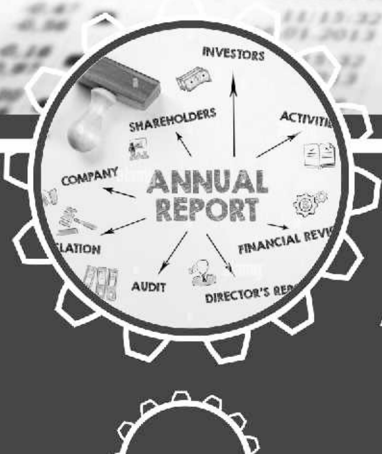
LA COMMUNITY BANK LIMITED

ANNUAL REPORT

& FINANCIAL STATEMENTS

2022

LA COMMUNITY BANK LIMITED



ANNUAL REPORT
& FINANCIAL STATEMENTS
2022

LA COMMUNITY BANK LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED
31 DECEMBER, 2022

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NOTICE OF MEETING

Notice is hereby given that the Thirty Fifth Annual General Meeting of the LA COMMUNITY BANK LIMITED will be held at Ebenezer Presbyterian Church Hall, Osu Accra on THURSDAY, 6TH JULY, 2023 at 10:00a.m. for the following purposes.

AGENDA

1. To receive and consider the Financial Statements for the year ended 31st December, 2022, together with the Report of the Directors and Auditors thereon.

2. To elect MRS. LOVELACE NAA MARTEKOR ADJEI-AKU and MRS. BETTY NAA ASHIOKAI ARYEE as Directors of the Bank subject to the approval of the Bank of Ghana.

3. To approve the payment of honorarium in accordance with the Bank's policies to a director who retired after meritorious service to the Bank.

4. To authorize the Directors to fix the remuneration of the Auditors.

Dated this 10th Day of May, 2023.

L. S. N. AKUETTEH
SECRETARY

NOTE:

1. A copy of the Financial Statements for the year ended 31st December, 2022 together with the Reports of the Directors and Auditors will be circulated electronically and published on the Bank's Website www.lacommunitybank.com/site/investor-relations/annual-report

   All shareholders are encouraged to visit the website and print copies for their study and necessary action.

2. A member of the Company entitled to attend and vote is entitled to appoint a proxy. A proxy need not be a member of the Company.

CORPORATE INFORMATION FOR THE YEAR ENDED 31 DECEMBER, 2022

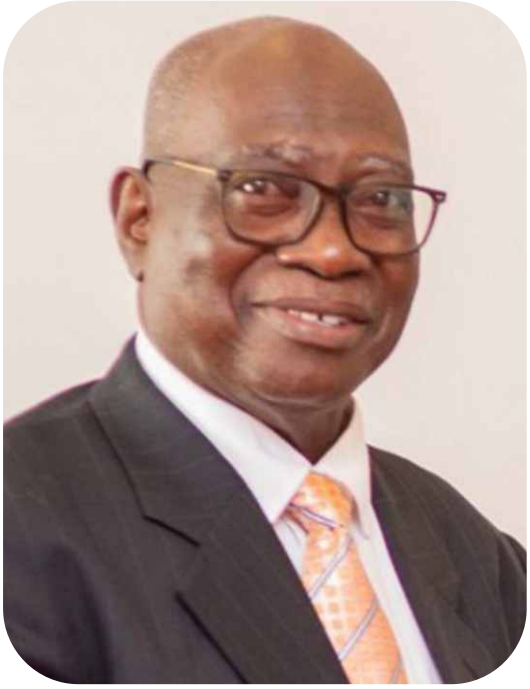
Board of Directors	**Capacity**
Mr. Seth Nii Sodjah Quao	Chairman (appointed, July 2, 2022)
Mr. David E.A. Oddoye	Vice Chairman
Dr. (Mrs.) Matilda Pappoe	Member
Mrs. Rosalyn Darkwa	Member
Mr. Kennedy Effah	Member
Mr. Isaac Nsiah Odoi	Member (appointed, December 20, 2022)
Mr. Nicholas Okoe Sai	Chairman (retired, July 2, 2022)
Secretary **Solicitor**	Mr. L. S. N. Akuetteh Nsiah Akuetteh & Co 21 Samora Machel Road Asylum Down, Accra P. O. Box A 329 La - Accra Ghana
Registered Office and Principal Place of Business	No. G224/1 Lami Jwahe Post Office Box LA 499 La - Accra Tel: 0303-969393 E-mail: info@lacommunitybank.com Website: www.lacommunitybank.com
Independent Auditors	UHY Voscon Chartered Accountants 2nd Floor, Cocoshe House, Opposite Silver Star Tower Agostinho Neto Close Airport Residential Area Accra- Ghana Phone +233 30 2683 430/4 Email: Info@uhyvoscon-gh.com Web: www.uhyvoscon-gh.com GA: -057-1475
Bankers	ARB Apex Bank PLC ABSA Bank Ghana PLC Zenith Bank Ghana PLC
Company Registration Number	CS023832018
Tax Identification Number (TIN)	C000518536X

FIVE-YEAR FINANCIAL SUMMARY AND FINANCIAL HIGHLIGHTS

(All amounts are stated in Ghana cedi unless otherwise stated)

Five-year financial summary	2022	2021	2020	2019	2018
Interest income	9,847,942	11,401,844	10,208,944	7,191,152	8,617,683
Interest expense	(1,521,936)	(3,233,060)	(2,881,824)	(1,022,142)	(1,443,971)
Net interest income	8,326,006	8,168,784	7,327,120	6,169,010	7,173,712
Net fees and commission income	902,265	596,536	565,835	633,781	590,694
Other operating income	69,001	129,094	80,836	220,725	229,037
Profit/(loss) before tax	1,380,196	(2,760,396)	579,050	(2,436,287)	1,075,600
Tax expenses	(166,834)	800,618	(42,254)	646,293	589,605
Profit/(loss) after tax	1,213,362	(1,959,778)	536,796	(1,789,994)	1,665,205
Total assets	75,909,752	74,394,494	83,063,060	53,927,125	52,414,044
Equity	4,245,147	2,889,695	4,846,973	4,270,394	6,314,950
Total equity and liabilities	75,909,752	74,394,494	83,063,060	53,927,125	52,414,044

Financial highlights	2022	2021	Percentage change (%)
Interest income	9,847,942	11,401,844	(13.63)
Interest expense	(1,521,936)	(3,233,060)	52.93
Net Interest Income	8,326,006	8,168,784	1.92
Net Commission and fees	902,265	596,536	51.25
Other operating income	69,001	129,094	(46.55)
Profit/(loss) before tax	1,380,196	(2,760,396)	150.00
Profit/(loss) after tax	1,213,362	(1,959,778)	161.00
Total assets	75,909,752	74,394,494	2.04
Equity	4,245,147	2,889,695	46.91
Loans and Advances	6,754,052	3,334,589	102.55
Customers' Deposits	65,148,986	69,280,204	(5.96)
Total equity and liabilities	75,909,752	74,394,494	2.04



Good morning distinguished Shareholders, Ladies and Gentlemen. I am delighted to welcome you once again to the 35th Annual General Meeting of your Bank. This meeting is the first in person meeting post Covid 19 pandemic. The year 2022 started on a positive note, as your Bank began to recover from the effects of the Banking sector clean up and Covid 19 pandemic. That notwithstanding, it was a challenging year as the Governments Domestic Debt Exchange Program which was announced in the later part of the year adversely affected the operations of the Bank.

ECONOMIC OUTLOOK

The economy made a steady recovery from the covid 19 pandemic but there were uncertainties surrounding food prices, petroleum price adjustments and high risk of debt distress, which exerted inflationary pressures on both global and domestic fronts, creating enormous challenges for the economy. The deferment of the passage of the proposed revenue measures by parliament undermined the credibility of the Budget, leading to heightened investor concerns, credit rating downgrades and closed access to the international capital markets. These developments led to severe pressures on the Cedi, which caused the currency to depreciate significantly.

These adverse developments exposed Ghana to a surge in inflation, large exchange rate depreciation and increased stress on the fiscal situation.

To address this crisis, Government requested financial assistance from the International Monetary Fund ("IMF") aimed at restoring macroeconomic stability and debt sustainability while preserving financial stability and protecting the most vulnerable.

OPERATING PERFORMANCE

Ladies and Gentlemen, despite the uncertain global recovery from the Covid 19 pandemic, the Bank's operating income increased by 4.53% from GHS8.8 million in 2021 to GHS9.2 million in 2022. This was mainly achieved through review of interest rates on some products within the year.

Despite the high inflation within the year, rapid increase in the price of fuel and the general increase in prices, operating expenditure decreased by 32.07% from GHS11.6 million in 2021 to GHS7.9 million in 2022.

On the whole, the Bank recorded profit before tax of GHS1.3 million in 2022 compared to the loss of GHS2.7 million in 2021.After consideration of taxes, the profit after tax stood at GHS1.2 million compared to the loss after tax of GHS1.9 million in 2021.

It is important to state Ladies and Gentlemen that; efforts are still being made to retrieve the locked up funds to improve shareholders' worth.

STATEMENT OF FINANCIAL POSITION

Ladies and gentlemen, during the year under review, Loans and Advances to Customers increased significantly by 102.55% from GHS3.3 million in 2021 to GHS6.7million in 2022. Total deposits declined by 5.96% from GHS69 million in 2021 to GHS65 million in 2022. Total assets and Equity increased by 2.04% and 46.91% respectively. This was largely due to the profit recorded within the year.

APPROPRIATION / DIVIDEND

Your Bank was able to reduce its negative retained earnings from GHC2.1m in 2021 to negative GHC1.2m in 2022. This together with the directive from the Bank of Ghana dated 8/12/22, requiring Banks and SDIs to suspend the declaration and payment of dividends does not put the Bank in a position to pay dividends.

The Board of Directors are therefore unable to recommend any dividend payment due to the financial position of the Bank for the year 2022.

CORPORATE SOCIAL RESPONSIBILITY[CSR]

Distinguished Shareholders, Ladies and Gentlemen, despite the challenges faced by the Bank, the Bank continued to meet its obligations to continuing students on the Bank's Scholarship Scheme.

OUTLOOK FOR THE YEAR 2023

We remain optimistic about the prospects of the Bank overcoming the effect of Domestic Debt Exchange program and to correct its negative retained earnings to a positive one in 2023.

We will ensure we tap into the opportunities in the market to grow a very liquid and viable Bank. We will continue to deepen our relationship with our customers and offer them superior customer experience through the right technology, innovative products and services while maintaining our focus on minimizing and diversifying risk, as well as improving productivity and efficiency. The Bank is well placed to meet all the regulatory requirements to ensure it remains a strong institution.

Distinguished Shareholders, at this point I would like to take the opportunity to encourage all shareholders to increase their stake in the Bank in order to increase its financing capacity going into the future.

CONCLUSION

Distinguished Shareholders, Ladies and Gentlemen, in conclusion, I wish to inform you that we will continue in our quest to build a resilient bank while keeping an eye on the various risk that affect our business

I wish to thank Mrs. Roselyn Darkwa, a director who served notice to retire from the Board after this meeting. Thank you for everything you did for the Bank. Your contributions will be missed.

Finally, I wish to thank God and my colleague Directors, Management and Staff for their support and cooperation. It is my prayer that God will bless all the members of the Bank and keep you all safe and protected by His Grace and Mercies.

Thank you for your participation in this meeting.

Chairman

DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS

Statement of Directors' responsibilities

The Directors are required to ensure that adequate accounting records are maintained so as to disclose at reasonable adequacy, the financial position of the Bank. In preparing these financial statements, they are required to:

- Select suitable accounting policies and apply them on a consistent basis using reasonable and prudent judgement.
- State whether or not the Companies Act, 2019 (Act 992), the Bank and Specialized Deposit-Taking Institutions Act, 2016 (Act 930) and in accordance with International Financial Reporting Standards ("IFRS") have been adhered to and explain material departures thereto.
- Use the going concern basis unless it is inappropriate.

They are also responsible for steps to safeguard the assets of the Bank and to prevent and detect fraud and other irregularities. They must present financial statements for each financial year, which give a true and fair view of the affairs of the Bank, and the results for that year.
The Board acknowledges its responsibility for ensuring the preparation of the annual financial statements in accordance with IFRS and the responsibility of external auditors to report on these financial statements. The Board is responsible for ensuring the maintenance of adequate accounting records and an effective system of internal controls and risk management.

Nothing has come to the Board's attention, to indicate any material breakdown in the functioning of the internal controls and systems during the year under review, which could have a material impact on the business.

