ARB APEX BANK PLC

ANNUAL REPORT 2023

ARB APEX BANK
Together for progress

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ARB APEX BANK

Together for progress

NOTICE OF ANNUAL GENERAL MEETING 2024

NOTICE IS HEREBY GIVEN THAT the **22nd Annual General Meeting (AGM)** of the Shareholders of ARB Apex Bank PLC ("the Company") will be held at the

Golden Bean Hotel, Kumasi, in the Ashanti Region

ON JULY 27, 2024

AT 10:00 AM

To transact the following business:

1. To receive and adopt the Financial Statements of the Company (together with the reports of the Directors and the External Auditors) for the year ended 31st December 2023.
2. To approve the Directors' fees.
3. To authorise Directors to negotiate the remuneration of the new External Auditors.

Dated in Accra this 19th day of JUNE, 2024

BY ORDER OF THE BOARD OF DIRECTORS

ERNEST OWUSU ABOAGYE
COMPANY SECRETARY

NOTE:

- In accordance with Regulation 24(2) of the Bank's Constitution, each Rural/Community Bank (RCB) shall be represented by its Chairman/Chairperson or a member of the Board with a duly signed proxy form.
- A copy of the instrument appointing the proxy is herewith attached and for it to be valid for the purpose of the meeting, it should be completed and electronically sent to apex@arbapexbank.com not later than 48 hours prior to the meeting.

CORPORATE INFORMATION

BOARD OF DIRECTORS

Dr. Anthony Aubynn - Non Executive Chairman
Mr. Alex Kwasi Awuah - Managing Director
Ms. Naa Odofoley Nortey - Non Executive Member
Ms. Margaret-Ann Wilson - Non Executive Member (Retired 31/03/23)
Mr. Frank Owusu - Non Executive Member (Retired 30/09/23)
Mr. Cletus Azaabi - Non Executive Member
Mr. Patrick Owusu - Non Executive Member
Dr. Philip Abradu-Otoo - Non Executive Member
Mr. Francis Kogh Beinpuo - Non Executive Member (Retired 31/12/23)
Mr. Kwame Owusu Sekyere - Non Executive Member
Mr. Martin Mireku - Non Executive Member (Retired 30/04/23)
Mr. Martin Awuku Ahorney - Non Executive Member (Appointed 24/07/23)
Mr. Daniel Ohene K. Owusu - Non Executive Member (Appointed 03/08/23)
Mr. Isaac Owusu Gyamfi - Non Executive Member (Appointed 23/05/23) Retired (30/06/23)

Registered Office:

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

Auditor:

Ernest & Young Chartered Accountants
60 Rangoon Lane, Cantonments City
P.O. Box KA 16009
Airport, Accra,
Ghana

Secretary:

Ernest Owusu Aboagye

Bankers:

Bank of Ghana, Accra
Ghana International Bank PLC
London

BOARD OF DIRECTORS

Dr. Anthony Aubynn
Non Executive Chairman

Mr. Alex Kwasi Awuah
Managing Director

Ms. Naa Odofoley Nortey
Non Executive Member

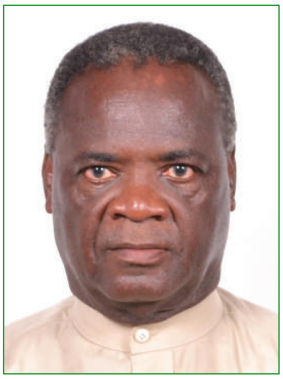
Ms. Margaret-Ann Wilson
Non Executive Member
(Retired 31/03/2023)

Mr. Frank Owusu
Non Executive Member
(Retired 30/09/2023)

