,246	128,123,250	113,346,916
Other assets	57,444,780	19,605,084	24,088,103	-	13,751,593
Total assets	**650,312,676**	**230,328,960**	**137,478,258**	**143,520,128**	**138,985,330**
LIABILITIES & SHAREHOLDERS' FUNDS					
Deposits from banks	477,193,210	150,206,273	5,200,000	25,832,642	295,954,295
Deposits from customers	144,457,877	144,457,877	-	-	-
Other liabilities	21,251,008	9,012,515	3,334,536	1,140,341	7,763,616
Total liabilities	**642,902,095**	**303,676,665**	**8,534,536**	**26,972,983**	**303,717,911**
Net liquidity gap	**7,410,581**	**(73,347,705)**	**128,943,722**	**116,547,145**	**(164,732,581)**

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Market Risk

Market Risk is the risk of losses arising from adverse movements in market prices such as equity, bonds and commodity prices, currency exchange rates, interest rates and credit spreads. The relevant market risks to the Bank are Interest rate and foreign exchange.

Interest rate risk

Interest Rate risk is the risk of losses arising from unfavorable changes in interest rates resulting in either adverse change in interest earnings, interest expense paid and the fundamental value of the Bank's assets and liabilities. A change in interest rates affects the Bank's Interest income (interest revenue from lending and investments assets) and cost of funding (interest paid on funding).

The main sources of interest rate risk in the Bank are from:

a. The Bank's lending activities: lending to RCBs and inter-bank lending

b. Funding Activities: short-term borrowing from ACOD

c. Investments Activities: investments in treasury and government securities.

The ALMCO manages the interest rate risk through Treasury Unit. Gap analysis is used in measuring interest rates risk. The interest- sensitive assets and liabilities are arranged in time buckets as per the re-pricing date (floating rate) and maturity (fixed rate and final repayment).

The Bank also conducts Earnings Sensitivity Analysis which measures the interest rate sensitivity of the bank's net interest income. It measures the amount the net interest income of the Bank would change as a result of a percentage parallel shift in interest rate as pertained to the current maturity structure of the Bank's Balance Sheet with the following assumptions:

- All re-pricing of assets and liabilities occur at the same time, in the middle of the time period.
- The resultant gaps are in effect for the next twelve (12) months.
- No other new business is booked.

A standard scenario that are considered include a 200 basis points (bpt) parallel fall or rise in market interest rates. A change in 200bpt in interest rates at the reporting date would have impacted equity and profit or loss by the amounts shown below:

	2022		2021	
	Increase 200bp	Decrease 200bp	Increase 200bp	Decrease 200bp
Interest Income	13,702,304	(13,702,204)	1,058,801	(1,056,801)
Interest expense	(10,159,146)	10,159,146	(909,308)	909,308
Net Impact	**3,543,158**	**(3,543,158)**	**149,493**	**(149,493)**

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Foreign exchange risk

Foreign Exchange risk is the risk that the Bank may suffer financial losses as a result of adverse movement in exchange rates during a period in which the Bank has an open position in a currency. The Bankís involvement in foreign currency dealings is mainly through the sale of proceeds from the foreign remittance business as well as occasional sale of foreign currency to other commercial banks. The Bank manages its foreign exchange risk by ensuring that it obtains the best rates on the market to avoid losses as much as possible.

The foreign exchange risk is managed by ALMCO through the Treasury Unit. The Bankís currency position and exposure are managed within the exposure guidelines stipulated by the Bank of Ghana. As a matter of Bank of Ghanaís directive, the Bank does not take open position in currency for speculative purposes, rather deals in foreign currency when disposing off forex to universal banks only.
The following mid inter-bank exchange rate were applied at the end of the year:

Currency	2022	2021
US Dollar	8.5760	6.0061
GB Pound	10.3118	8.1272
EURO	9.1257	6.8281

The table below summarizes the Bankís exposure to foreign currency exchange rate risk as at December 31, 2022 and December 31, 2021 respectively (all figures are in Ghana cedis).

December 31, 2022	Dollar	Pounds	Euro	Total
Financial assets	GH¢	GH¢	GH¢	GH¢
Cash	474,080	108,130	29,083	**611,293**
Bank balances	1,467,414	601,753	1,265,511	**3,334,678**
Total	1,941,494	709,883	1,294,594	**3,945,971**
Financial liabilities				
Unallocated funds	-	4,098	-	**4,098**
Sundry payments	724,843	-	-	**724,843**
Total	264,695	19,638	-	**284,333**
Net on balance sheet position	**989,538**	**23,736**	-	**1,013,274**

December 31, 2021	Dollar	Pounds	Euro	Total
Financial assets	GH¢	GH¢	GH¢	GH¢
Cash	368,428	-	-	368,428
Bank balances	238,359	259,453	283,525	781,337
Total	606,787	259,453	283,525	1,149,765
Financial liabilities				
Unallocated	-	3,230	-	3,230
Sundry payments	928,695	648	-	929,343
Total	**928,695**	**3,848**	-	**932,573**
Net on balance sheet position	**(321,908)**	**255,575**	**283,525**	**217,192**

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Sensitivity analysis

A 5% strengthening/weakening of the cedi against the following currencies as at December 31, 2022 and December 31, 2021 would have impacted on equity and profit or loss by the amounts shown below on the basis that all other variables remain constant.