The financial statements are prepared from the accounting records on the basis of consistent use of appropriate records supported by reasonable and prudent judgements and estimates that fairly present the state of affairs of the Bank. The financial statements have been prepared on a going concern basis and there is no reason to believe that the Bank will not continue as a going concern in the next financial year. The Directors confirm that in preparing the financial statements, they have:

- selected suitable accounting policies and applied them consistently.
- made judgements and estimates that are reasonable and prudent.
- followed the International Financial Reporting Standards.
- prepared the financial statements on the going concern basis.

The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Bank and to enable them ensure that the financial statements comply with the Companies Act, 2019 (Act 992), the Bank and Specialized Deposit-Taking Institutions Act, 2016 (Act 930) and in accordance with International Financial Reporting Standards ("IFRS"). They are also responsible for safeguarding the assets of the Bank and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

By the order of the Board:

Name of Director: SETH NII SODJAH QUAO	Name of Director: KENNEDY W. EFFAH
Signature	Signature
Date: 26-04-2023	Date: 26-04-2023

REPORT OF DIRECTORS TO THE MEMBERS OF LA COMMUNITY BANK LIMITED

The Directors are pleased to present their report together with the audited financial statements for the year ended 31 December 2022, which disclose the statement of the affairs of La Community Bank Limited (the "Bank").

Financial results

Detailed financial results for the year are set out in the attached audited financial statements with an extract as below.

	2022	2021
Profit/(loss) before tax for the year	1,380,196	(2,760,396)
from which is deducted income tax expense of	(166,834)	800,618
giving profit after tax of	1,213,362	(1,959,778)
to which is added balance on retained earnings account brought forward	(2,128,732)	(138,806)
Prior year adjustment	(71,903)	-
Leaving a balance before statutory and other transfers of	(987,273)	(2,098,585)
From which the following transfers were made:		
Transfer to statutory reserve	(151,670)	-
Transfer to stated capital		-
Transfer to dividend account		-
Other movement of:		
Regulatory credit risk reserve	(77,850)	(30,148)
	(1,216,794)	**(2,128,732)**

Dividend

The Directors do not recommend the payment of dividend (2021: Nil)

Auditors

In accordance with Section 139 (5) of the Companies Act, 2019 (Act 992), the Auditors, Messrs. UHY Voscon Chartered Accountants, will continue in office as the Bank's Auditors.

Auditor's remuneration

The audit fee payable for the year under review is GHS 47,541, inclusive of taxes.(2021: GHS 35,775)

Stated Capital and Capital Adequacy Ratio (CAR)

The Stated Capital of the Bank at the end of the reporting was GHS 2,075,305 and deposit for shares of GHS 260,620. The Bank met the minimum capital requirement, and the 10% minimum capital adequacy ratio. The Capital Adequacy Ratio was 17.14%.

Principal activities

The principal business of the Bank is to provide banking services.

Appointment, retirement and re-election of Board Members

The Directors in office at the end of the reporting year are as follows:

Board of Directors	Position	Qualification/Profession	Date appointed
Mr. Seth Nii Sodjah Quao	Chairman	Chartered Accountant	20/11/2020
Mr. David E. A. Oddoye	Vice-Chairman	Chartered Accountant	26/09/2017
Dr. Mrs. Matilda E. Pappoe	Member	Retired Lecturer/ Consultant	05/06/2014
Mrs. Rosalyn Darkwa	Member	Corporate Executive	20/11/2020
Mr. Kennedy Wiafe Effah	Member	Banker/ Lawyer	23/10/2021
Mr. Isaac Nsiah Odoi	Member	Banker/ Lawyer	20/12/2022

Training and Continuous Professional Development (CPD)

During the year, various training to management were undertaken. Some of the Board of Directors availed themselves for various trainings to help the bank in achieving it objectives. This will help them to continually update their skills, their knowledge and familiarity with the Bank's businesses, their awareness of the banking sector, risk, regulatory, legal, financial and other developments to enable them to fulfil effectively their role on the board and to the sub committees.

Code of Conduct

La Community Bank Limited has a Code of Conduct policy approved by the Board of Directors of the Bank. This addresses areas like complying with local laws and regulations, the Bank not offering, giving, or accepting inappropriate gifts or benefit to or from third parties, prevention of money laundering and fraud, avoidance of conflict of interest, openness and honesty with regulators, confidentiality amongst others.

Conflict of interest and compliance

The Bank's Code of Conduct addresses conflicts of interest i.e. actual and potential conflict of interest. Further, personal conflict of interest and business conflict of interest are addressed by the Code.

Events after reporting year

The Directors are not aware of any adjusting events after the reporting year.

Corporate social responsibilities

There was Educational and Development Support by the Bank in the reporting year under review. Twenty-two continuing students in the Tertiary Institution under the Bank's Scholarship Scheme benefited from the above.

Related party transactions

Related party transactions are transactions that each counter party has the ability to influence the outcome of the transaction for economic benefits. Related party transactions and balances are also disclosed in notes to the financial statements. All the Directors except three and some key management personnel have interest in shares but no debt interest was issued by the Bank during the year under review of the Bank. Other than service contracts, no Director has a material interest in any contract to which the Bank was a party during the year. Note 30 has disclosures on related party transactions.

Approval of financial statements

The financial statements for the year set out on pages 33 to 63, which have been prepared on a going concern basis, were approved by the Board of Directors and signed on their behalf by:

Corporate Governance Compliance Declaration:

The Board of Directors hereby declare that La Community Bank has complied with the Bank of Ghana Corporate Governance Directive for RCBs 2021

By the order of the Board:

Name of Director SETH NII SODJAH QUAO

Signature

Date 26-04-2023

Name of Director KENNEDY W. ESSAH

Signature

Date 26-04-2023

CORPORATE GOVERNANCE (CG) REPORT

Overview

La Community Bank Limited is committed to strong corporate governance practices that allocate rights and responsibilities among the Bank's Shareholders, the Board and Executive Management to provide an effective oversight and management of the Bank in a manner that enhances shareholders' value and promotes investors' confidence.

The Bank's corporate governance principles are contained in a number of corporate documents. The Board oversees the conduct of the Bank's business and is primarily responsible for providing effective governance over the Bank's key affairs, including the appointment of Executive Management, approval of business strategies, evaluation of performance and assessment of major risks facing the Bank.

In discharging its obligations, the Board exercises professional judgement in the best interest of the Bank and relies on the Bank's Executive Management to implement approved business strategies, resolve day-to-day operational issues, keep the Board informed, and maintain and promote high ethical standards. The Board delegates authority in management matters to the Bank's Executive Management subject to clear instructions in relation to such delegation of authority and the circumstances in which Executive Management shall be required to obtain Board approval prior to taking a decision on behalf of the Bank.

The Board is the ultimate decision-making body for all material matters within the Bank. It is responsible for providing leadership, setting the strategic direction of the Bank and monitoring management to ensure effective execution of such strategy. The Board is responsible for a sound system of internal controls and risk management. La Community Bank Limited's commitment to ensuring international best practice in terms of corporate governance remains strong and unwavering.

Board composition

The Board at all times, shall be regulated by the Companies Act, 2019 (Act 992), and the Banks and Specialized Deposit Taking Institutions Act, 2016 (Act 930), notices of Bank of Ghana and ARB Apex Bank Limited.

The Board for the 2022 reporting year was diverse, with a good mix of experience and skills with a Board size of seven (7) members. The areas of expertise of the directors are as follows:

Board of Directors	Position	Qualification/Profession	Date appointed
Mr. Seth Nii Sodjah Quao	Chairman	Chartered Accountant	20/11/2020
Mr. David E. A. Oddoye	Vice Chairman	Chartered Accountant	26/09/2017
Dr. Mrs. Matilda E. Pappoe	Member	Lecturer/ Consultant	05/06/2014
Mrs. Rosalyn Darkwa	Member	Corporate Executive	20/11/2020
Mr. Kennedy Wiafe Effah	Member	Banker/ Lawyer	23/10/2021
Mr. Isaac Nsiah Odoi	Member	Banker/ Lawyer	20/12/2022
Mr. Nicholas Okoe Sai*	Chairman	Chartered Accountant	05/06/2014

The Director stated below retired during the reporting year.

Directors	Date of Retirement
Mr. Nicholas Okoe Sai*	July 2, 2022

Role of the Chairman/Chairperson and the Chief Executive Officer

The role of the Board Chair and the Chief Executive Officer are kept distinct. Except for direction and guidance on general policy, the Board has delegated the conduct of the day-to-day business to the Chief Executive Officer.

Professional development and training activities

The Bank has a very comprehensive and tailored induction process for new Directors. The induction process covers the Bank's business operations, the risk and compliance functions as well as the legal, regulatory and other personal obligations and duties of a Director of a Bank. Aside the induction programme, the Bank ensures a continuous development programme which is needs-based and is designed for individual Directors, committees or for the Board. The Directors are kept updated on all regulations and laws that are enacted which may affect the operations of the Bank and are also advised of the legal, regulatory and other obligations of a Director on an ongoing basis. The Directors have access to independent professional advice to enable them to discharge their duties. The Board and its committees are periodically trained in various programmes to enhance their role to the strategic direction of the Bank.

Frequency of Board meetings and attendance

There is a process in place to ensure that Directors receive reports in a timely manner to enable them ask appropriate questions and make informed decisions.

Aside formal meetings, the Directors are engaged informally throughout the year. This creates an environment that encourages challenge, consultation, information sharing, innovative thinking and openness in communication. The Directors are encouraged to interact with the staff and to broaden their understanding of the Bank's operations. The following table shows the number of Board meetings held during the year and the attendance by the Directors.

Meeting attendance

Members	Board meetings (8)	Percentage of attendance (%)	Ad hoc meetings
Mr. Seth Nii Sodjah Quao	8	100%	2
Mr. David E. A. Oddoye	8	100%	2
Dr. Mrs. Matilda E. Pappoe	6	75%	2
Mrs. Rosalyn Darkwa	7	88%	1
Mr. Kennedy Wiafe Effah	7	88%	1
Mr. Isaac Nsiah Odoi**	N/A	N/A	N/A
Mr. Nicholas Okoe Sai*	5	63%	N/A

*Board member retired during the year
**Board member joined during the year

From the Board Charter, the Board established four (4) Committees to help in the performance of its mandate. The Board shall appoint the Chairpersons of the Committee and shall approve appropriate terms of reference for the Committee. These sub committees are:

- Executive Committee
- Audit, Risk & Compliance Committee
- Credit and Investment Committee
- Human Resource Committee

Overview of Board sub-committees
Executive Committee (EC)

Membership
The committee shall comprise the Board Chair, the Board Vice-Chair and the General Manager/Chief Executive Officer and may include at least one other voting Board Director. The members during the year under review Mr. Nicholas Okoe Sai (Chairman), Mr. Seth Nii Sodjah Quao (Vice-Board Chair) and Mr. David Emmanuel Annan Oddoye. (Member). Mr. Nicholas Okoe Sai retired and Mr. Seth Nii Sodjah Quao took over as Chairman, Mr. David Emmanuel Anang Oddoye as the Vice Chairman while Dr.Mrs. Matilda E. Pappoe was appointed as a new member.

Duties
The duties of the above committee are as follows:

- To the extent permitted by law, the Committee shall exercise the powers of the Board during the interval periods between Board meetings when the Board is unavailable or unable to meet.

- The Committee shall not have the authority to amend or repeal any Board approved decision or take any other action which has been reserved for the full Board or which the Committee is otherwise prohibited by law to take.

Audit, Risk, & Compliance committee

Membership
The members, including the Chairman of the Committee, shall be appointed by the Board. The Committee shall comprise at least three independent non-executive directors of the Bank. The members during the year were Mr. Seth Nii Sodjah Quao (Chairman), Mr. Kennedy Wiafe Effah (member) and Mrs. Rosalyn Darkwa (member). Mr. Seth Nii Sodjah Quao stepped down from this committee, and a new member Mr. David Emmanuel Annan Oddoye was appointed as a new Chairman.

Duties
The duties of the above committee are as follows:

- Develop strategic goals which set the context for risk management and control activities throughout the Bank.
- Review the design, completeness and effectiveness of the risk management framework relative to the Bank's activities.
- Monitor the management of significant risks to the Bank's business objectives and satisfying itself that less significant risks are also being actively managed.
- Review significant breaches, or potential breaches of regulations and the steps taken to ensure that the underlying root causes of any regulatory control failures are being addressed.
- Ensuring that the Bank has in place a designated Compliance function which is adequately staffed by appropriately trained and competent persons with sufficient authority to perform their role.
- Establish and maintain a culture of compliance awareness and promote the adoption of appropriate ethical and compliance standards.
- Ensure that both Directors and Staffs are duly trained at least twice per year as required by Section 41(1a) of the Anti-Money Laundering (Amendment) Act 2014 (Act 874).