Mr. Cletus Azaabi
Non Executive Member

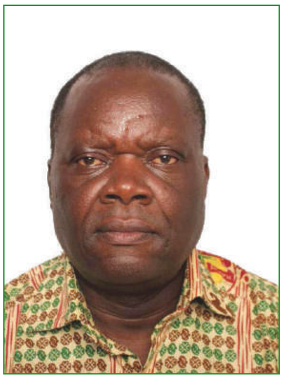
Mr. Patrick Owusu
Non Executive Member

Dr. Philip Abradu-Otoo
Non Executive Member

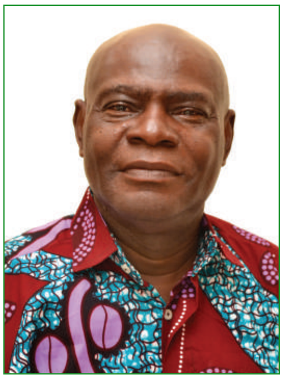


Mr. Francis Kogh Beinpuo
Non Executive Member
(Retired 31/12/ 2023)

Mr. Kwame Owusu Sekyere
Non Executive Member
(Retired 31/03/ 2023)



Mr. Martin Awuku Ahorney
Non Executive Member
(Appointed 24/07/23)



Mr. Daniel Ohene K. Owusu
Non Executive Member
(Appointed 03/08/23)

Profile of Directors

Dr. Anthony Kwesi Aubynn (PhD, Esq.)

Chairman

Dr. Anthony Aubynn has over 21 years of Senior Management experience spanning the mining industry (both gold mining, oil and gas). He has demonstrable management experience in both policy formulation and regulations as Chief Executive Officer, Ghana Minerals Commission; Chief Executive Officer of the Ghana Chamber of Mines; Human Resources and Corporate Affairs Management in his role as Director, Corporate Affairs, Tullow Ghana Limited; Head, Corporate Affairs and Social Development, Goldfields Ghana Limited; and Head of Human Resources and Local Affairs (Abosso Goldfields Limited).

Dr. Aubynn's expertise in mining policy formulation has been sought for in projects in Cameroon, Tanzania, Haiti, and the Republic of Congo. He also has banking experience, having worked with the erstwhile Ghana Cooperative Bank.

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

He joined the Board of the ARB Apex Bank PLC in March 2020 and was elected as the Chairman of the Board of Directors of ARB Apex Bank PLC.

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

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

Naa Adofoley Nortey (Esq.)

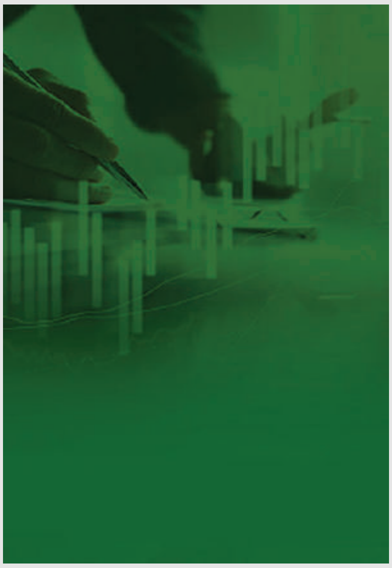
Vice Chairperson

Naa Adofoley Nortey has over 16 years' working experience as a Lawyer with capacity extending from Litigation, Commercial Law, Real Property Law, Criminal Law, Family and Probate Matters. She also worked with Zoe, Akyea & Co., where she practiced Criminal Law for three (3) years and worked on Land Litigation and Recoveries on behalf of bank and non- bank clients. She is currently a Junior Partner at the Accra-based Beyuo and Co., a Law Firm.

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

She is the current Chairperson of Abokobi Rural Bank and joined the Board of ARB Apex Bank PLC in March 2020 as the Representative of the Greater Accra Chapter of the Association of Rural Banks. In 2018, Naa was appointed a member of the Normalization Committee formed by the Federation Internationale de Football Association (FIFA) and the Confederation of Africa Football (CAF) in consultation with the Government of Ghana to replace the Ghana Football Association Executive Committee. She was a member of a team made up of Lawyers from West Africa, led by the Chief Justice, to put together a viable and sustainabl ute Resolution in Ghana. The document was a huge success and is currently being used as a guidance tool by The Gambia.

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



Alex Kwasi Awuah

Managing Director

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

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

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

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

Alex moved to the ARB Apex Bank Plc in November 2013 as the Head of the Internal Control Department, responsible for the audit of departments and branches of the Bank. He was also in-charge of the inspection of the Rural and Community Banks in Ghana as a complementary service to the regulatory role of the Bank of Ghana. He was elevated to the position of Deputy Managing Director in June 2015 and later served as Acting Managing Director of the Bank from November 2016 to May 2017.