2022	Change in currency	Effect on profit/loss	Effect on Equity
		GH¢	GH¢
US Dollar	+/-5%	408,199/(408,199)	408,199/(408,199)
GB Pound	+/-5%	353,770/(353,770)	353,770/(353,770)
Euro	+/-5%	591,999/(591,999)	591,999/(591,999)

2021	Change in currency	Effect on Profit/loss	Effect on Equity
		GH¢	GH¢
US Dollar	+/-5%	96,671/(96,671)	96,671/(96,671)
GB Pound	+/-5%	103,855/(103,855)	103,855/(103,855)
Euro	+/-5%	96,797/(96,797)	96,797/(96,797)

Credit risk

Credit Risk is the risk of financial loss to the Bank due to the failure of a counterparty to meet its contractual obligations. The Bank is exposed to credit risk in its lending operations to the RCBs as well as placements with other commercial banks. The Bank manages and controls credit risk by setting limits on the amount of risk it is willing to accept for individual counterparties, and by monitoring exposures in relation to such limits. Credit risk mainly arises from loans and advances to customers and other banks and investments in debt securities that are an asset position. The Bank considers all elements of credit risk exposure such as counterparty default risk, geographical risk and sector risk for risk management purposes.

Credit risk management

The Bank's credit committee is responsible for managing the Bank's credit risk by:

- Ensuring that the Bank has appropriate credit risk practices, including an effective system of internal control, to consistently determine adequate allowances in accordance with the Bank's stated policies and procedures, IFRS and relevant supervisory guidance.
- Identifying, assessing and measuring credit risk across the Bank, from an individual instrument to a portfolio level.

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- Creating credit policies to protect the Bank against the identified risks including the requirements to obtain collateral from borrowers, to perform robust ongoing credit assessment of borrowers and to continually monitor exposures against internal risk limits.

- Limiting concentrations of exposure by type of asset, counterparties, industry, credit rating, geographic location etc.

- Establishing a robust control framework regarding the authorization structure for the approval and renewal of credit facilities.

- Developing and maintaining the Bank's risk grading to categories exposures according to the degree of risk of default. Risk grades are subject to regular reviews.

- Developing and maintaining the Bank's processes for measuring ECL including monitoring of credit risk, incorporation of forward-looking information and the method used to measure ECL.

- Ensuring that the Bank has policies and procedures in place to appropriately maintain and validate models used to assess and measure ECL.

- Establishing a sound credit risk accounting assessment and measurement process that provides it with a strong basis for common systems, tools and data to assess credit risk and to account for ECL. Providing advice, guidance and specialist skills to business units to promote best practice throughout the Bank in the management of credit risk.

The internal audit function performs regular audits making sure that the established controls and procedures are adequately designed and implemented.

ii. Significant increase in credit risk

The Bank monitors all financial assets that are subject to impairment requirements to assess whether there has been a significant increase in credit risk since initial recognition. If there has been a significant increase in credit risk the Bank will measure the loss allowance based on lifetime rather than 12-month ECL.

iii. Internal credit risk rating

In order to minimize credit risk, the Bank has tasked its credit management committee to develop and maintain the Bank's credit risk grading to categories exposures according to their degree of risk of default. The Bank's credit risk grading framework comprises ten categories. The credit rating information is based on a range of data that is determined to be predictive of the risk of default and applying experienced credit judgement.

The nature of the exposure and type of borrower are taken into account in the analysis. Credit risk grades are defined using qualitative and quantitative factors that are indicative of risk of default.
The credit risk grades are designed and calibrated to reflect the risk of default as credit risk deteriorates. As the credit risk increases the difference in risk of default between grades changes. Each exposure is allocated to a credit risk grade at initial recognition, based on the available information about the counterparty.
All exposures are monitored and the credit risk grade is updated to reflect current information. The monitoring procedures followed are both general and tailored to the type of exposure.

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The following data are typically used to monitor the Bank's exposures:

- Payment record, including payment ratios and ageing analysis;
- Extent of utilisation of granted limit;
- Forbearances (both requested and granted);
- Changes in business, financial and economic conditions;
- Credit rating information supplied by external rating agencies;
- For retail exposures: internally generated data of customer behaviour, affordability metrics etc.; and
- For corporate exposures: information obtained by periodic review of customer files including audited financial statements review, market data such as prices of credit default swaps (CDS) or quoted bonds where available, changes in the financial sector the customer operates etc.