- Review significant accounting and reporting issues, including complex or unusual transactions, and understand their impact on the financial statement.
- Consider the effectiveness of the Bank's internal control systems, including information technology security and control.
- Review with Management and the Head of Internal Audit the internal audit charter, activities, staffing, and organizational structure of the internal audit function.
- Review the effectiveness of the system for monitoring compliance with laws and regulations and the results of management's investigation and follow-up

Frequency of meetings

Meetings shall be held not less than four times each year and at such other times as required.

Members	Meetings (9)	Percentage of attendance (%)	Ad hoc meetings
Mrs. Rosalyn Darkwa	7	78%	1
Mr. Kennedy Wiafe Effah	9	100%	1
Mr. Seth Nii Sodjah Quao*	5	56%	2
Mr. David E.A. Oddoye**	4	44%	N/A

** Ceased to be a member after a restructuring process on 2nd July, 2022*
*** Became a member after the restructuring process.*

Human Resource committee (HRC)

Membership

The Committee shall be composed of a minimum of three directors as the Board may appoint. The members were Dr. (Mrs.) Matilda Pappoe (Chairperson), Mr. David Emmanuel Annan Oddoye (Member) and Mrs. Rosalyn Darkwa (Member).

Duties
The duties of the above Committee are as follows:
- The Committee shall review and recommend for Board approval the Human Resource Strategy including key HR objectives, Plans and workforce requirement and monitor its implementation.
- Formulate and recommend the succession plan and contingency planning for the General Manager (GM)/Chief Executive Officer (CEO).
- Recommend which of the top positions below the GM/CEO are critical with respect to the succession planning for the senior officers.
- In consultation with the GM/CEO, review and recommend for the Board's approval the annual compensation and benefit for staff.
- Verify on a regular basis, that La Community Bank's compensation policies, programs and plans, promote the achievement of the Bank's objectives and mandate.
- In consultation with the Joint Negotiating Committee, review and recommend to the Board the annual compensation and benefits of staff.
- Regularly review, recommend and monitor La Community Bank policies which provide a sound management of the Bank's personnel, in compliance with applicable legislation.
- Assess the 'tone at the top' established by the GM/CEO and Senior Management in terms of the example that is set with respect to integrity and ethics.
- The Committee shall review and, if appropriate, recommend to the Board for approval all appointments.

Frequency of meetings
The Committee shall meet every quarter in a year.

Members	Meetings (1)	Percentage of attendance (%)	Ad hoc meetings
Dr. (Mrs.) Matilda Pappoe	1	100%	0
Mrs. Rosalyn Darkwa	1	100%	0
Mr. David E.A. Oddoye	1	100%	0

Credit and Investment Committee

Membership

The Committee will consist of at least two of the Board of Directors. The membership during the year was Mr. Kennedy Wiafe Effah (Chairman), Mrs. Rosalyn Darkwa (member) and Mr. Isaac Nsiah Odoi (member).

Duties
The duties of the above Committee are as follows:

- Facilitate the effective management of credit risk by the bank.
- Review credit risk management policies, underwriting guidelines and standard proposals on the recommendation of the Management Credit Committee (MCC) for the Board's approval.
- Regularly review credit risk strategies and portfolio quality.
- Review new credit products and processes for the Board's approval
- Review credit authorization limit and make recommendation to the Board
- Review proposed changes to this credit policy document on the recommendation of the Management Credit Committee (MCC) for Board approval.
- May review credit facility requests and proposals for the Board's approval
- Review credit risk reports on a periodic basis
- Review and approve credit facilities within its limit

Frequency of meetings

The Committee shall meet once in a month and as and when necessary without unduly exceeding meeting targets as set by the Board for the year.

Members	Meetings (5)	Percentage of attendance (%)	Ad hoc meetings
Mr. Kennedy Wiafe Effah	5	100%	0
Mrs. Rosalyn Darkwa	4	80%	0
Mr. Isaac Odoi**	N/A	N/A	N/A
Mrs. David E.A. Oddoye*	1	20%	0

* Ceased to be a member after a restructuring process on 2nd July, 2022
** Became a member during the year

Officers of the Bank

In line with the Companies Act, 2019 (Act 992), the Bank at the date of this report expressly or impliedly authorized officers to act in various capacities as below:

Officers	Capacity (31st December, 2022)
Peter Vanderpuije	Chief Executive Officer
Kenneth Owusu-Twumasi	Human Resource Manager
Prince Annobil	Finance Manager(Resigned, October 3, 2022)
Deborah Anang	Ag. Finance Manager
Mavis Okai	Ag. Internal Auditor
Emmanuel Plange	Risk and Compliance Manager
Jacobina Lydia Vanderpuye	Branch Manager, La
Benjamin Tamatey	Branch Manager, Teshie
Gifty Winful	Branch Manager, Madina

By order of the Board of Directors

Name of Chairman SETH NII SOOJAH QUAO

Signature

Date 26-04-2023

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF LA COMMUNITY BANK LIMITED

Report on the audited financial statements

Opinion

In our opinion, La Community Bank Limited has kept proper accounting records and the financial statements are in agreement with the records in all material respects and report in the prescribed manner, information required by the Companies Act, 2019 (Act 992), and the Banks and Specialized Deposit-Taking Institutions Act, 2016 (Act 930). The financial statements give a true and fair view of the financial position of the Bank as at 31 December, 2021, and of its financial performance and statement of cash flow for the year then ended and are drawn up in accordance with the International Financial Reporting Standards, issued by the International Accounting Standards Board (IASB).

What we have audited

We have audited the accompanying financial statements of the La Community Bank Limited for the year ended 31 December, 2022

The financial statements comprise:

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

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Bank within the meaning International Ethics Standards Board for Accountants' (IESBA) Code of Ethics for Professional Accountants as adopted by the Institute of Chartered Accountants Ghana (ICAG). We have fulfilled our other ethical responsibilities with IESBA Code.

Report on the audited financial statements(continued)

Key Audit Matters

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

Key Audit Matters	How our audit addressed the key audit matter
Loan loss provision	**Our procedures included:**
The Bank has adopted IFRS 9 – Financial Instruments, which requires the measurement of expected credit loss allowance for financial assets at amortised cost and fair value through other comprehensive income. The Bank reviews its loans and advances for impairment at the end of each reporting period. There are significant judgements made in the following areas in applying IFRS 9 – Financial Instruments. These include; -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). Due to the significant judgements that are applied by management in determining whether an impairment loss has occurred we considered this to be a key audit matter. The Bank is also required to compute loan provision in accordance with the Bank of Ghana (BOG) prudential guidelines. 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, the nature and significance of the risk, competence and authority of person(s) performing the control, frequency and consistency with which the control is performed. In performing operating effectiveness of controls, we selected a sample of transactions based on the control frequency to determine whether the control operated during the year. We performed an evaluation of management's key assumptions over the expected credit loss model (ECL), including the probability of default and the Loss Given Default. We assessed 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 further assessed as appropriate the cassifications 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. We found that the assumptions used by management were comparable with historical performance and have been assessed as reasonable.

Other Information

The Directors are responsible for the other information. The other information comprises the Report of the Directors, including the Board Chairman's statement which we obtained prior to the date of this auditor's report. 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 express any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. Based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, if 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.

Going concern

The financial statements of the Bank have been prepared using the going concern basis of accounting. The use of this basis of accounting is appropriate unless management either intends to liquidate the Bank or to cease operations, or has no realistic alternative but to do so. As part of our audit of the financial statements, we have concluded that management's use of the going concern basis of accounting in the preparation of the Bank's financial statements is appropriate. Management has not identified a material uncertainty that may cast significant doubt on the Bank's ability to continue as a going concern, and accordingly none is disclosed in the financial statements of the Bank. Based on our audit of the financial statements of the Bank, we also have not identified such a material uncertainty.
However, neither management nor the auditor can guarantee the Bank's ability to continue as going concern.

Responsibilities of Directors for the financial statements

The Directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards (IFRSs), Companies Act, 2019 (Act 992), and the Banks and Specialised Deposit Taking Institutions Act, 2016 (Act 930). These responsibilities include designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error, selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. The Directors are responsible for overseeing the Bank's financial reporting process.

Auditor's responsibilities for the audit of the financial statements

The objectives of our audit are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatements, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but 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 skepticism throughout the planning and performance of the audit. We also:

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.

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

- 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.

- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and based on the evidence obtained, whether a material uncertainty exists relating 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 Bank's financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- We communicate with the Audit Committee 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 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, related safeguards. From the matters communicated with the Audit Committee and the Directors, we determine those matters that were of most significance in the audit of the financial statements of the current year and are therefore the key audit matters. We describe these matters in our auditor's

- report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interests' benefits of such communication.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities and business activities within the Bank to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the Bank audit. We remain solely responsible for our audit opinion.

Other matter paragraph

We have nothing to report on other matters on which we are required to report except by below.

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

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

2. In our opinion proper books of account have been kept by the Bank, so far as appears from our examination of those books; and
3. The statement of financial position and statement of comprehensive income of the Bank are in agreement with the books of account.

In accordance with Section 85 (2) of the Banks and Specialized Deposit-Taking Institutions Act, 2016 (Act 930), we hereby confirm that:

1. The accounts give a true and fair view of the state of affairs of the Bank and its 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. The Bank's transactions were within its powers;
4. In our opinion, the Bank has generally complied with the provisions of the Anti-Money Laundering Act, 2020 (Act 1044), the Anti-Terrorism Act, 2008 (Act 762) and the regulations enactments; and
5. The Bank has generally complied with the provisions in the Banks and Specialized Deposit-Taking Institutions Act, 2016 (Act 930).

The engagement partner on the audit resulting in this independent auditor's report is ***Emmanuel K.D. Abbey (ICAG/P/1167)***

Signed by: UHY VOSCON
For and on behalf of:
UHY Voscon (ICAG/F/2023/086)
Chartered Accountants
P. O. Box LA 476, La, Accra
2nd Floor, Cocoshe House
Opposite Silver Star Tower
Agostinho Neto Close Airport
Residential Area Accra - Ghana. Phone
+233 30 2683 430 / 4
Email: info@uhyvoscon gh.com
Web: www.uhyvoscon-gh.com
GA:-057-1475
Date ...20th April, 2023 **......**

Lovelace comes to the Board with over two decades experience in the banking and hospitality ecosystem where she has been a dynamic leader, team player, trainer and communicator.

She has held consulting and leadership roles in management, sales, service and entrepreneurship. She has also worked for brands like Standard Chartered Bank, Stanbic Bank, Novotel and The Growth Hub Gh.

Currently, she is the Lead Consultant and Founder of The Growth Hub Gh and the Country Partner of Hofstede-Insights (Finland), a global consulting firm in Organisational Culture, Intercultural Management and Consumer Culture intelligence.

Lovelace holds a Master's in Business Administration, Marketing option from the Ghana Institute of Management and Public Administration (GIMPA), Post Graduate Diploma in Marketing from the Chartered Institute of Marketing (CIM UK) and a First Degree in Business Administration (Marketing option) from Central University College, (First Class Honors). She also holds a Banking; Intermediate level from the Chartered institute of Bankers – Ghana.

Interested in equipping lower to middle income earners and MSME (women led) to be financially literate to improve their lives and funding opportunities respectively as part of her social responsibility.

Lovelace Naa Martekor Adjei-Aku, MCIM

Betty is a Fellow of the Chartered Institute of Bankers (FCIB) Ghana and holds a Master's degree in business administration – Finance Option and a Bachelor of Art, B.A (Hons) degree in Accountancy (Major) from the Methodist University Ghana an affiliate of the University of Ghana, (Legon).

She has over 29 years of experience in the financial industry giving her vast wealth of knowledge in the field of banking and finance. Mrs. Aryee has in previous years worked with the liquidated Corporative Bank, the Trust Bank Ghana limited now merged with Ecobank and Sahel Sahara Bank now OmniBSIC. She has also taught at the National Banking College, Philip Quartey and Associates, Pentecost University College and presently with University of Professional Studies (UPSA) Accra.

As a consumer advocate with a desire to impact knowledge, she developed the concept and host a financial literacy T.V program 'Time with Your Banker and Financial Advisor'.Betty was part of the team that designed and coordinated the Certified Teller & Frontline Executive Program of the Faculty of Operations of the National banking College in 2008 and one of its first lecturers.