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

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

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

Margaret-Ann Wilson
Member

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

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

Frank Owusu
Member

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

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

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

Cletus Azaabi
Member

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

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

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

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

Patrick Owusu

Member

Patrick Owusu, a retired Educationist was the Chairman of the Board of Directors of Atwima Kwanwoma Rural Bank Limited.

Under his leadership, the Bank won many awards, including: CIMG Rural Bank for the years 2013, 2015, 2018 and 2019. The Bank has also held its membership position on the Ghana Club 100 for the last ten years.

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

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

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

Dr. Philip Abradu-Otoo

Member

Philip Abradu-Otoo is an Economist with track record in Policy Analysis and Implementation at Bank of Ghana and International Monetary Fund and has over 30 years' experience in the banking industry.

Dr. Abradu-Otoo was employed by the Bank of Ghana as an Analyst and Research Officer in the Research Department. He was later appointed as a Desk Economist at the Central Bank and then as Head, Special Studies Unit at the Research Department. Through hard work, he was promoted to the position of Director of Research, a position he currently holds. He also served as an Economist and Advisor at the Office of the Executive Director, International Monetary Fund (IMF). As the Director of Research, Mr. Abradu-Otoo is currently working on understanding the transmission mechanism of Monetary and Fiscal Policies in selected West African Countries. He is a member of the Bank of Ghana's Monetary Policy Committee and serves on various boards including, Ghana Statistical Service, National Pensions Regulatory Authority, Ghana Tourism Development Corporation, and Ghana Export Promotion Authority. He joined the Board of ARB Apex Bank PLC in March 2020 as the Representative of the Bank of Ghana.

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

Kwame Owusu Sekyere (Esq.)

Member

Kwame Owusu Sekyere (Esq.) is a lawyer with experience spanning over 18 years who has applied the ethics of his profession and knowledge acquired strategically in solving problems. He has acted as a defence attorney for clients in criminal cases and handled property, commercial and civil cases in the area of contract and tort. He has also acted as a legal advisor for individuals, institutions, and corporate bodies, drafting regulations, rules, bye-laws, and constitutions for individuals, institutions, and corporate clients. He is also a Notary Public.

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

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

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

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

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

Daniel Ohene Kwaku Owusu

Member

Mr. Daniel Ohene Kwaku Owusu was appointed as a member of the Board of Directors of the ARB Apex Bank on July 31, 2023. He is a Director of Mponua Rural Bank Limited and represents the Eastern Chapter of the ARB.
In May 2, 2019 he was the incumbent President of the Association of Rural Banks, and represented the National Association on the ARB Apex Bank Board. He was elected as the National President of the Association of Rural Banks at the 20th Biennial General Meeting held at Bolgatanga in November 2018. He was then a Director of South Akim Rural Bank, in the Eastern Region.

A seasoned banker, he worked in various capacities at the Bank of Ghana (BoG) for almost 30 years until he retired as an Assistant Director in November, 2013. He worked with the Banking Supervision Department of the Central Bank and occupied positions of Head, Management Information Office; Head, Policy, Licensing and Legislation and Administration Office; Head, Investigation and Consumer Reporting Office and Head, Technical Office.

He also served as a Bank of Ghana representative on the Boards of Agona Rural Bank and Bawjiase Area Rural Bank at various times. DOK as he is popularly referred to, coordinated the implementation of credit referencing in the banking system that introduced credit bureaus.

He is currently the Chairman, Mponua Rural Bank; Chairman, Board of Governors, Nsawam Senior High School; former Chairman, St. Francis Senior High Technical School and Chairman, NTHC Ltd.

Mr. Owusu holds an MBA (Accounting), University of Cape Coast; Bachelor of Commerce (Hons), University of Cape Coast and Advanced Diploma in Economics of Banking, Finafrica, Milan, Italy.

Mr. Owusu is a qualified educationist and taught at the then Accra Polytechnic, now the Accra Technical University.