The Bank uses credit risk grades as a primary input into the determination of the term structure of the PD for exposures. The Bank collects performance and default information about its credit risk exposures analysed by jurisdiction or region and by type of product and borrower as well as by credit risk grading. The information used is both internal and external depending on the portfolio assessed. The Bank analyses all data collected using statistical models and estimates the remaining lifetime PD of exposures and how these are expected to change over time.

The Bank generates a 'base case' scenario of the future direction of relevant economic variables as well as a representative range of other possible forecast scenarios. The Bank then uses these forecasts, which are probability-weighted, to adjust its estimates of PDs.
The Bank uses different criteria to determine whether credit risk has increased significantly per portfolio of assets. The criteria used are both quantitative changes in PDs as well as qualitative.

Loan commitments are assessed along with the category of loan the Bank is committed to provide, i.e. commitments to provide mortgages are assessed using similar criteria to mortgage loans, while commitments to provide a corporate loan are assessed using similar criteria to corporate loans. Irrespective of the outcome of the above assessment, the Bank presumes that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 30 days past due unless the Bank has reasonable and supportable information that demonstrates otherwise.

The Bank has monitoring procedures in place to make sure that the criteria used to identify significant increases in credit are effective, meaning that significant increase in credit risk is identified before the exposure is defaulted or when the asset becomes 30 days past due.

The Bank performs periodic back-testing of its ratings to consider whether the drivers of credit risk that led to default were accurately reflected in the rating in a timely manner.

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Incorporation of forward-looking information

The Bank uses forward-looking information that is available without undue cost or effort in its assessment of significant increase of credit risk as well as in its measurement of ECL.

The Bank employs experts who use external and internal information to generate a 'base case' scenario of future forecast of relevant economic variables along with a representative range of other possible forecast scenarios.

The external information used includes economic data and forecasts published by governmental bodies and monetary authorities. The Bank applies probabilities to the forecast scenarios identified. The base case scenario is the single most-likely outcome and consists of information used by the Bank for strategic planning and budgeting.

The Bank has identified and documented key drivers of credit risk and credit losses for each portfolio of financial instruments and, using a statistical analysis of historical data, has estimated relationships between macro-economic variables and credit risk and credit losses. The Bank has not made changes in the estimation techniques or significant assumptions made during the reporting period.

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

Measurement of ECL

The key inputs used for measuring ECL are:

- probability of default (PD);
- loss given default (LGD); and
- exposure at default (EAD).

As explained above these figures are generally derived from internally developed statistical models and other historical data and they are adjusted to reflect probability-weighted forward-looking information. PD is an estimate of the likelihood of default over a given time horizon. It is estimated as at a point in time.

The calculation is based on statistical rating models and assessed using rating tools tailored to the various categories of counterparties and exposures. These statistical models are based on market data (where available), as well as internal data comprising both quantitative and qualitative factors. PDs are estimated considering the contractual maturities of exposures and estimated prepayment rates.

The estimation is based on current conditions, adjusted to take into account estimates of future conditions that will impact PD. LGD is an estimate of the loss arising on default. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, taking into account cash flows from any collateral. The LGD models for secured assets consider forecasts of future collateral valuation taking into account sale discounts, time to realisation of collateral, cross-collateralisation and seniority of claim, cost of realisation of collateral and cure rates (i.e. exit from non-performing status). LGD models for unsecured assets consider time of recovery, recovery rates and seniority of claims.

The calculation is on a discounted cash flow basis, where the cash flows are discounted by the original EIR of the loan. EAD is an estimate of the exposure at a future default date, taking into account expected changes in the exposure after the reporting date, including repayments of principal and interest, and expected drawdowns on committed facilities.

The Bank's modelling approach for EAD reflects expected changes in the balance outstanding over the lifetime of the loan exposure that are permitted by the current contractual terms,

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such as amortisation profiles, early repayment or overpayment, changes in utilisation of undrawn commitments and credit mitigation actions taken before default.

The Bank uses EAD models that reflect the characteristics of the portfolios. The Bank measures ECL considering the risk of default over the maximum contractual period (including extension options) over which the entity is exposed to credit risk and not a longer period, even if contact extension or renewal is common business practice. However, for financial instruments such as credit cards, revolving credit facilities and overdraft facilities that include both a loan and an undrawn commitment component, the Bank's contractual ability to demand repayment and cancel the undrawn commitment does not limit the Bank's exposure to credit losses to the contractual notice period.

For such financial instruments the Bank measures ECL over the period that it is exposed to credit risk and ECL would not be mitigated by credit risk management actions, even if that period extends beyond the maximum contractual period. These financial instruments do not have a fixed term or repayment structure and have a short contractual cancellation period.
However, the Bank does not enforce in the normal day-to-day management the contractual right to cancel these financial instruments. This is because these financial instruments are managed on a collective basis and are cancelled only when the Bank becomes aware of an increase in credit risk at the facility level. This longer period is estimated taking into account the credit risk management actions that the Bank expects to take to mitigate ECL, e.g. reduction in limits or cancellation of the loan commitment.