She was also adjudged and awarded the best female in Banking and Finance – Education and Mentorship for the year 2017 by Women in Banking and Finance Magazine. Mrs. Betty Aryee is currently a Consultant with the Eagle Banker Consult, a consulting company rendering financial advisory services to the public.

Mrs. Betty Naa Ashiokai Aryee

Statement of comprehensive income		for the year ended 31 December	
	Note	**2022**	**2021**
Interest income	3	9,847,942	11,401,844
Interest expense	4	(1,521,936)	(3,233,060)
Net interest income		**8,326,006**	**8,168,784**
Fees and commission income	5	1,173,909	853,535
Fees and commission expense	6	(271,644)	(256,999)
Net fees and commission income		**902,265**	**596,536**
Other Income	7	69,001	129,094
Operating income		**9,297,272**	**8,894,414**
Operating expenses			
Impairment loss on financial assets	8	2,029	(3,761,875)
Personnel expenses	9	(4,833,963)	(4,671,873)
Directors remuneration		(301,890)	(628,300)
Depreciation and amortization		(434,312)	(555,922)
Finance cost on lease liability	23.2	(15,982)	(24,789)
Other operating expenses	10	(2,332,958)	(2,012,052)
Total operating expense		**(7,917,076)**	**(11,654,810)**
Profit/(loss) before Income Tax		**1,380,196**	**(2,760,396)**
Income tax (expense)/credit	11.1	(166,834)	800,618
Profit/(loss) after tax attributable to equity holders		**1,213,362**	**(1,959,778)**
Other comprehensive income			
Movement in fair value reserves		(20,007)	-
Related tax		5,002	-
Total comprehensive income		**1,198,357**	**(1,959,778)**
Earnings per share:			
Basic		6.48	(10.46)
Diluted*		6.48	(10.46)

There were no compound financial instruments potentially convertible during the year under review

The notes on pages 32 to 63 are integral part of these financial statements

Statement of financial position		as at 31 December	
		2022	2021
Assets	**Notes**		
Cash and cash equivalents	12	19,972,163	11,363,264
Investment securities-at amortised cost	13	41,289,671	44,673,535
Investment Securities – FVOCI	14	291,649	311,657
Loans and advances to customers	15	6,754,052	3,334,589
Other assets	16	731,441	7,423,991
Current tax Asset	11.2	48,452	221,192
Deferred Tax Asset	11.3	2,590,679	2,402,048
Property and equipment	17.1	3,948,849	4,236,182
Intangible asset	18.1	282,796	428,036
Total assets		**75,909,752**	**74,394,494**
Equity			
Stated capital	19	2,075,305	2,075,305
Deposit for shares	20	260,620	26,620
Retained earnings		(1,216,794)	(2,128,732)
Revaluation reserve		243,115	263,122
Credit Risk Reserve		177,082	99,232
Statutory reserve fund		2,705,818	2,554,148
Total equity		**4,245,147**	**2,889,695**
Liabilities			
Customer deposits	21	65,148,986	69,280,204
Provisions	22	53,953	53,953
Lease liability	23.2	93,210	77,228
Dividend payable	24	943,992	946,864
Other liability	25	5,424,464	1,146,550
Total liabilities		**71,664,605**	**71,504,799**
Total equity and liabilities		**75,909,752**	**74,394,494**

The notes on pages 32 to 63 are integral part of these financial statements.
These financial statements were approved by the Board and signed on their behalf by:

Name of Director: SETH NII SODJAH QUAO
Signature: ……
Date: 26-04-2023

Name of Director: KENNEDY W. EFFAH
Signature: ……
Date: 26-04-2023

Statement of changes in equity For the year end 31 December, 2022	Note	Stated capital	Deposit for shares	Retained earnings	Statutory reserve	Revaluation reserve	Credit risk reserve	Total
Balance as at 1 January		2,075,305	26,620	(2,128,732)	2,554,148	263,122	99,232	2,889,695
Prior year adjustment		-	-	(71,903)	-	-	-	(71,903)
Balance as restated		2,075,305	26,620	(2,200,635)	2,554,148	263,122	99,232	2,817,792
Net profit or loss				1,213,362				1,213,362
Fair value gains/(loss) on investments						(20,007)		(20,007)
Deposit for Shares			234,000					234,000
Transfer to credit reserve				(77,850)			77,850	-
Transfer to statutory reserve				(151,670)	151,670			-
Balance at 31 December		**2,075,305**	**260,620**	**(1,216,794)**	**2,705,818**	**243,115**	**177,082**	**4,245,147**

Statement of changes in equity For the year end 31 December, 2021	Note	Stated capital	Deposit for shares	Retained earnings	Statutory reserve	Revaluation reserve	Credit risk reserve	Total
Balance as at 1 January		2,075,305	24,120	(138,806)	2,554,148	263,122	30,148	4,846,973
Net profit or loss				(1,959,778)				(1,959,778)
Fair value gains on investments								
Deposit for Shares			2,500					2,500
Transfer to credit reserve				(30,148)			(30,148)	
Transfer to statutory reserve								
Balance at 31 December		**2,075,305**	**26,620**	**(2,128,732)**	**2,554,148**	**263,122**	**99,232**	**2,889,695**

The notes on pages 32 to 63 are integral part of these financial statements

Statement of cash flows		for the year ended 31 December	
	Notes	2022	2021
Cash generated from/ (used in) operations	26	**5,340,090**	**(5,225,680)**
Taxes paid	11.2	(388,123)	(404,355)
Net cash generated from operating activities		**4,951,967**	**(5,630,035)**
Cash flows from investing activities			
Acquisition of property, plant and equipment	17.1	(4,500)	(58,875)
Lease payments	23.2	-	(244,000)
Investment securities	13, 16	3,383,864	6,877,980
Acquisition of intangible assets	18.1	(5,000)	(47,955)
Proceeds from sale of property, plant and equipment		51,440	-
Net cash used in investing activities		**3,425,804**	**6,527,150**
Financing activities			
Proceeds from Deposit for shares		234,000	2,500
Dividend paid	25	(2,872)	(11,690)
Net Cash flow from financing activities		**231,128**	**(9,190)**
Net Increase/(decrease) in cash and cash equivalents		**8,608,899**	**887,925**
Balance at beginning		11,363,264	10,475,339
Cash and cash equivalents at 31 December	11	**19,972,163**	**11,363,264**
Analysis of cash and cash equivalents			
Cash on hand		839,488	888,977
Bank balances		7,001,661	5,330,942
Short term investment		12,131,014	5,149,745
		19,972,163	**11,369,664**
Allowance for ECL		-	(6,400)
At year end		**19,972,163**	**11,363,264**

The notes on pages 32 to 63 are integral part of these financial statements.

1.0 Reporting entity

La Community Bank Limited was incorporated on 06th November, 1986 under the Companies Act, 1963, (Act 179), repealed by Companies Act, 2019, (Act 992), and issued with certificate to commence business on 17th June, 1987.

La Community Bank Limited is domiciled in Ghana with its registered address at G224/1 Lami Jwahe, La, Accra in the Greater Accra Region of Ghana. La Community Bank Limited is regulated under the Banks and Specialized Deposit- Taking Institutions Act, 2016 (Act 930).

1.1 Principal activity

The nature of business which the bank is authorized to carry out is banking services.

2.1 Basis of preparation

2.1.1 Statement of compliance

The financial statements of La Community Bank Limited have been prepared in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board (IASB) and Interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC) and in the manner required by the Companies Act,2019 (Act 992), and the Banks and Specialised Deposit Taking Institutions Act, 2016 (Act 930).

2.1.2 Approval of the audited financial statements

The financial statements were approved by the Board of Directors on the date signed under the financial position.

2.1.3 Basis of presentation of the 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 recognized amounts and there is an intention to settle on a net basis, or to realize 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.

2.1.4 Basis of measurement

The financial statements have been prepared under the historical cost convention as modified to include the fair valuation of certain financial instruments to the extent required or permitted under the Bank's accounting policies.

2.1.5 Functional and presentation currency

These financial statements are presented in Ghana Cedis (GH¢), which is the Bank's functional currency.

2.1.6 Use of estimates and judgements

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

2.1.6.1 Going concern

The Bank's management has made an assessment of the Bank's ability to continue as 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.

2.1.6.2 Impairment losses on loans and advances

The Bank reviews its individually significant loans and advances at each reporting date to assess whether an impairment loss should be recorded in profit or loss. In particular, management's judgement is required in the estimation of the amount and timing of future cash flows when determining the impairment loss. These estimates are based on assumptions about a number of factors described in the next paragraph and actual results may differ, resulting in future changes to the allowance.

Loans and advances that have been assessed individually and found not to be impaired and all individually insignificant loans and advances are then assessed collectively, in groups of assets with similar risk characteristics, to determine whether the provision should be made due to incurred loss events for which there is objective evidence, but the effects of which are not yet evident. The collective assessment takes account of data from the loan portfolio (such as levels of arrears, credit utilization, loan-to-collateral ratios, etc.), and judgements on the effect of concentrations of risks and economic data (including levels of unemployment, real estate prices indices, country risk and the performance of different individual groups).

2.1.6.3 Deferred tax assets

Deferred tax assets are recognized 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 utilized. Judgement is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and level of future taxable profits, together with future tax- planning strategies. Tax losses can be used indefinitely.

2.1.6.4 Property, plant and equipment

Critical estimates are made by Directors in determining depreciation rates for property, plant and equipment.

2.2 Summary of significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements, and have been applied consistently by the Bank.

2.3 Foreign currency transactions

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 if any are recognized in the statement of profit or loss.

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 recognized 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.

2.4 Revenue, interest income, fees and commission income and dividend income

2.4.1 Revenue recognition

The Bank recognizes revenue in the financial statements on the accrual basis when the amount of revenue can be reliably measured and it is probable that future economic benefits will flow to the entity and when specific criteria have been met for each of the Bank's activities. The Bank bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

2.4.1.1 Interest income

Interest income, including income arising from loans and advances and other financial instruments are recognized in the statement of profit or loss using the effective interest method.

The effective interest method is a method of calculating the amortized cost of a financial asset. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter year to the net carrying amount of the financial asset. When calculating the effective interest rate, the Bank estimates cash flows considering all contractual terms of the financial instrument (for example, prepayment options) but does not consider future credit losses. The calculation includes all fees and points paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums or discounts.

Once a financial asset or a group of similar financial assets has been written down as a result of an impairment loss, interest income is recognized using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. The recognition of interest income ceases when the payment of interest or principal is in doubt. Interest is included in income thereafter only when it is received. Loans are re-evaluated on the accrual basis only when doubts about their collectability are removed and when the outstanding arrears of interest and principal are received.

2.4.1.2 Fees and commission income

Fees and commissions are generally recognized on an accrual basis when the service is provided. Commission and fees arising from negotiation or participation in the negotiation of a transaction such as the arrangement for a loan are recognized upon completion of the underlying transaction. The Bank earns commissions and fees from a range of services provided to its customers. Income earned on customer's current account (commission on turnover) is recognized when the services are provided.

Commissions and facility fees are credited to income when earned with reasonable certainty and in the case of facility fees, in the year in which the related loan is granted.

2.4.1.3 Dividend income

Dividend income on shares held by the Bank are recognized in the statement of profit or loss in 'dividend income' when the Bank's right to receive payment is established. Additional income taxes that arise from the distribution of dividends are recognized at the same time as the liability to pay the related dividend is recognized.

2.5 Interest expense

Interest expense is recognized in the profit or loss for all interest-bearing financial instruments measured at amortized cost, this include savings and fixed term deposit using the effective interest rate method.

The effective interest rate method is a method of calculating the amortized cost of a financial liability and of allocating the interest expenses. The effective interest rate is the rate that exactly discounts the estimated future cash payments over the expected life of the instrument or where appropriate, a shorter year to the net carrying amount of the financial liability

The effective interest rate is calculated on initial recognition of the financial liability, estimating the future cash flows after considering all the contractual terms of the instrument.

2.6 Administration, general and other operating expenses

These expenses are recognized when incurred not when paid.

2.7 Cash and cash equivalents

Cash and cash equivalents include notes and coins on hand, unrestricted balances held with ARB Apex Bank Limited and highly liquid financial assets with original maturities of less than three months, which are subject to insignificant risk of changes in their fair value, and are used by the Bank in the management of its short-term commitments. Cash and cash equivalents are carried at amortized cost or fair values in the statement of financial position depending on the business model for managing the asset or the cash flow characteristics of the asset.

2.8 Financial assets and liabilities

2.8.1 Date of recognition

The Bank initially recognizes financial assets and financial liabilities on the trade date. i.e., the date that the Bank becomes a party to the contractual provisions of the instrument.