He had opportunities to attend various banking sessions at the Federal Reserve Board (USA), OSFID (Canada), NIMSME (India), FSI (Switzerland) and FSA (UK), among others.

Francis K. Beinpuo

Member

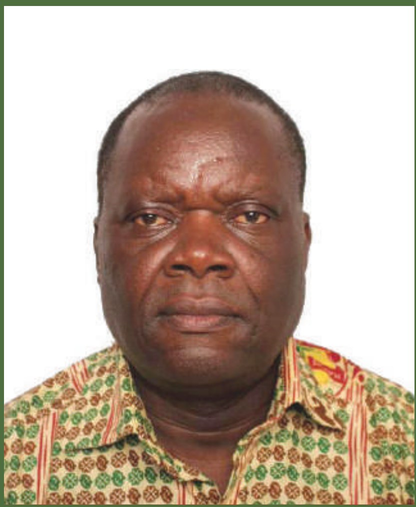
Francis K. Beinpuo has over 40 years of banking, rural banking and microfinance practice locally and internationally. Francis had a brief banking career with the Agricultural Development Bank. He soon moved on to start the Nandom Rural Bank as the first Manager and superintended that bank for 10 years.

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

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

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

Francis also served on the Technical Committee of the African Microfinance Network (AFMIN). Francis was the Chairman of the Board of Directors of Nandom Rural Bank.



Mr. Martin Awuku Ahorney

Member

Mr. Martin Awuku Ahorney was appointed to the Bank with approval of the Bank of Ghana on July 1, 2023 as the representative of the Volta/Oti Chapter of Association of Rural Banks. He was born on March 23, 1958. Mr. Ahorney is a Chartered Management Accountant (CIMA UK) and prior to his appointment, had worked in various capacities and levels in accounting. He understands how to run accounting or financial department (payroll, accounts payable, accounts recievable, financial statements/ reporting.

He has the ability to negotiate at high levels through his workings with governmental authorities such as tax agencies and regulatory bodies.

Mr. Ahorney holds a Masters in Finance (Economic Policy) Degree from the University of London, Ghana Stock Exchange''D5s Ghana Securities Industry Certificate, Masters in Business Administration (MBA from the City University of New York (Baruch College, USA, CIMA UK Certification and a Bachelor of Science from the Camborne School of Mines (University of Exeter, UK.

Mr. Ahorney is currently the Finance Manager, Mensin Gold Bibiani Limited. He was appointed to the position in September 2022. He is also a member of the Board of Amuga Rural Bank.

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arbapexbank.com

MANAGEMENT TEAM

Alex Kwasi Awuah

Managing Director

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

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

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

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

Alex moved to the ARB Apex Bank Plc in November 2013 as the Head of the Internal Control Department, responsible for the audit of departments and branches of the Bank. He was also in-charge of the inspection of the Rural and Community Banks in Ghana as a complementary service to the regulatory role of the Bank of Ghana. He was elevated to the position of Deputy Managing Director in June 2015 and later served as Acting Managing Director of the Bank from November 2016 to May 2017.

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

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

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

Curtis William Brantuo (Esq.)

Deputy Managing Director

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

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

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

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

Samuel Gyimah Amoako

Head, Finance

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

Samuel Gyimah Amoako joined the ARB Apex Bank PLC as an Internal Auditor/Inspector in February, 2015. Five years afterwards in February, 2019, he became Head of Finance and Strategy Unit of the Bank. Prior to joining the bank, he worked with Guaranty Trust Bank Ghana PLC as the Deputy Unit Head, Financial Control, from June, 2013 to January, 2015. He also worked with First Atlantic Bank from January, 2006 to June, 2013 as a Relationship Manager in the Corporate Banking Department, and also Assistant Manager, Internal Control and Audit. Before his banking career, he had auditing experience with Eddie Nikoi Accounting Consultancy, as Audit Officer.

Samuel is a multifaceted professional with over 19 years of cumulative experience in Auditing, Accounting and Financial Reporting, Banking, Taxation and Project Management.