Credit quality

The Bank monitors credit risk per class of financial instrument. The table below outlines the classes identified, as well as the financial statement line item and the note that provides an analysis of the items included in the financial statement line for each.

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Class of financial instrument	Financial statement line	Note
Loans and advances to customers at amortised cost	Loans and advances at amortised cost	12
Debt investment securities at amortised Cost	Investment securities	11
Debt investment securities at FVTOCI	Investment securities	N/A
Other assets	Other assets	16
Loan commitments and financial guarantee contracts	Provisions	N/A

An analysis of the Bankís credit risk concentrations per class of financial asset is provided in the following tables. Unless specifically indicated, for financial assets, the amounts in the table represent gross carrying amounts.

Loans and advances to RCBs at amortised cost

	2022	2021
Concentration by sector	**GH¢**	GH¢
Northern Savanna Sector	**5,583,079**	4,290,451
Upper Western Sector	**7,802,115**	8,544,911
Upper Eastern Sector	**906,970**	188,186
Middle Sector	**14,233,651**	9,091,005
Coastal Middle Sector	**11,156,660**	3,459,099
Coastal Eastern Sector	**7,649,218**	3,546,284
Coastal Western Sector	**5,608,583**	5,912,251
Total	**52,940,276**	35,032,187

Interbank placements	**2022**	2021
	GH¢	GH¢
Interbank placements	______	10,000,000
Total	______	10,000,000

	2022	2021
Debt investment securities at amortised cost	**GH¢**	GH¢
Sovereign	**546,427,911**	405,840,913
Domestic Debt Exchange Program Impairment	**(113,964,446)**	-
	_432,463,465	405,840,913

	2022	2021
Concentration by region	**GH¢**	GH¢
Middle East and Africa	**432,463,465**	405,840,913

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An analysis of the Bankís credit risk exposure per class of financial asset, internal rating and ìstageî without taking into account the effects of any collateral or other credit enhancements is provided in the following tables. Unless specifically indicated, for financial assets, the amounts in the table represent gross carrying amounts. For loan commitments and financial guarantee contracts, the amounts in the table represent the amounts committed or guaranteed, respectively.

					Year Ended 31 December 2022
	Stage 1	**Stage 2**	**Stage 3**		
Loans and advances at amortised cost	**12-month ECL GH¢**	**Lifetime ECL GH¢**	**Lifetime ECL GH¢**	**POCI GH¢**	**Total GH¢**
Grades 1-3: Low to fair risk	40,995,330	-		-	**40,995,330**
Grades 4-6 Monitoring	-	-	-	-	-
Grades 7-8: Substandard	-	-	-	-	-
Grade 9: Doubtful	-	-	-	-	-
Grade 10: Impaired	-	-	11,944,946	-	**11,994,946**
Total gross carrying amount	**40,995,330**	**-**	**11,944,946**	**-**	**52,940,276**
Loss allowance	**2,532,606**	**-**	**11,944,946**	**-**	**14,477,552**

					31 December 2022
	Stage 1	**Stage 2**	**Stage 3**		
Debt investment securities at Amortised cost	**12-month ECL GH¢**	**Lifetime ECL GH¢**	**Lifetime ECL GH¢**	**POCI GH¢**	**Total GH¢**
Grades 1-3: Low to fair risk	546,427,911	-	-	-	**546,427,911**
Grades 4-6 Monitoring	-	-	-	-	-
Grades 7-8: Substandard	-	-	-	-	-
Grade 9: Doubtful	-	-	-	-	-
Grade 10: Impaired	113,964,446	-	-	-	**113,964,446**
Total carrying amount	432,463,465	-	-	-	**432,463,465**
Loss allowance	113,964,446	-	-	-	**113,964,446**

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For the year ended 31 December 2022

This table summarises the loss allowance as of the year end by class of exposure/asset.

This table summarises the loss allowance as of the year end by class of exposure/asset.

	Year ended 31 December 2022 GH¢	Year ended 31 December 2021 GH¢
Loans and advances at amortised cost	**14,477,552**	17,222,412
Interbank placements at amortised cost	**-**	70,000
	14,477,552	17,292,412

The tables below analyse the movement of the loss allowance during the year per class of assets.