2.8.2 Initial measurement of financial instruments

The classification of financial instruments at the initial recognition depends on the purpose and management's intention for which the financial instruments were acquired and their characteristics.

All financial instruments are measured initially at their fair value plus transaction costs, except in the case of financial assets and financial liabilities recorded at fair value through profit or loss.

2.8.2.1 Financial assets or financial liabilities held for trading

Financial assets or financial liabilities held for trading are recorded in the statement of financial position at fair value. Changes in fair value are recognized in net interest income.

The Bank has not designated any financial instrument as held for trading.

2.8.2.2 Financial assets or financial liabilities designated at fair value through profit or loss

Financial assets and financial liabilities classified in this category are those that have been designated by management on initial recognition. Management may only designate an instrument at fair value through profit or loss upon initial recognition when the following criteria are met, and designation is determined on an instrument basis.

The designation eliminates or significantly reduces the inconsistent treatment that would otherwise arise from measuring the assets or liabilities or recognizing gains or losses on them on a different basis.

The assets and liabilities are part of the bank's financial assets, financial liabilities, or both which are managed and their performance evaluated on a fair value basis, in accordance with a documented risk management or investment strategy.

The financial instrument contains one or more embedded derivatives which significantly modify the cash flows that otherwise would be required by the contract.

Financial assets and financial liabilities at fair value through profit or loss are recorded in the statement of financial position at fair value. Changes in fair value are recorded in profit or loss. The Bank has not designated any financial instrument as fair value through profit or loss.

2.8.2.3 Held to maturity financial instruments

Held to maturity financial investments are non-derivative financial assets with fixed or determinable payments and fixed maturities, which the Bank has the intention and ability to hold to maturity.

After initial measurement, held to maturity financial investments are subsequently measured at amortized cost using the effective interest rate method (EIR), less impairment.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees that are an integral part of the EIR. The amortization is included in interest and similar income in profit or loss. If the Bank were to sell or reclassify more than an insignificant amount of held to maturity investments before maturity (other than in certain specific circumstances), the entire category would be tainted and would be reclassified as available for sale.

Furthermore, the Bank would be prohibited from classifying any financial asset as held to maturity during the following two years.

2.8.2.4 Loans and advances

Loans and advances to customers include loans and advances to customers originated by the Bank which are not classified as held for trading or designated at fair value. Loans and advances are recognized when cash is advanced to the borrower. They are derecognized either when the borrower repays their obligations or are written off.

They are initially recognized at fair value plus and any directly attributable transaction cost and are subsequently measured at amortized cost using the effective interest rate method less impairment loss.

2.9 Framework for impairment of financial assets

At each reporting date, the Bank assesses whether, as a result of one or more events (loss event) occurring after initial recognition, there is objective evidence that financial assets or group of financial assets has become impaired.

Evidence of impairment may include indications that the borrower or group of borrowers are experiencing significant financial difficulty, default or delinquency in interest or principal payments, or the fact that the debt is being restructured to reduce the burden on the borrower.

2.9.1 Impairment of financial assets

The Bank makes an allowance for unrecoverable loans and receivables, held to maturity investments and available for sale financial assets when there is an objective evidence that the carrying amount may not be recoverable. Significant management judgement is required to determine when objective evidence of impairment exists, and also in estimating future cash flows from the assets.

2.9.2 Impairment of financial assets carried at amortized cost

For financial assets carried at amortized cost, the Bank first assesses individually whether objective evidence of impairment exists for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Bank determines that no objective evidence of impairment exists for an individually assessed financial asset, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognized are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the assets carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred). The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognized in the profit or loss.

Interest income continues to be accrued on the reduced carrying amount and is accrued using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss.

The interest income is recorded as part of 'Interest and similar income. Loans together with the associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realized or has been transferred to the Bank. If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognized, the previously recognized impairment loss is increased or reduced by adjusting the allowance account. If a future write–off is later recovered, the recovery is credited to the 'Credit loss expense'

2.9.3 Impairment of available for sale investments

If there is objective evidence that the cost may not be recovered, an available-for-sale equity security is considered to be impaired.

Objective evidence that the cost may not be recovered, in addition to qualitative impairment criteria, includes a significant or prolonged decline in the fair value below cost

If an available-for-sale equity security is impaired based upon the Bank's qualitative or quantitative impairment criteria, any further declines in the fair value at subsequent reporting dates are recognized as impairments. Therefore, at each reporting period, for an equity security that is determined to be impaired based upon the Bank's impairment criteria, an impairment is recognized for the difference between the fair value and the original cost basis, less any previously recognized impairments.

2.10 De-recognition of financial assets

2.10.1 Financial assets

A financial asset (or, where applicable a part of a financial asset or part of similar financial assets) is derecognized when:

The rights to receive cash flows from the asset have expired.

The Bank has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under 'pass through' arrangement; and either the Bank has transferred substantially all the risks and rewards of the assets, or the Bank has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Bank has transferred its right to receive cash flows from an asset or has entered into a 'pass through' arrangement, and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognized to the extent of the Bank's continuing involvement in the asset. In that case, the Bank also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Bank has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Bank could be required to repay.

2.10.2 Financial liabilities

Financial liabilities include customer deposits, other liabilities and interest payable. They are derecognized when the obligation under the liability is discharged or cancelled or expires.

Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a de- recognition of the original liability and the recognition of a new liability.

The difference between the carrying value of the original financial liability and the consideration paid is recognized in the statement of comprehensive income.

The Bank enters into transactions whereby it transfers assets recognized on its statement of financial position, but retains all risks and rewards of the transferred assets or a portion of them. If all or substantially all risks and rewards are retained, then the transferred assets are not derecognized from the statement of financial position. Transfers of assets with retention of all or substantially all risks and rewards include, for example, securities lending and repurchase transactions.

2.11 Offsetting

Financial assets and liabilities are set off and the net amount presented in the statement of financial position when, and only when, the Bank currently has a legally enforceable right to set off the amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

Income and expenses are presented on a net basis only when permitted by the accounting standards, or for gains and losses arising from a group of similar transactions such as in the Bank's trading activity.

2.12 Renegotiated loans

Where possible, the Bank seeks to restructure loans rather than to take possession of collateral. This may involve extending the payment arrangements and the agreement of new loan conditions. Once the terms have been renegotiated any impairment is measured using the original EIR as calculated before the modification of terms and the loan is no longer considered past due. Management continually reviews renegotiated loans to ensure that all criteria are met and that future payments are likely to occur. The loans continue to be subject to an individual or collective impairment assessment, calculated using the loan's original effective interest rate.

2.13 Fair value measurement

The Bank measures financial instruments, such as, available for sale financial assets at fair value. 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 principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible to 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, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

2.14 Income tax expense

Income tax expense comprises current and deferred tax. Income tax expense is recognized in the statement of profit or loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity.

2.14.1 Current tax

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the statement of financial position date, and any adjustment to tax payable in respect of previous years.

2.14.2 Deferred tax expense

Deferred tax is provided using temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized for the following temporary differences: the initial recognition of goodwill, the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit, and differences relating to investments in subsidiaries to the extent that they probably will not reverse in the foreseeable future. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

2.15 Provisions

Provisions are recognized when the Bank 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.

The amount of a provision is the present value of the expenditure to be required to settle the obligation. Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, the reimbursement shall be recognized when, and only when, it is virtually certain that the reimbursement will be received if the entity settles the obligation. The reimbursement shall be treated as a separate asset. The amount recognized for the reimbursement shall not exceed the amount of the provision.

Provisions are not recognized for future operating losses. If an entity has a contract that is onerous, the present obligation under the contract shall be recognized and measured as a provision. Contingent assets and contingent liabilities are not recognized in the financial statements. Contingencies are disclosed in the notes to these financial statements if the probability of the required cash inflow to be received or cash outflow to discharge the obligation is possible.

2.15.1 Provision for restructuring/reorganization

A restructuring or reorganization is a programme that is planned and controlled by management which will materially change the scope and manner in which the business is conducted e.g. the termination or sale of business. A provision for restructuring can only be recognized if there is a constructive obligation which is established if the following conditions are met:

- There is a detailed formal plan that identifies the part of the business, location and employees who will be affected by the restructuring
- A valid expectation has been created to those who will be affected by the restructuring. Provision for restructuring is made if a constructive obligation exists before the end of the financial year. However, if the constructive obligation arises after year end, and the provision is material, the material effect is disclosed in the financial statements in accordance with IAS 10.

Restructuring provision cost includes direct expenditures that will be incurred because of the restructuring and excludes any cost associated with ongoing activity of the entity. E.g. training of staff, relocation of staff, marketing and investment in new machinery

2.16 Employee benefits

2.16.1 Short term employment benefits

The cost of short-term employee benefits, (those payable within 12 months after the service is rendered, such as paid vacation leave and sick leave, bonuses, and non-monetary benefits such as medical care) are recognized in the year in which the service is rendered and are not discounted.

2.16.2 Leave benefits

Annual leave is provided in the period that the leave accrued and outstanding leave is not converted to cash and no provision is made and recognized in the statement of profit or loss.

The expected cost of profit sharing and bonus payments is recognized as an expense when there is a legal or constructive obligation to make such payments as result of past performance.

2.16.3 Social security contributions

A defined contribution plan is a pension plan under which the Bank pays fixed contributions into a separate entity. 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.
The Bank has no legal or constructive obligations to pay further contributions if the fund does hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior years.
Payments to defined contribution retirement benefits plans are charged as an expense as they fall due.

2.16.4 Other employee benefits- Provident fund

The Bank has a provident fund scheme for all permanent employees with the Bank. Bank contributes 2% of the basic salary. Obligations under the scheme are limited to the relevant contributions made and any related investment income generated.

2.16.5 Retirement benefits

Retirement benefits shall be determined by the Board or as provided under the Banks Conditions of Service and also the rule governing the operation of the provident fund scheme.

2.17 Inventories

Inventories are initially measured at cost. Cost of inventories are measured using the weighted average method. Subsequently inventories are measured at the lower of cost and net realizable value.

Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

Cost of inventories comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. The inventories are stationeries and other consumables of the Bank.

2.18 Share capital and equity

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Ordinary shares are classified as part of equity.

2.19 Borrowing cost

Borrowing cost deals with the capitalization of interest cost and funds used in the construction, production and acquisition of a qualifying asset. IAS 23 allows borrowing cost to be capitalized if it relates to the production of a qualifying asset. Qualifying asset that takes a substantial year of time to get the asset ready for it intended use or eventual sale. A qualifying asset can be tangible or intangible asset. Borrowing costs are interest and other costs (finance lease charges, exchange differences) that an entity incurs in connection with the borrowing of funds. The following conditions must be met before the capitalization of borrowing cost;

- The borrowing cost capitalized should relate to the cost incurred on the project.
- The borrowing cost capitalized cannot exceed the total cost for the year
- Borrowing cost capitalized should commence when the expenditure on the project is being incurred and undertakes activity necessary to prepare the asset for it use or eventual sale which is not necessary from the date the funds are borrowed. The activities necessary to prepare the asset for its intended use or sale encompass more than the physical construction of the asset.
- They include technical and administrative work prior to the commencement of physical construction, such as the activities associated with obtaining permits prior to the commencement of the physical construction
- Borrowing cost capitalized should cease when the asset is ready for its intended use or eventual sale.
- Borrowing cost capitalized should be suspended in the year of inactivity or no active development of the qualifying asset.

Borrowing cost does not apply to inventories manufactured on large quantities on a repetitive basis. Borrowing costs that do not meet the capitalization criteria must be expensed into the income statement. Borrowing costs cannot be capitalized for assets measured at fair value. The interest rate for the borrowing cost is the effective rate which incorporates amortization for discounts, premium and other expenses like issue costs. Any investment income from the temporal investment of the funds for the construction or purchase of the qualifying assets during the construction year should be net against the borrowing cost eligible to be capitalized.

Any investment income during year of inactivity in the construction year will be credited to the income statement separately. Any investment income outside the construction year will be credited to the income statement separately.

2.20 Related parties

Related parties are individuals and companies, where the individual and the Bank have the ability directly or indirectly, to control the other party or exercise significant influence on the other party in making financial and operating decisions. Related party transactions and balances are disclosed in the notes to the financial statements.

2.21 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, the amount meets the materiality threshold set by the Bank, and can be reliably measured.

All property, plant and equipment are initially stated at cost. Cost includes amount incurred initially to acquire or construct an item of property, plant and equipment and expenditure that is directly attributable to the acquisition or construction of the asset.