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

Benjamin Chemel

Head, Audit & Inspection

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

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

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

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

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

Mark Odoi Adjei

Head, Banking Operations

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

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

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

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

Joseph Osei Asantey (PhD)

Head, Risk and Compliance

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

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

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

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

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

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

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

Francisca Dedei Afutu

Head, Human Capital

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

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

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

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

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

Ernest Owusu Aboagye
Acting Head, Legal

Ernest joined ARB Apex Bank as Head of Legal and Company Secretary on 2nd October 2023 after a stint with the National Investment Bank as General Counsel in January 2022. Before this, he worked with Zenith Bank (Ghana) Limited as Head of Legal and also worked with Access Bank Ghana Plc as Team Lead (Deputy Head), Legal and Company Secretariat. Prior to his banking career, Ernest established and managed the Legal Unit in the Korle-Bu Teaching Hospital as the Hospital's first Internal Solicitor, working closely with the Management of the Hospital between 2009 and late 2015.

Ernest started his professional career as a Pharmacist, initially as a Theatre Pharmacist, and rose through the years as Shift Manager for the National Cardiothoracic Pharmacy in Korle-Bu between 2002 and 2009. He has had short stints with some Community Pharmacies in Accra as Manager/Superintendent Pharmacist.

He is a dynamic, commercial-oriented legal professional with excellent communication, human relations, strategic leadership, and advocacy skills. Ernest has been involved in many advocacy causes in Pharmacy and Health delivery in Ghana before his legal/banking career.

A Pharmacist (graduated from the KNUST Faculty of Pharmacy in 2001), and later Barrister at Law (Called to the Ghana Bar in 2007 after completing his Post Graduate LLB from the University of Ghana [2004] and the Law School [2007] at Makola), Ernest holds additional post-graduate degrees in Organization Development (University of Cape Coast) (2013), and an MSc in Strategic Leadership and Corporate Governance from the KNUST in 2021. Besides these, he holds post-graduate certificates in advertising, marketing, and public relations (GIJ), Management of Drug Supplies (Robert Gordon University, Scotland), and Public Administration (GIMPA).

Ernest has cross-functional knowledge and mixed experience for nearly 25 years in Pharmacy, Health and Hospital Management, Corporate and Commercial Law, Litigation, Banking, Finance and Organisation Development, Change and Strategic Management, and Leadership. Though a Corporate Legal practitioner, he has a passion for litigation and has represented clients across all levels of the Superior Courts in Ghana in a wide range of commercial, land, and labour cases.

He is a member of the Pharmaceutical Society of Ghana (PSGH) where he has served on both the National Executive and the Governing Board and several other Committees of the Society: including the Annual General Meeting Planning, Strategic Planning and Finance Committees, and others. Ernest is also a member of the Ghana Bar Association, currently serving as an executive of the In-House Bar Group of the Bar.

Ernest is an Elder of the Church of Pentecost and serves as a member of Legal Advisors for the National Church Headquarters in Ghana. He is married to Grace with three children.

George Edward Neizer

Head, ICT

George Edward Neizer was appointed as Head of the Information and Communication Technology (ICT) Department at ARB Apex Bank PLC on June 1, 2023. Prior to assuming this substantive role, he served as Acting Head of ICT from August 2022 to May 2023. George joined ARB Apex Bank in September 2008 as an Applications Manager. He was designated the Manager of the Technology Unit in September 2012, and thereafter appointed as Deputy Head of ICT in January 2014. Subsequently, George was designated Manager of the Management Information Systems (MIS) Unit from September 2018 to July 2022.

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

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

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

ARB APEX BANK PLC

Report of the Directors

To the Members of ARB Apex Bank PLC

ARB APEX BANK PLC

Report of the Directors

To the Members of ARB Apex Bank PLC

The directors present their report together with the audited financial statements of ARB Apex Bank PLC for the year ended 31 December 2023.