Loss allowance – Loans and advances at amortised cost

	GH¢
Loss allowance as at 1 January, 2022	**17,222,412**
Changes in the loss allowance	
Transition adjustment	-
--Transfer to stage 1	-
--Transfer to stage 2	-
--Transfer to stage 3	-
--Increases due to change in credit risk	**2,728,645**
Decreases due to change in credit risk	-
Write-offs	**(5,473,505)**
Changes due to modifications that did	-
not result in derecognition	-
New financial assets originated or purchased	-
Financial assets that have been derecognised	-
Changes in models/risk parameters	-
Foreign exchange and other movements	-
Loss allowance as at 31 December, 2022	**14,477,552**

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Interbank placements at amortised cost		**GH¢**
Loss allowance as at 1 January 2022		**70,000**
Changes in the loss allowance		
Transition adjustment		-
--Transfer to stage 1		-
--Transfer to stage 2		-
--Transfer to stage 3		-
--Increases due to change in credit risk		-
Decreases due to change in credit risk		-
Write-offs		-
Changes due to modifications that did		-
not result in de-recognition		-
New financial assets originated or purchased		(70,000)
Financial assets that have been derecognised		-
Changes in models/risk parameters		-
Foreign exchange and other movements		-
Loss allowance as at 31 December,2022		**-**

The Bank did not recognise any other class of Purchased or Originally Credit Impaired (POCI) financial assets during the period.

More information about the significant changes in the gross carrying amount of financial assets during the period that contributed to changes in the loss allowance, is provided at the table below:

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Loans and advances at amortised Cost	**Total GH¢**
Loss allowance as at 1 January 2022	**17,222,412**
Transition adjustment	
Changes in the gross carrying amount	
--Transfer to stage 1	-
--Transfer to stage 2	-
--Transfer to stage 3	-
Increases due to changes in credit risk	**2,728,646**
Decreases due to change in credit risk	-
--Changes due to modifications that did not result in derecognition	-
New financial assets originated or purchased	-
Financial assets that have been derecognised	-
Write off	**(5,473,505)**
Other changes	-
Loss allowance as at 31 December 2022	**14,477,551**
Gross carrying amount as at 31 December 2022	**52,940,276**
Net carrying amount as at 31 December 2022	**38,462,725**

Interbank placement at amortised cost	**Total GH¢**
Loss allowance as at 1 January 2022	**70,000**
Changes in the gross carrying amount	
--Transfer to stage 1	-
--Transfer to stage 2	-
--Transfer to stage 3	-
--Increases due to change in credit risk	-
--Changes due to modifications that did not result in derecognition	-
New financial assets originated or purchased	**(70,000)**
Financial assets that have been derecognised	-
Write off	-
Other changes	-
Loss allowance as at 31 December 2022	-
Gross carrying amount as at 31 December 2022	-
Net carrying amount as at 31 December 2022	-

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	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	POCI	Total
Debt investment securities at amortised cost	**GH¢**	**GH¢**	**GH¢**	**GH¢**	**GH¢**
Loss allowance as at 1 January 2021	405,840,913	-	-	-	405,840,913
Changes in the gross carrying amount					
--Transfer to stage 1	-	-	-	-	-
--Transfer to stage 2	-	-	-	-	-
--Transfer to stage 3	-	-	-	-	-
--Changes due to modifications that did not result in derecognition	-	-	-	-	-
New financial assets originated or purchased	140,586,998	-	-	-	140,586,998
Financial assets that have been derecognised	-	-	-	-	-
Write off	-	-	-	-	-
Other changes	-	-	-	-	-
Gross carrying amount as at 31 December 2022	**546,427,911**	-	-	-	**546,427,911**
Loss allowance as at 31 December 2022	113,964,446	-	-	-	113,964,446
Net carrying amount as at 31 December 2022	**432,463,465**	-	-	-	**432,463,465**

All loans and advances are categorized as follows in the comparative period:

Neither past due nor impaired
These are loans and securities where contractual interest or principal payments are not past due.

Past due but not impaired
Loans and securities where contractual interest or principal payments are past due but the Bank believes that impairment is not appropriate on the basis of the level of security / collateral available and / or the stage of collection of amounts owed to the Bank.

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). These are loans and securities specifically impaired.

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The table below represents the maximum credit risk exposure to the Bank as at December 31, 2022:

	2022 GH¢	2021 GH¢
Past due and impaired - **Stage 3**	**11,944,946**	16,150,798
Past due but not impaired	**-**	-
Neither past due nor impaired - **Stage 1**	**40,995,330**	18,881,389
Fair value of collateral	**-**	(822,805)
	52,940,276	34,209,382
Less:		
Impairment	**(2,728,645)**	(9,506,277)
Net amounts	**50,211,631**	24,703,105

Personal lending

The Bank's lending portfolio consists of secured and unsecured loans.

Corporate lending

The Bank requests collateral and guarantees for lending to rural banks. The most relevant indicator of customers' creditworthiness is an analysis of their financial performance and their liquidity, leverage, management effectiveness and growth ratios. The valuation of such collateral is updated if the loan is put on "watch-list" and is therefore monitored more closely.

For credit-impaired loans the Bank obtains appraisals of collateral to inform its credit risk management actions.