Subsequent expenditures are included in the asset's carrying amount or are recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Bank and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized. All other repair and maintenance costs are charged to profit or loss during the financial year in which they are incurred.

Land is not depreciated. Depreciation of other assets is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives, as follows:

Class of asset	Estimated useful life
Computers and accessories	3-4years
Motor vehicles	4 years
Furniture, fittings and equipment	3-10 years
Building	25-50 years
Leasehold improvement	5 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting year. Assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. The recoverable amount is the higher of the asset's fair value less costs to sell and value in use. No property and equipment were impaired as at 31 December 2021 (2020: nil).

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the income statement.

2.22 Intangible assets

Software

Software acquired by the Bank is stated at cost less accumulated amortization and accumulated impairment losses. Subsequent expenditure on software assets is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is expensed as incurred.

Amortization is recognised in the statement of comprehensive income on a straight-line over the estimated useful life of the software, from the date that it is available for use. The estimated useful life of software is between 3 to 5 years.

2.23 Lease

The Bank considers a contract as a lease when it (contract) conveys the right to use an asset (the underlying assets) for a period of time in exchange for consideration. This policy covers all arrangements that meet the definition of lease, effective 1st January, 2019.

2.23.1 Initial recognition

At the inception date, the Bank recognises a Right-of-Use Assets and a corresponding Lease Liability unless the lessee makes use of optional exemptions for short-term leases (12 months or less) and leases for which the underlying assets are of no value.

The Right-of-use assets is initially recognised at cost comprising the amount of lease liability recognised adjusted with any lease payment made at or before the commencement date less any lease incentives, plus initial direct cost incurred and an estimate of cost to be incurred to dismantle or remove an asset and restore the branch and office premises based on the terms of the Lease.

The Bank recognises the lease liability for the unpaid portion of payment discounted at the rate implicit in the lease or, if this is not readily determinable, the incremental rate of borrowing.

2.23.2 Subsequent measurement

The Right-of-use asset is subsequently measured at cost less accumulated depreciation on a straight-line basis from the commencement date to the end of the lease term unless the initial recognition considers the exercise of a purchase option or the lessor transfers the ownership of the underlying asset to the Bank by the end of the lease term.

Lease liability is subsequently measured at amortised cost using the effective interest method. The Bank remeasures the lease liability to reflect changes in the lease payments. It is remeasured when there is a change in the original assessment of the lease term, a change in the estimate of residual guarantee or change in rate affecting payments or a change in the fixed lease payment.

2.24 Impairments of assets and other non-financial assets

The Bank assesses at each end of the reporting year whether there is any indication that an asset may be impaired. If any such indication exists, that an asset may be impaired, the recoverable amount is estimated for the individual asset. If it is possible to estimate the recoverable amount of the individual asset, the recoverable amount of the Cash-Generating Unit (CGU) to which the asset belongs is determined. The recoverable amount of a cash generating unit is the higher of its fair value less costs to sell and its value in use. If the recoverable amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. This reduction is an impairment loss.

An impairment loss of assets carried at cost less than any accumulated depreciation or amortization is recognized immediately in profit or loss. Any impairment loss of a revalued asset is treated as a downward revaluation.

A reversal of an impairment loss of assets carried at cost less accumulated depreciation or amortization other than goodwill is recognized immediately in profit or loss. Any reversal of an impairment loss of a revalued asset is treated as an upward revaluation.

2.25 Earnings per share

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

Notes and significant accounting policies (continued)

3. Interest income	2022	2021
Loans	1,099,573	1,061,212
Overdraft	165,160	57,240
Interest on investments (Fixed deposit and Gov't securities)	8,583,209	10,283,392
	9,847,942	**11,401,844**

4. Interest expense	2022	2021
Fixed deposit	1,101,765	2,688,702
Savings Account	420,171	544,358
	1,521,936	**3,233,060**

5. Fees and commission income	2022	2021
Brokerage fees	487,697	446,629
Clearing fees	20,424	14,746
Commission on turnover	236,158	164,099
Draft and transfers	5,252	4,351
Money transfers	31,470	40,619
Handling charges	127,263	80,528
Other fees and commission	265,645	102,563
	1,173,909	**853,535**

6. Fees and commission expense	2022	2021
Susu Collector's Commission	**271,644**	**256,999**
	271,644	**256,999**

Notes and significant accounting policies (continued)

7. Other income	**2022**	**2021**
Interest on Clearing Accounts	12,312	12,976
Capital Grant Income	2,730	2,730
Bad Debt Recovery	-	1,200
Asset Disposal	51,440	500
Others	2,519	111,688
	69,001	**129,094**

8. Impairment loss on financial assets	**2022**	**2021**
Loans and advances to customers	24,414	84,734
Investment security	(6,443)	3,687,922
Cash and cash equivalents	(20,000)	(10,781)
	(2,029)	**3,761,875**

9. Personnel expenses	**2022**	**2021**
Salaries and Wages	3,691,828	3,585,829
Social Security Fund	292,634	302,231
Provident fund	40,508	41,069
Medical Cost	102,116	131,725
Other staff Cost	706,877	611,019
	4,833,963	**4,671,873**

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Notes and significant accounting policies (continued)

10. Other Operating expenses	**2022**	**2021**
Advertising and marketing expense	94,454	65,062
Professional fees	53,513	11,963
Auditor's remuneration	47,541	35,775
Audit expense	1,716	2,901
Donations	17,718	2,400
Subscriptions/Periodicals	132,318	77,450
Rent and rate	82,923	41,240
Stationery and printing	123,285	88,305
Bank charges	36,074	40,459
Training	49,567	52,336
Insurance	314,266	281,462
Travelling expenses	53,550	41,349
Repair and maintenance	525,189	478,513
Meeting expenses	64,163	74,096
Office expenses	603,664	629,210
Education and development support	-	27,500
Miscellaneous expenses	132,605	62,030
	2,332,958	**2,012,052**

11. Taxation **11.1 Income tax expenses**	**2022**	**2021**
Current tax expense	355,465	236,743
Deferred tax charge/ (credit)	(188,631)	(1,037,361)
	166,834	**(800,618)**

11.2 Current tax

Year of assessment	**Balance at 01/01/2022**	**Adjustment**	**Payment**	**Charge for the year**	**Balance at 31/12/2022**
Up to 2019	(205,398)	205,398		-	-
2020	-				-
2021	(15,794)				(15,794)
2022			(388,123)	355,465	(32,658)
	(221,192)	**205,398**	**(388,123)**	**355,465**	**(48,452)**

The above tax position is subject to the agreement of the Domestic Tax Division of the Ghana Revenue Authority.

11.3 Deferred tax	2022	2021
Balance at year start	(2,402,048)	(1,364,687)
Charge to income statement	(188,631)	(1,037,361)
	2,590,679	**(2,402,048)**

Reconciliation of tax expense to product of accounting profit and applicable rate	2022	2021
Profit/(loss) before taxation	**1,380,196**	**(2,760,396)**
Tax at applicable rate (25%)	345,049	(690,099)
Add (Deduct):		
Tax effect of non-deductible expenses	155,801	1,114,761
Tax effect of deductible income	-	(26,418)
Tax effect of capital allowances	(145,385)	(161,500)
Tax effect of origination and reversal of temporary difference	(188,631)	(1,037,361)
Tax expense	**166,834**	**(800,618)**
Effective tax rate	**12.09%**	**29.00%**

12. Cash and cash equivalents	2022	2021
Cash on Hand	839,488	888,977
Balance with other Local Banks	7,001,661	2,745,356
Balance with ARB Apex Bank	12,131,014	7,735,331
	19,972,163	11,369,664
Allowance for ECL	-	(6,400)
	19,972,163	**11,363,264**

13. Investment security at amortised cost	2022	2021
Fixed deposits	17,148,265	10,520,787
Government bonds	34,615,270	44,626,655
Gross carrying amount	**51,763,535**	**55,147,442**
Allowance for ECL	(10,473,864)	(10,473,907)
	41,289,671	**44,673,535**

14. Investment in securities at FVOCI	2022	2021
Balance at 1 January	311,656	311,657
Fair value gain/(loss)	(20,007)	-
	291,649	**311,656**

15. Loans and advances to customers	2022	2021
Loans and advances to customers	7,064,598	3,620,721
Less allowance for impairment	(310,546)	(286,132)
Loans and advances to customers at amortised cost	**6,754,052**	**3,334,589**

15.1	2022 Gross carrying amount	2022 ECL Allowance	2022 Carrying amount	2021 Gross carrying amount	2021 ECL allowance	2021 Carrying amount
Term loans	5,465,744	(149,764)	5,315,980	2,595,607	(92,659)	2,502,948
Overdrafts	954,844	(134,194)	820,650	582,406	(149,260)	433,146
Staff loans	644,010	(26,588)	617,422	442,708	(44,213)	398,495
	7,064,598	**310,546**	**6,754,052**	**3,620,721**	**(286,132)**	**3,334,589**

16. Other assets	2022	2021
Prepayments	167,741	169,991
Office Account	11,573	241,807
Deferred Expense (Prepaid employee benefit)	249,748	143,033
Stationery Stock	99,294	117,196
Deferred CAGD Commission	203,065	45,546
Others	20	1,840
*AM Fund(Goldcoast)	-	6,724,578
	731,441	7,443,991
Allowance for Impairment	-	(20,000)
	731,441	**7,423,991**

*This relates to locked up investment which is now under the Amalgamated Mutual Fund Plc programme, now reclassified as part of investment security at amortised cost.

17.1. Property and Equipment 2022

Cost/Valuation	1 January	Additions	Disposal	Adjustment	31 December
Land & Building	4,850,134	-	-	-	4,850,134
Furniture and Equipment	1,272,685	4,500	-	-	1,277,185
Computers	709,390	-	-	-	709,390
Motor vehicles	505,533	-	(130,295)	-	375,238
Capital work in progress	34,350	-	-	-	34,350
Total	**7,372,092**	**4,500**	**(130,295)**	**-**	**7,246,297**

Accumulated depreciation	1 January	Charge for the year	Disposal	Adjustment	31 December
Land & Building	867,544	166,200	-	7,761	1,041,505
Furniture and Equipment	1,089,843	86,277	-	-	1,176,120
Computers	672,990	31,595	-	-	704,585
Motor vehicles	505,533	-	(130,295)	-	375,238
Capital work in progress	-	-	-	-	-
Total	**3,135,910**	**284,072**	**(130,295)**	**7,761**	**3,297,448**

Carrying value:	
Land & Building	3,808,629
Furniture and Equipment	101,065
Computers	4,805
Motor vehicles	-
Capital work in progress	34,350
31 December, 2022	**3,948,849**

17.2. Property and Equipment 2021

Cost/Valuation	1 January	Additions	Write-off	Reclassification	31 December
Land & Building	4,730,134	120,000	-	-	4,850,134
Furniture fittings	1,346,246	46,191	(118,005)	(1,747)	1,272,685
Computers	705,134	12,684	(8,428)	-	709,390
Motor vehicles	505,533	-	-	-	505,533
Capital work in progress	34,350	-	-	-	34,350
Total	**7,321,397**	**178,875**	**(126,432)**	**(1,747)**	**7,372,092**

Accumulated depreciation	1 January	Charge for the year	Disposal/write-off	31 December
Building	693,973	173,571	-	867,544
Furniture and Equipment	1,070,885	136,963	(118,005)	1,089,843
Computers	604,617	76,801	(8,428)	672,990
Motor vehicle	504,069	1,464	-	505,533
Capital work in progress	-	-	-	-
Total	**2,873,544**	**388,799**	**(126,433)**	**3,135,910**
Carrying value:				
Land & Building				3,980,590
Furniture and Equipment				182,842
Computers				36,400
Motor vehicles				-
Capital work in progress				34,350
				-
31 December, 2021				**4,236,182**

*Included in the land and building is an addition of GHS 120,000, which relate to re-measurement of Right of use asset

18.1. Intangible asset

Cost/ valuation 2022	1 January	Additions	31 December
Computer software	971,034	5,000	976,034
Accumulated amortization	**1 January**	**Charge**	**31 December**
Computer software	542,998	150,240	693,238
Carrying value			
31 December 2022			**282,796**

18.2. Intangible asset

Cost/ valuation 2022	1 January	Additions	Disposal	31 December
Computer software	923,078	47,955	-	971,034
Accumulated amortization	**1 January**	**Charge**	**Disposal**	**31 December**
Computer software	363,006	167,123	(12,868)	542,998
Carrying value				
31 December 2021				**428,036**

19. Stated capital	2022		2021	
	Number	Amount	Number	Amount
Authorised no. of shares of no par value	**25,000,000**		**25,000,000**	
Issued and fully paid				
Issued for cash consideration	18,729,813	2,075,305	18,729,813	2,075,305
	18,729,813	**2,075,305**	**18,729,813**	**2,075,305**

There is no unpaid liability on shares. There are no treasury shares and there are no calls or installment unpaid

20. Deposit for shares

This represents shares issued but yet to be regularized with the Office of the Registrar of Companies.