Statement of Directors' Responsibility

The directors are responsible for the preparation of the financial statements for each financial year, which gives a true and fair view of the state of affairs of the Bank. In preparing the financial statements, the directors have selected suitable accounting policies, applied them consistently, made judgments and estimates that are reasonable and prudent and have followed International Financial Reporting Standards as issued by the International Accounting Standards Board, including the IAS 29 Hyperinflation Directive issued by the Institute of Chartered Accountants Ghana, the provisions of the Companies Act, 2019 (Act 992) and the Banks and Specialised Deposit-Taking Institutions Act, 2016 (Act 930).

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

Nature of business

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

The Bank is owned by the Association of Rural Banks (ARB) and the Rural and Community Banks in Ghana (RCBs). The ownership structure remained unchanged during the 2023 financial year. Notwithstanding the acquisition of additional shares by RCBs during the year under review, no RCB has significant percentage of shares to influence decision making.

Domestic Debt Exchange Impact

The Bank's participation in the Government of Ghana Domestic Debt Exchange Programme (DDEP) resulted in significant estimated impairment loss, which was recognised in the financial statements ending December 2022. After full participation in the programme in February 2023, a significant derecognition gain was realised. The participation did not affect the ordinary operations of the Bank. Prudent measures have since been put in place to ensure operational safety and soundness.

Results of operations

The results of operations for the year ended 31 December 2023 are set out in the statement of profit or loss and other comprehensive income, statement of financial position, statement of changes in equity and statement of cash flows together with notes to the financial statements.

Activities	2023 (GHS)	2022 (GHS)
Operational Results		
Profit/(Loss) before taxation	20,547,456	(103,530,977)
Income tax (expense)/credit	(29,397,683)	24,749,669
Profit/(Loss) after tax for the year	(8,850,227)	(78,781,308)
Other Comprehensive income		
Actuarial (loss)/gain on post-employment	(2,576,401)	270,644
	(11,426,628)	(78,510,664)

Dividend

The Bank did not propose the payment of dividend for the year under review (2022: nil). This is because the Bank of Ghana directed the suspension of declaration and payment of dividends and other distributions to shareholders, effective 31 December 2022, due to the impact of the Domestic Debt Exchange Programme (DDEP).

Corporate Social Responsibility

Included in the donation amount of GHS300,145 (2022: GHS279,168) was GHS212,393 spent on various socially responsible activities. This comprised a donation of GHS50,000 to support the flood victims of the Volta River Authority Akosombo dam spillage and GHS162,393 to some senior high schools and traditional councils across the country where the Bank's branches are located.

Auditor and Audit fees

The term of office for Deloitte & Touche as auditor of the Bank expired in December 2022 and a new auditor Ernst & Young appointed to audit the 2023 financial statements in accordance with Section 139 (5) of the Companies Act, 2019 (Act 992).

Audit fees paid for the 2023 statutory audit was GHS205,000 (2022: GHS217,000), exclusive of taxes.

Going Concern

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

Though participating in the DDEP upon the announcement in 2022 resulted in significant estimated impairment loss leading to negative net worth, capital adequacy and earning per share, this did not affect the ordinary operations of the Bank.

The shareholders of the Bank passed a special resolution to increase the Stated Capital of the Bank by GHS25 million over a period of five years, starting from 2023, with GHS5 million being raised every year. This commenced in March 2023. With prudent management and efficient utilization of resources, the Bank returned to profit making position as at the end of the year 2023, changing the negative results reported in 2022 to positive. With the capital plan and prudent management, the Bank is expected to fully recover from the effect of the DDEP by the end of year 2025. The Bank has also taken advantage of the Regulatory Reliefs granted by the regulator.

Regulatory Reliefs

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

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

Steps Taken to Build Capacity of Directors

The Directors were taken through their core duties and functions and corporate governance principles as part of a sensitization workshop in compliance with the provisions under Section 136 of the Companies Act, 2019 (Act 992). The Bank Held a training on corporate governance and labour and industrial relations on September 21, 2023. There was additional training on financial reports and analysis, risk and compliance as well as money laundering.