The Board has an oversight responsibility in the management of credit risk. Senior Management oversight of credit risk is undertaken through the Credit Committee which is chaired by the Managing Director. The Credit Committee controlled the credit risk environment using the following processes and measures:

a. Ensuring that credit facilities granted are within the risk tolerance limits set by the Board.

b. Insistence that all credit facilities approved are covered by the following:

- Duly executed loan agreements between the Bank and the RCBs.
- A lien on the short- term investments of the bank up to the quantum of the loan amount is used as a collateral.

c. Ensuring that all pre-disbursement and post-disbursement conditions including (a) and (b) are fulfilled by the rural bank. The Compliance Officer conducts a verification and validation exercise on all loans and advances.

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d. Ensuring that credit facilities are disbursed in tranches in some cases, and strictly according to the disbursement programme as contained in the credit appraisal report to ensure that facilities granted are used for the intended purpose and not diverted.

Stressed testing

This is a forward-looking quantitative tool which evaluates various stressed scenarios or conditions that could impact on the Bank's financial position. The Bank stressed test for the Credit Portfolio, assumes unanticipated deterioration in borrowers' (RCBs) credit worthiness and changes in economic factors that impacts on rural economy, business factors or named Customers. The test measures impact of such asset quality migration on credit provisions, profitability, capital adequacy and non-performing loan ratios.

Provisioning

An account is considered to be in default when payment is not received on due date. The process used for provisioning is based on Bank of Ghana guidelines which recognize cash as a credit mitigant. Individual provisions are made for outstanding amounts depending on the number of days past due. In certain situations, such as bankruptcy or distress of a rural bank, full provision is made.

Write-off policy

The Bank writes off a loan when the Credit Committee determines that the loan is non-recoverable. This determination is reached after considering information such as the occurrence of significant changes in the RCB's financial position such that the RCB can no longer pay the obligation. Upon the recommendation of the Credit committee, write-offs are referred to the Board of Directors and then to the Bank of Ghana for ratification.

Compliance risk

Compliance risk is defined as the risk of legal sanctions, material financial loss, or loss to reputation the Bank may suffer as a result of its failure to comply with laws, its own regulations, code of conduct, and standards of best practice. Compliance forms an integral part of the Bank's culture and business activities. The Bank's Compliance Unit is responsible for establishing and maintaining an appropriate framework of the Bank's compliance policies and procedures. Compliance with such policies and procedures is the responsibility of all departmental heads. However, the Compliance Unit monitors and reports on compliance to RAC through RIC. The activities of compliance function are subject to independent review by the Audit & Inspection department which keeps the Compliance Officer informed of any audit findings relating to compliance.

Reputational risk

This is the risk of loss arising from adverse publicity which result in negative public perception of the Bank.

Reputational risk may result from operational issues such as inefficient services that cause disaffection of customers and other stakeholders of the Bank. Other sources include system failures, unnecessary litigation, dealing with customers who engage in illegal business activities (Money Laundering) and so on.

Internal operational issues such as system breakdowns, employee errors, employee fraud and others may expose the Bank to serious reputational risk. In managing reputational risk emanating from these sources, the Bank has put in place appropriate measures and controls that ensures that system breakdowns and bookkeeping errors are checked at every level of operations in order to minimize their impact on customers and other stakeholders. These controls form part of the daily operational procedures of the Bank.

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The Board of Directors, through the Management have assigned the responsibility of safeguarding the Bank's reputation to the Corporate Affairs Unit. Every member of staff is also entreated to carry and portray a good image of the Bank. There is effective communication between the Bank and its customers. This is achieved through daily monitoring of customer complaints and media reportage about the Bank for prompt resolution of the concerns raised or any adverse publicity. The Bank also conduct periodic operational meetings with the Board of Directors and Chief Executives of the Rural and Community Banks (RCBs) to address issues where necessary.

Concentration risk

The key source of funding is from the RCBs as a result of its mandate- ARB Apex Bank Regulations, 2006 (L.I.1825). The Bank therefore, has only one customer type and that is the Rural and Community Banks

The comparable funding source concentration as at December 31, 2022 and December 31, 2021 were as follows:

	2022 GH¢	2021 GH¢
Deposits from Rural and Community Banks		
Reserved placement-5% of RCBs' total deposit	334,329,710	295,954,295
RCBs' clearing account	162,984,460	85,696,194
ACOD	290,440,113	76,849,236
Short-term borrowing	15,114,185	18,693,485
Total	802,868,468	477,193,210
Total liabilities	1,055,394,511	649,024,773
Concentration ratio	76%	74%

33. Fair value of financial assets and liabilities

a. Fair value hierarchy

IFRS 13 specifies a hierarchy of valuation techniques based on whether the inputs to those valuation techniques are observable or unobservable. Observable inputs reflect market data obtained from independent sources; unobservable inputs reflect the Bank's market assumptions. These two types of inputs have created the following fair value hierarchy:

- **Level 1** – Quoted prices (unadjusted) in active markets for identical assets or liabilities. This level includes listed equity securities and debt instruments on exchanges (for example, The Ghana Stock Exchange). As at 31 December 2022 and 31 December 2021, the Bank did not hold any level 1 financial asset and/or liabilities.