21. Customer Deposits	2022	2021
Savings accounts	36,278,221	33,598,068
Susu Deposit Account	9,890,897	8,128,633
Current Account Deposit	14,119,418	13,453,820
Fixed Deposit	4,860,450	14,099,683
	65,148,986	**69,280,204**

22. Provisions *La Community Development and Educational Fund(LACDF)*	2022	2021
La Township Development Fund	50,316	50,316
La Educational Fund	3,637	3,637
	53,953	**53,953**

22.1 Reconciliation of LACDF	2022	2021
Balance as at 1 January	53,953	53,953
Additional provisions during the year	-	27,500
Provision utilised during the year	-	(27,500)
	53,953	**53,953**

23.1 Right- of- use assets	2022	2021
Balance at 1 January	690,566	631,824
Additions		120,000
Remeasurement of lease liability		
- Reclassification		
- Depreciation	51,833	(61,258)
	638,733	**690,566**

23.2 Lease liability		
Balance at 1 January	77,228	176,439
Remeasurement of lease liability	-	120,000
Finance cost on lease liability	15,982	24,789
Lease payment	-	(244,000)
	93,210	**77,228**

24. Dividend payable	2022	2021
Balance as at 1st January	946,864	958,554
Declared during the year	-	-
Payment during the year	(2,872)	(11,690)
Balance at 31st December	**943,992**	**946,864**

25. Other liabilities	2022	2021
Bills payable	308,494	135,206
Deferred grant	2,502	5,231
Accrued expenses	691,574	709,952
Audit fees	47,856	35,775
Others	4,374,038*	260,386
	5,424,464	**1,146,550**

* This includes an amount of GHC 4,100,000 which represents customer Treasury bills matured, awaiting repurchase.

26. Cash generated from/ (used in) operations

	2022	2021
Cash flows from operating activities:		
Profit/(loss)	1,380,196	(2,760,396)
Adjustment for :		
Depreciation and amortization	434,312	555,922
Net Impairment loss on financial assets	(2,029)	3,761,875
Tax adjustment	205,398	-
Finance Cost on Lease Liability	15,982	24,789
Profit on disposal	(51,440)	-
Prior year adjustment	(71,903)	-
Cash inflow before changes in assets and liabilities	**1,910,516**	**1,582,190**
Changes in assets and liabilities		
Loans and advances	(3,419,463)	(96,404)
Other assets	6,692,550	(111,078)
Deposits from Customers	(4,131,218)	(6,472,872)
Employee Benefit Liability	-	(105,173)
Other liabilities	4,287,705	(22,343)
Cash generated from/ (used in) operations	**5,340,090**	**(5,225,680)**

27. Capital commitments

There were no outstanding capital commitments at 31 December 2022 (2021: Nil).

28. Contingencies

As at the date of our report, there was a decision given by the Director General of the Securities and Exchange Commission on the dispute resolution between the Bank and UMB Investment Holdings on the 29th December, 2022. It involved the dispute of the Bank's investment balance of GHC 2,862,183.54 by UMB Investment Holdings. The Security and Exchange Commission directed UMB Investment Holdings to pay the amount per the Bank's records within 15 days of receiving the decision. However, an appeal has been filed by UMB Investment Holdings to the Securities and Exchange Commission.

29. Legal confirmation

There were legal confirmations to confirm a number of legal proceedings against the Bank at the reporting date.

30. Related party disclosures

The objective of IAS 24 is to ensure that an entity's financial statements contain the disclosures necessary to draw attention to the possibility that its financial position and profit or loss may have been affected by the existence of related parties and by transactions and outstanding balances with such parties.

A related party is a person or entity that is related to the entity that is preparing its financial statements referred to as the reporting entity.

a) A person or a close member of that person's family is related to a reporting entity if that person:
- has control or joint control over the reporting entity;
- has significant influence over the reporting entity; or
- is a member of the key management personnel of the reporting entity or of a parent of the reporting entity?

b) An entity is related to a reporting entity if any of the following conditions applies:
- The entity and the reporting entity are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
- One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
- Both entities are joint ventures of the same third party.
- One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
- The entity is a post-employment defined benefit plan for the benefit of employees of either the reporting entity or an entity related to the reporting entity. If the reporting entity is itself such a plan, the sponsoring employers are also related to the reporting entity.
- The entity is controlled or jointly controlled by a person identified in (a).
- A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).
- The entity, or any member of a group of which it is a part, provides key management personnel services to the reporting entity or to the parent of the reporting entity.

The following are deemed not to be related for the reporting purposes of La Community Bank Limited
- two entities simply because they have a director or key manager in common.
- two venturers who share joint control over a joint venture.
- providers of finance, trade unions, public utilities, and departments and agencies of a government that does not control, jointly control or significantly influence the reporting entity, simply by virtue of their normal dealings with an entity (even though they may affect the freedom of action of an entity or participate in its decision-making process).
- a single customer, supplier, franchiser, distributor, or general agent with whom an entity transacts a significant volume of business merely by virtue of the resulting economic dependence.

Related party transactions

A related party transaction is a transfer of resources, services, or obligations between related parties, regardless of whether a price is charged.

Disclosure

Relationships between parents and subsidiaries. Regardless of whether there have been transactions between a parent and a subsidiary, an entity must disclose the name of its parent and, if different, the ultimate controlling party.

If neither the entity's parent nor the ultimate controlling party produces financial statements available for public use, the name of the next most senior parent that does so must also be disclosed.

Management compensation. Disclose key management personnel compensation in total and for each of the following categories: short-term employee benefits, post-employment benefits, other long-term benefits, termination benefits and share-based payment benefits.
Key management personnel are those persons having authority and responsibility for planning, directing, and controlling the activities of the entity, directly or indirectly, including any directors (whether executive or otherwise) of the entity.

If an entity obtains key management personnel services from a management entity, the entity is not required to disclose the compensation paid or payable by the management entity to the management entity's employees or directors. Instead the entity discloses the amounts incurred by the entity for the provision of key management personnel services that are provided by the separate management entity.

Related party transactions disclosures cover the nature of the related party relationship as well as information about the transactions and outstanding balances necessary for an understanding of the potential effect of the relationship on the financial statements.

These disclosures would be made separately for each category of related parties and would include the amount of the transactions the amount of outstanding balances, including terms and conditions and guarantees provisions for doubtful debts related to the amount of outstanding balances expense recognised during the period in respect of bad or doubtful debts due from related parties.

31.1 Transactions with Key Management Personnel (KMP)

The details of transactions between the bank and its key management personnel are as follows:

Remuneration		
Details	**2022**	**2021**
Directors emoluments	301,890	628,300
Salaries and other benefits (KMP*)	474,299	1,016,863
	776,189	**1,364,963**

*2022 - KMP comprised of the CEO, Deputy CEO, and Departmental Heads.
*2021- KMP comprised of the CEO, Deputy CEO, Branch Managers and Departmental Heads.

Loans and advances

Loans to Board members and senior management staff are given in line with the policies of the Bank. Below are the details:

Details (2022)	At start of year	Addition	Payments	Write offs	At year end
Firms in which directors are related	-	-	-	-	-
Directors	-	-	-	-	-
Officers	821,081	452,400	512,779	-	760,702
Other employees	-	-	-	-	-
	821,081	**452,400**	**512,779**	**-**	**760,702**

Details (2021)	At start of year	Addition	Payments	Write offs	At year end
Firms in which directors are related	-	-	-	-	-
Directors	-	-	-	-	-
Officers	826,088	236,017	241,024	-	821,081
Other employees	-	-	-	-	-
	826,088	**236,017**	**241,024**	**-**	**821,081**

32 Shareholding structure

32.1 Number of shares outstanding

Earnings and dividend per share are based on 18,729,813, (2021: 18,729,813) ordinary shares outstanding.'

32.2 Directors shareholding:

The total number of shares of 44,620 held by the Directors of the Bank at the reporting date represented **0.2350%** of the total number of shares outstanding then. Below are the details:

Directors' shareholding as at 31 December 2022

Board of Directors	Position	Holder numbers	Share	Percentage(%) of shareholding
Mr. Seth Nii Sodjah Quao	Chairman	199149	28,940	0.1524
Dr. Mrs. Matilda E. Pappoe	Member	199091	14,680	0.0773
Mr. David E.A. Oddoye	Member	394701	1,000	0.0053
			44,620	**0.2350**

***Total shares of 260,620 is yet to be regularized with the Office of the Registrar of Companies were presented as deposit for shares in 2022.*

32.3 Key Management staff

Other than the Board of Directors shareholding as at 31/12/2022

The Bank had 19 staff holding its shares, out of which two (2) were key management personnel as shown below:

Holder Number	Name	Number of shares	Percentage of shareholding
27296	Vanderpuye Jacobina L.*	4,404	0.0237
220146	Plange Emmanuel*	10,000	0.0539
220160	Pobee Edward Magrossis Nii Odoi	5,000	0.0270
220162	Addy Genevieve	5,000	0.0270
220197	Addo Thelma Addoley	5,000	0.0270
220139	Ansah Carol Rebecca	11,000	0.0593
220142	Ewusi Mark Okoe	10,000	0.0539
220149	Abam Moses Nikoi	8,000	0.0431
220161	Tetteh Victoria	15,065	0.0812
220220	Ameyibor Vida Aku	2,000	0.0108
220013	Nortei-Assumeng Rebecca	6,410	0.0346
391860	Bonsu Doreen	500	0.0027
220148	Patterson Frederick Odoi	10,000	0.0539
391789	Vanderpuye Alfred N.A.	1,500	0.0081
391876	Tetteh Kingsley Nyanyo	600	0.0032
220210	Dowuona Nathaniel	2,000	0.0108
391782	Laryea Ransford	1,000	0.0054
Total employee shareholding		97,479	0.5256
Other than employee share holding		18,658,954	99.4744
Total shareholding		****18,756,433**	**100**

**Key Management Personnel*

***Total shares of 260,260 yet to be regularized with the Office of Registrar of Companies were presented as deposit for shares in 2022.*

33. Financial risk management

Financial risk factors

The Bank's activities expose it to a variety of financial risks and those activities involve the analysis, evaluation, acceptance and management of some degree of risk or combination of risks. Taking risk is core to the financial business, and the operational risks are an inevitable consequence of being in business. The Bank is exposed to a variety of financial risks which include market risk (including currency risk, interest rate risk and price risk), credit risk and liquidity risk.

The Bank's overall risk management programme seeks, to achieve an appropriate balance between risk and return and minimize potential adverse effects on the Bank's financial performance. The Bank's risk management policies are designed to identify and analyze these risks, to set appropriate risk limits and controls, and to monitor the risks and adherence to limits by means of reliable and up-to date information systems. Management regularly reviews the Bank's risk management policies and systems to reflect changes in markets, products and emerging best practice.

The objective of Management is to ensure that the Bank carries out its operations in manner that ensure that risks are balanced with rewards. Management ensures that the Bank complies with all regulatory guidelines in the pursuit of profitable opportunities while avoiding excessive, unnecessary and uncontrollable risk exposures. Financial risk is an inherent feature in the business activities of the Bank, and therefore Management has put in place various mitigating criteria to prevent their occurrence.

The internal audit function plays a key role in providing an objective view and continuous assessment of the effectiveness of the internal control systems in the Bank. The system of internal controls are implemented and monitored by appropriately trained personnel whose duties and reporting lines are clearly defined.

The Bank's primary defense against risks of losses is its approved policies, procedures and systems of internal controls. In addition, internal control mechanisms ensure that appropriate action is taken when identified risk pass acceptable levels, as approved by the Board of Directors. Internal control, from time to time, reviews and assesses the adequacy of procedures and controls.

The Bank uses different methods to measure and manage the various types of risk to which it is exposed. These methods are explained below:

33.1 Market risk

The Bank takes on exposure to market risks, which is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risks arise from open positions in interest rate, currency and equity products, all of which are exposed to general and specific market movements and changes in the level of volatility of market rates or prices such as interest rates, foreign exchange rates and equity prices.

33.2 Interest rate risk

Interest rate risk arises from the effects of fluctuations in the prevailing levels of markets interest rates on the fair value of financial assets and liabilities and future cash flows. The Bank holds fixed interest-bearing securities and debt that expose the Bank to interest rate risk. The Bank manages interest rate risk by measuring the mismatch of the interest rate sensitivity gap of financial assets and liabilities.