The report of the directors and the financial statements were approved by the Board of Directors on 30th April, 2024 and signed on behalf of the Board by two directors as follows:

Director
Date: 30/04/2024

Managing Director
30/04/2024

CORPORATE GOVERNANCE REPORT

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

Annual Certification

The Board of Directors hereby certify that it has complied with the requirements in the Corporate Governance Directive. During the period under review, the Board independently assessed and documented the corporate governance process of the Bank by reviewing the Board Charter and the Bank's Strategic Plan which enabled the Bank to achieve its strategic corporate goals during the period under review. The Board is aware of its responsibilities to the Bank as the persons charged with governance and policy direction of the institution. During the period under review, the directors undertook an intensive corporate governance certification training organized by Platinum Awuku- Sao Consult Limited. The directors completed this certification Programme on corporate governance and directors' responsibilities.

Governance Structure

The shareholders of the Bank, as provided in the ARB Apex Bank Regulations LI 1825, are the Rural and Community Banks in Ghana, and the Association of Rural Banks. The shares of the Bank are of no-par value and the shareholders have equal voting rights. Directors and Key Management Personnel of the Bank are not shareholders of the Bank. The Bank has a 13 Member Board of Directors made up of nine (9) representatives from the Regional Chapters of the Association of Rural Banks, one (1) representative from the National Council of the Association of Rural Banks, one (1) representative each from the Ministry of Finance and the Bank of Ghana, and the Managing Director. The Board consists of twelve (12) independent non- executive directors and one (1) executive Director, the Managing Director.

All the Directors and Key Management Personnel of the Bank are Ghanaians and there are no related persons on the Board or in Key Management position. The Directors of the Bank have no shareholding interest and no person controls the decision-making process of the Board. Decisions are arrived at through cordial deliberations and consensus. There is an appropriate balance of power and authority on the Board between the executive and non-executive directors such that no one individual or group dominates the Board's decision-making process. During the year under review, three directors retired.

The Board is assessed individually and collectively through the administration of a performance questionnaire each year. The Bank's policy on corporate governance is contained in the Board Charter and the Strategic Plan of the Bank. During the period under review, the Board inducted two new members. The newly appointed key management personnel was also taken through the Bank's orientation process during the period under review.

Retiring Directors

The following Directors retired during the year 2023:

1. **Ms. Margaret Ann Wilson** (Retired 31/03/2023)
2. **Mr. Francis Kogh Bienpuo** (Retired 31/12/2023)
3. **Mr. Frank Owusu** (Retired 30/09/2023)
4. **Mr. Isaac Owusu Gyamfi** (Retired 30/06/23)
5. **Mr. Martin Mireku** (Retired 30/04/2023)

Key Management Appointment

Mr. Ernest Owusu Aboagye was appointed Head, Legal after a prior written approval by the Bank of Ghana effective October 2, 2023.

The Board of Directors

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

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

As at 31 December 2023, ARB Apex Bank PLC had 10 members on the Board of Directors including one Executive Director

Name	Designation
1. Dr. Anthony Aubynn	Chairman
2. Mr. Martin Awuku Ahorney	Member
3. Mr. Daniel O.K. Owusu	Member
4. Mr. Cletus Azaabi	Member
5. Ms. Naa Odofoley Nortey	Member
6. Mr. Patrick Owusu	Member
7. Mr. Francis Kogh Beinpuo	Member
8. Dr. Phillip Abradu-Otoo	Member
9. Mr. Kwame Owusu Sekyere	Member
10. Mr. Alex Kwasi Awuah	Managing Director/ Member

The Board of Directors mostly execute its mandate and responsibility through its committees.

The Board Committees

There are four (4) main Committees of the Board:

a. Finance
b. Governance, Administration and Legal (GAL)
c. Risk, Audit and Compliance (RAC)
d. ICT & Cyber and Information Security

The composition of the Committees is based on competence, qualification and experience of the Director. The Board Committees are made up of at most four directors and the Managing Director with the exception of Risk, Audit and Compliance Committee. The Managing Director is not a member of the Risk, Audit and Compliance Committee. The Board Charter provides for the Terms of Reference for each Committee which has its own Work Plan for the year. The Committees are required to hold quarterly meetings and, in the year, each Committee is expected to hold at least four (4) meetings. The Committees have policies and laid down procedures with governance issues as the underlining principle.