- **Level 2** – Inputs other than quoted prices included within Level 2 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).

As at 31 December 2022 and 31 December 2021, the Bank did not hold any level 2 financial asset and/or liabilities.

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For the year ended 31 December 2022

- **Level 3** – inputs for the asset or liability that are not based on observable market data (unobservable inputs). This level includes equity investments and debt instruments with significant unobservable components.

  The carrying amounts of the financial assets and liabilities approximates their fair value. With the exception of Land and Building, there were no financial assets and liabilities measured at fair value in 2022 (2021: Nil).

Revaluation of land and building

The properties revaluation reserve arises on the revaluation of land and buildings. When revalued land or buildings are sold, the portion of the properties revaluation reserve that relates to that asset is transferred directly to retained earnings. Items of other comprehensive income included in the property's revaluation reserve will not be reclassified subsequently to profit or loss. Distributions from the properties revaluation reserve can be made where they are in accordance with the requirements of the Bank's policy.

However, the payment of cash distributions out of the reserve is restricted by the terms of the Bank's policy. These restrictions do not apply to any amounts transferred to retained profits. The directors do not currently intend to make any distribution from the property's revaluation reserve.

During the last valuation in January 2019, land and building was revalued at $4.1 million and $2.3 million respectively at an exchange rate of GH¢4.44/USD1.00. Details are shown below:

	Book value GH¢	Revalued amount GH¢	Gain/(loss) GH¢
Land	1,370,298	18,181,800	16,811,502
Building	3,409,702	10,305,240	6,895,538
	4,780,000	**28,487,040**	**23,707,040**
Deferred tax charged to other comprehensive income			**(1,723,885)**
Valuation reserve			**21,983,155**

34. Capital management

The Bank's regulatory capital is divided into two tiers:
Common Equity Tier 1 capital: includes ordinary (common) shares issued by the Bank that meet the criteria for classification as ordinary shares for regulatory purposes, retained earnings, statutory reserves and disclosed reserves after deducting specified assets such as intangibles and certain classes of investments.
Common Equity Tier 2 capital: includes qualifying subordinated loan capital, property revaluation reserves and unrealized gains arising on the fair valuation of instruments held as hold to collect and sell.

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The risk-weighted assets are measured using the standardized approach to reflect an estimate of credit, market and operational risks associated with each counterparty for on and off-balance sheet exposures.

The Capital Adequacy Ratio (CAR) is the quotient of the capital base of the Bank and the Bank's risk-weighted asset base. In accordance with Bank of Ghana Capital Requirements Directive (CRD or 'the Directive') issued under Section 92(1) of the Banks and Specialised Deposit-Taking Institutions Act, 2016 (Act 930) ('the BSDI Act'), a minimum ratio of 10% is to be maintained.

Regulatory reliefs

The Ghana Debt Exchange Program has significantly impacted the bank's capital levels due to expected credit losses relating to government bonds. See Note 7. The Bank of Ghana has however provided regulatory forbearances to help preserve financial stability within the banking industry. Key reliefs granted by the regulator included the following:

1. Reduction of Capital Conservation Buffer from 3% to zero, effectively reducing the minimum Capital Adequacy Ratio (CAR) from 13% to 10%.
2. Derecognition losses (ECL) emanating from the Debt Exchange shall be spread equally over a period of four (4) years for the purposes of CAR computation.
3. Banks have a maximum of four (4) years to restore the minimum paid-up capital as a result of any capital shortfall arising solely from the derecognition losses
4. Increase in Tier II component of regulatory capital from 2% to 3% of Total Risk-Weighted Assets (RWA)
5. Reduction of minimum Common Equity Tier 1 (CET1) capital from 6.5% to 5.5% of RWA
6. Increase in an allowable portion of property revaluation gains for Tier II capital computation from 50% to 60%
7. Risk weights attached to New Bonds to be set at 0% for CAR computation, and at 100% for old Bonds

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Below is a summary of comparable composition of regulatory capital and ratios of the Bank based on the CRD guidelines.

Tier 1 Capital	**2022**	2021
	GH¢	GH¢
Ordinary share capital	**9,268,190**	9,218,990
Statutory Reserve	**12,584,856**	12,734,771
Retained Earnings	**(69,420,584)**	9,360,726
Tier 1 Capital before adjustments	**(47,567,538)**	31,314,487
Less: Regulatory Adjustment	**12,008,469**	6,935,574
Total tier 1 capital	**59,576,007**	24,378,913
Tier 2 Capital		
Other Reserves	**13,189,893**	5,678,125
Total	**46,386,114**	30,057,038
Risk profile		
Total credit risk-weighted asset	**443,999,545**	123,722,538
Total operational risk-weighted asset	**135,741,225**	110,605,446
Total market risk-weighted asset	**20,682,662**	49,578,249
Total risk-weighted asset	**600,423,452**	283,906,233
Capital adequacy ratio	**(7.73%)**	10.59%

The tables above summarises the composition of regulatory capital adequacy ratio of the Bank as at 31 December 2022 in line with the capital adequacy requirements of Section 29 (1) of the Banks and Specialised Deposit-Taking Institutions Act, 2016 (Act 930).