The tables below summarize the Bank's exposure to interest rate risks. It includes the Bank's financial instruments at carrying amounts categorized by the earlier of contractual re-pricing or maturity dates.

33.3 Credit risk

The Bank is exposed to credit risk, which is the risk that counterparty will be unable to pay amounts in full when they fall due. The Bank is exposed to counterparty risk on cash and cash equivalents, amounts due from financial institutions and other receivable balances. It is also exposed to other credit risks arising from investments in debt securities. The maximum exposure to credit risk before any credit enhancements at 31 December 2021 is the carrying amount of the financial assets as set out below:

	Notes	2022	2021
Balance with other banks		19,132,674	10,480,687
Investment securities at amortised cost		51,763,535	55,147,442
Loans and advances		7,064,598	3,620,721
		77,960,807	**69,248,850**

31 December, 2022	Stage 1	Stage 2	Stage 3	Total
Balance with other banks	19,132,674	-	-	19,132,674
Investment securities at amortised cost	44,673,536	-	10,473,907	55,147,442
Loans and advances	6,458,454	278,436	327,708	7,064,598
	70,264,664	278,436	10,801,615	**77,960,807**

31 December, 2021	Stage 1	Stage 2	Stage 3	Total
Balance with other banks	10,480,687	-	-	10,480,687
Investment securities at amortised cost	44,673,755	-	10,473,687	55,147,442
Loans and advances	3,293,406	13,689	313,625	3,620,721
	58,447848	**13,689**	**10,787,312**	**69,248,850**

33.4 Liquidity risk

Liquidity risk is the risk that the Bank may not be able to generate sufficient cash resources to settle its obligations in full as they fall due or can only do so on terms that are materially disadvantageous.

The Bank manages this risk by ensuring that it has access to a variety of funding sources. Particular attention is paid to marketability of assets, whose availability for sale or as collateral for refinance is evaluated under different market scenarios. Consequently, the Bank monitors any factors that may impact negatively on its capability to remain liquid. It is the policy of the Bank to invest in short-term securities that could be readily disposed. Management monitors its liquidity position on daily basis and the Board reviews it at its board meetings.

Non-derivative financial assets and liabilities held for managing liquidity risk

The table below analyses the Bank's financial assets and liabilities into relevant maturity groupings based on the remaining year at the reporting date to the contractual maturity date. The amounts in the table are the contractual undiscounted cash flows

Liquidity 2022	**0 -3 months**	**4 – 6 months**	**7 – 12 months**	**Above 1 year**	**Total**	**Carrying amount**
Assets						
Cash and cash equivalents	19,972,163			-	19,972,163	**19,972,163**
Investment at amortised cost	13,288,088	6,865,139	8,122,341	25,367,011	53,642,579	**41,289,671**
Loans and Advances	77,850				77,850	**6,754,052**
Other assets					6,674,578	**6,674,578**
Total assets	**33,338,101**	**6,865,139**	**8,122,341**	**32,041,589**	**80,367,170**	**74,690,464**

Liabilities			**Total**	**Carrying amount**
Demand and savings	60,288,536		60,288,536	60,288,536
Time deposits		4,860,450	4,860,450	4,860,450
Other liabilities (dividend & bill)	1,252,486		1,252,486	1,252,486
Total liabilities			66,401,472	**66,401,472**
Net Liquidity gap (2022)				**8,288,992**
Net Liquidity gap (2021)				**(4,266,307)**

33.5 Capital risk management

The capital of the Bank is represented by the net assets attributable to Equity Shareholders of the Bank. The amount of net asset attributable to Equity Shareholders can change significantly depending on the quality of its asset's portfolio. The Bank's objective for managing capital is to:

- Comply with the capital requirements set out by the Bank of Ghana;
- Safeguard the Bank's ability to continue as a going concern in order to provide returns for Shareholders;
- Maintain a strong capital base to support the development of its business.

The Board of Directors and Management monitor capital on the basis of the value of net assets attributable to Equity Shareholders of the Bank.

34. Fair value estimation

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).

Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).

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. This hierarchy requires the use of observation market data when available. The Bank considers relevant and observable market prices in its valuation when possible. The fair value of the Bank's financial assets and liabilities approximate the respective carrying amounts, due to the generally short years to maturity dates.

a) Fair value hierarchy

This hierarchy requires the use of observable market data when available. The Bank considers relevant observable market prices in its valuation where possible. There has been no movement of financial instruments between different levels in the current year.

Financial instruments measured at fair value at 31 December were classified as follows:

	Level 1	Level 2	Level 3	Total
2022				
Financial assets			**291,649**	**291,649**
Investment securities at FVOCI -		-		
2021				
Financial assets				
Investment securities at FVOCI	-	-	**311,567**	**311,567**

35 Stated capital and reserves

35.1 Stated capital

The stated capital of a Bank shall consist of the sum of the following items:

(a) the total proceeds of every issue of shares for cash, including any amounts paid on calls made on shares issued with an unpaid liability, without any deductions for expenses or commissions;

(b) the total value of the consideration, as stated in the agreement, received for every issue of shares otherwise than for cash;

(c) the total amount which the Bank by special resolution shall have resolved to transfer to stated capital from surplus, as defined in section 68 of the Companies Act, (Act 992) including the credit balance on the share deals account referred to in section 63 of the above Act

35.2 Statutory reserve fund

The Statutory reserve fund is required under Section 34 of the Banks and Specialized Act, 2016 (Act 930) and is elaborated as follows:
3. (1) A bank or specialized deposit taking Institution shall establish and maintain a Reserve Fund into which shall be transferred to net profit each year.

Transfer to statutory reserve

- Where the amount of Reserve Fund is less than fifty per cent of the paid-up capital of the bank or specialized deposit-taking institution, an amount which is not less than fifty per cent of the net profit for the year;

- Where the amount of Reserve Fund is fifty per cent or more but less than one hundred per cent of the paid-up capital of the bank or specialized deposit-taking institution, an amount which is not less than twenty-five per cent of the net profit for the year;

- Where the amount of the Reserve Fund is equal to hundred per cent or more of the paid-up capital of the bank or specialized deposit-taking institution, an amount equal to twelve and half per cent of the net profit for the year.

The transfer required under subsection (1) shall be made:
- before the declaration of interim or final dividends, and
- after making provision for tax

(**b**) **Reserves**

The reserves of the Bank in accordance with section 70 of the Companies Act, 2019 (Act 992) is the amount of money by which the assets of the Bank, other than unpaid calls and other sums of money payable in respect of the shares of the Bank and not including treasury shares, less the liabilities of the Bank, as shown in the accounts of the Bank prepared and audited in accordance with sections 127 to 142, exceed the stated capital of the Bank.

(c) Retained earnings

The retained earnings of a Bank is the reserves as defined above less amounts of money attributable to
- an unrealized appreciation in the value of an asset of the Bank, other than such an appreciation in the value of an asset as would, under normal accounting principles, would be credited to profit or loss , unless the amount of such appreciation has been transferred to stated capital; and
- a balance standing to the credit of the share deals account immediately before the ascertainment of the retained earnings.

(d) Capital adequacy

Regulatory capital	**2022**	**2021**
Tier 1 capital	4,245,147	2,889,694
Tier 2 capital	243,115	263,122
Total regulatory capital	4,486,322	3,152,816
Adjusted capital base (a)	3,913,817	2,413,123
Adjusted asset base (b)	22,829,503	28,964,447
Capital adequacy ratio (a/b)	**17.14**	**8.33**
Capital surplus (adjusted capital base(a) less 10% of adjusted asset base(b)	**1,630,867**	**(483,321)**
	2022	**2021**
Capital adequacy by BoG	10%	10%
Capital adequacy of the Bank	**17.14%**	**8.33%**

36. Events after reporting date

The Bank adjusts the amounts recognized in its financial statements to reflect events that provide evidence of conditions that existed at the statement of financial position date.

Where there are material events that are indicative of conditions that arose after the reporting date, (material non adjusting events) the Company discloses, by way of note, the nature of the event and the estimate of its financial effect, or a statement that such an estimate cannot be made.

36.1 Domestic debt exchange programme (DDEP)

On 5th December 2022, the Government of Ghana launched Ghana's Domestic Debt Exchange programme, an invitation for the voluntary exchange of approximately GHS137 billion of the domestic notes and bonds of the Republic, including E.S.L.A. PLC and Daakye bonds, for a package of New Bonds to be issued by the Republic. A successful settlement and conclusion of Ghana's Domestic Debt Exchange Programme (DDEP) of the Government was announced on 27th February, 2023.

To help manage the potential impacts of the Debt Exchange on the financial sector, financial sector regulators will deploy all regulatory and supervisory tools to mitigate risks to financial stability. Regulators will assess impacts on a regular basis, and quickly address evolving risks in order to safeguard financial stability.

37. Comparatives

Except when a standard or an interpretation permits or requires otherwise, all amounts are reported or disclosed with comparative information.

Where IAS 8 applies, comparative figures have been adjusted to conform to changes in presentation in the current year.

38. Prior year adjustment

Adjustments have been made to agree the current tax asset after the Ghana Revenue Authority (GRA) tax audit for the 2015 to 2019 years of assessment and the accumulated depreciation for Land and Building in the financial statements. Current tax adjustment of GHS 64,142 and Accumulated depreciation – Land and Building of GHS 7,761.

39. Value added statement	2022	2021
Interest and banking income	11,021,851	12,255,379
Direct cost	(1,785,819)	(3,490,059)
Value added by banking services	9,236,032	8,765,320
Non-banking income	69,001	129,094
Impairment	2,029	(3,761,875)
Value added	**9,307,062**	**5,132,539**
Distributed as follows		
To employees:		
Directors	(301,890)	(628,300)
Other employees	(4,833,963))	(4,671,873)
To Government:		
Income tax	(168,774)	(800,618)
Bank's expansion and growth:		
Depreciation and amortisation	(434,312)	(555,922)
Other operating cost	(2,356,701)	(2,640,351)
To retained earnings	**1,211,422**	**(1,959,778)**

40. Shareholders' information

40.1 Shareholding distribution as at 31 December, 2022

Holding	Number of shareholders	Percentage of shareholders (%)	Number of shares	Percentage of holding (%)
1-1,000	1665	45.58	1,047,342	5.52
1,001-5,000	1461	39.99	3,651,365	19.23
5,001-10,000	299	8.19	2,231,068	11.75
10,001-50,000	194	5.31	3,770,064	19.85
Over 50,000	34	0.93	8,290,594	43.66
	3,653	**100**	**18,990,433***	**100**

**Total shares of 260,620, yet to be regularized with the Office of the Registrar of Companies were presented as deposit for shares in 2022.*

40.2 Twenty largest Shareholders as at 31 December, 2022

Number	Customer number	Shareholders	Number of shares	Percentage of shareholding
1.	198520	La Mansaamo Kpee (LMK)	2,872,780	15.3183
2.	219916	Panyin Isaac Karikari	602,300	3.1716
3.	378807	Supreme Council of Nmati Abonase	500,000	2.6661
4.	199399	Dr. Sowa Nii Kwaku	398,340	2.0975
5.	197579	Amarteifio Amarkai	349,100	1.8615
6.	198309	Asante Kweku Baprui	333,940	1.7806
7.	23365	Gogo Benjamin Akuete	255,000	1.3597
8.	382591	Annang Ted Yemoh Dr	235,000	1.2375
9.	197527	Akuetteh Laud Samuel Nsiah	228,190	1.2168
10.	380576	Pappoe Augustus Mr.	220,000	1.1731
11.	29657	Dr. Anteson Geoffrey A.C.B.	210,000	1.1324
12.	36578	Adjei Seth Adjete Mr	203,129	1.0696
13	26474	Obodai Benjamin	148,400	0.78144
14	387641	Kissiedu Eva	134,200	0.7156
15	199354	Sankah Daniel R.K.	110,680	0.5902
16	198829	Nuhu Vivian Akweley Norley	110,000	0.5865
17	197495	Adjetey Janet Atswei	106,400	0.5673
18	48195	Dadzie Samuel	104,000	0.5476
19	214373	Ga Presbytery	100,000	0.5332
20	219876	Prof Glover Ablade	100,000	0.5332
			7,221,459	**38.030**
21.		Others	**11,768,974**	**61.970**
			18,990,433*	**100%**

**Total shares of 260,620 yet to be regularised with the Office of the Registrar of Companies were presented as deposit for shares in 2022.*

LA COMMUNITY BANK LIMITED