Sixty percent (60%) of revaluation reserves arising from revaluation of land & building (capped at 2%) has also been included in the computation of the CAR. However, the bank did not meet the minimum CAR of 10%, required by Bank of Ghana.

35. Long term borrowing

	2022	2021
	GH¢	GH¢
At 1 January	**3,322,566**	14,183,045
Addition/(repayment)	**10,953,266**	(10,860,479)
At 31 December	14,275,832	3,322,566

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Notes to the Financial Statements

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The Bank contracted a Kfw loan facility in May 2020 at the rate of 6% per annum through Ghana Interbank Payments and Settlement System (GhIPSS) for four years tenor for the acquisition of E-zwich cards and Automated Teller Machines (ATMs) on behalf of the RCBs.

An additional loan of GH14.0 million was contracted from Bank of Ghana in July 2022 at the rate of 7% per annum for the acquisition of National identification Authority (NIA) verification devices on behalf of Rural and Community Banks (RCBs) for seven years tenor. Repayment of both principal and interest are on schedule.

36. Unimpaired capital

The Bank's unimpaired capital as at 31 December 2022 was negative GH¢47.6million. This is below the authorized capital f GH¢10million specified in the ARB Apex Bank Regulations, 2006 (L.I. 1825).

In February 2023, the Bank exchanged its investments in Government Bonds under the Domestic Debt Exchange Program (DDEP) which affected the Bank with an impairment loss of GH¢114million. The Regulator has permitted:

(a) losses emanating from the Debt Exchange to be spread equally over a period of four (4) years for the purposes of Capital Adequacy Ratio (CAR) computation.

(b) Banks to restore the minimum paid-up capital as a result of any capital shortfall arising solely from the derecognition losses within a maximum period of four years.

Prior to considering the impact of the DDEP, the unimpaired capital position of the Bank was GH¢ 34.8 million. The Bank had already been putting measures in place to increase its stated capital and in December 2022, it passed a special resolution to increase the stated capital of the Bank by GH¢ 25million over a period of five years, starting from 2023. This requires its members (RCBs) subscribing to additional GH¢ 5million worth of shares every year. As at April 2023, there has been some additional capital injection from the RCBs.

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Notes to the Financial Statements

For the year ended 31 December 2022

Appendix

Value Added Statement for the year ended 31 December

	2022 GH¢	2021 GH¢
Interest earned & other operating income	**133,108,932**	93,029,514
Direct cost of services	**(37,346,804)**	(21,563,250)
Value added by banking services	95,762,128	71,466,264
Non-banking income	12,055,447	6,707,102
Impairments	(116,623,091)	(9,212,276)
Value added	**(8,805,516**	68,961,091
Distributed as follows: -to employees:		
Directors (without executives)	**(1,124,172)**	(1,063,115)
Other employees	**(50,523,690)**	(40,887,841)
Post-retirement benefits	**(412,195)**	(319,222)
To government:		
Income tax credit/(expense)	-	-
To providers of capital:		
Dividend to shareholders	-	-
To expansion & growth:		
Deferred tax	**24,749,669**	712,396
Operating lease	**(523,350)**	(496,326)
Depreciation & amortisation	**(7,364,936)**	(5,981,364)
Suppliers of goods & services	**(34,777,120)**	(24,435,233)
	69,975,794	(72,470,705)
Retained earnings	**(78,781,308)**	3,509,615

PROXY FORM

An ANNUAL GENERAL MEETING of the ARB Apex Bank Limited is to be held on Saturday, September 23, 2023 at 10:00 am prompt.

We DIRECTORS being members of ______________________ Rural/Community Bank Limited

hereby appoint Dr./Hon./Mr./Mrs./Ms./ ______________________________

with a duly signed proxy form to attend and vote for us and on our behalf at the Annual General Meeting of the Bank to be held on September 23, 2023.

Dated this ________ day of ____________________ 2023

____

Signature (Authorised Signatory)

Name: ______________________________

Designation ______________________________

Company Seal/Stamp

____

Signature (Authorised Signatory)

Name: ______________________________

Designation ______________________________

Company Seal/Stamp

Resolutions from the Board	Fo	Against
1. To receive and adopt the Financial Statements of the Company (together with the reports of the Directors and the External Auditors of the Company) for the year ended 31st December, 2022		
2. To approve the Directorsí fees.		
3. To authorize the Directors to determine the remuneration of the Auditors.		

Please indicate with an 'X' in the appropriate square how you wish your votes to be cast on the resolutions set out above. Unless otherwise instructed the proxy will vote or abstain from voting at his/her discretion.

ARB APEX BANK

Together for progress

arbapexbank.com