Finance Committee

Name	Designation
Mr. Frank Owusu	Chairman
Mr. Patrick Owusu	Member
Mr. Francis Kogh Bienpuo	Member
Dr. Philip Abradu- Otoo	Member
Mr. Martin Ahorney	Member
Mr. Alex Kwasi Awuah	Member/Managing Director

The Finance Committee reviews and considers reports on the Bank's financial position, strategic investments, treasury management, portfolio analysis as well as the general liquidity position of the Bank. The Committee oversees the performance of the core responsibilities of the Finance and Banking Operations Departments as well as the Treasury and Credit Units of the Bank. The Finance Committee also reviews and approves policy and makes relevant recommendations to the Board. The Committee is expected to hold at least four (4) meetings in the coming year to deliberate on the key financial indicators as well as the financial performance of the Bank as contained in the budget.

Attendance at meetings

Name	July 17, 2023	Oct. 17, 2023	Nov. 7, 2023
1. Mr. Frank Owusu	☐	☐	☐
2. Mr. Patrick Owusu	☐	☐	☐
3. Mr. Francis Kogh Bienpuo	☐	☐	☐
4. Dr. Philip Abradu- Otoo	-	-	-
5. Mr. Martin Ahorney	Not appointed	☐	☐
6. Mr. Alex Kwasi Awuah	☐	☐	☐

Governance, Administration and Legal (GAL)

Name	Designation
Ms. Naa Odofoley Nortey	Chairperson
Mr. Frank Owusu	Member
Mr. Isaac Owusu Gyamfi	Member
Mr. Kwame Owusu Sekyere	Member
Mr. Daniel Ohene Kwaku Owusu	Member
Mr.Alex Kwasi Awuah	Member/Managing Director

The Governance, Administration and Legal Committee oversees the Bank's governance, administration and legal issues. The Committee provides the Board with strategic direction and advice on all governance, administration, human capital and legal issues. The Committee oversees the core functions of the Human Capital and Legal Departments. The Committee during the period under review executed its mandate effectively by reviewing and recommending appropriate policies and key decisions to the Board for approval. In the coming year, the Committee is expected to hold at least four (4) meetings and exercise its effective oversight responsibility over the above-named Departments to enable the Bank attain its strategic and corporate goals. The Committee also acts as the Bank's compensation committee and approves the compensation of Key Management Personnel.

Attendance at meetings

Name	July 18, 2023	Nov. 9, 2023
Ms.Naa Odofoley Nortey	☐	☐
Mr. Frank Owusu	☐	☐
Mr. Kwame Owusu Sekyere	☐	☐
Mr. Isaac Owusu Gyamfi	☐	Retired
Mr. Daniel Ohene Kwaku Owusu	Not appointed	☐
Mr. Alex Kwasi Awuah	☐	☐

Risk, Audit and Compliance (RAC)

Name	Designation
Mr. Kwame Owusu Sekyere	Chairman
Mr. Cletus Azaabi	Member
Mr. Isaac Owusu Gyamfi	Member
Mr. Francis Kogh Bienpuo	Member
Mr. Daniel Ohene Kwaku Owusu	Member
Dr. Philip Abradu-Otoo	Member

Attendance at meetings

Name	July 21, 2023	Oct. 16, 2023
Mr. Kwame Owusu Sekyere	☐	☐
Mr. Cletus Azaabi	☐	☐
Mr. Francis Kogh Beinpuo	☐	☐
Mr. Isaac Owusu Gyamfi	☐	Retired
Dr. Philip Abradu-Otoo	-	-
Mr. Daniel Ohene Kwaku Owusu	Not appointed	☐

The Risk, Audit and Compliance Committee oversees the performance of the works of the Risk and Compliance, and Audit and Inspection Departments as well as the Business Intelligence and Distressed Banks Reforms Unit. During the year under review, the Committee executed its work effectively by providing the Board with relevant recommendations on key decisions and reviewed and recommended policies to the Board for its approval. In the coming year, the Committee is expected to hold at least four (4) meetings and exercise its effective oversight responsibility over the above-named Departments to enable the Bank attain its strategic and corporate goals.

Information Communication Technology (ICT) and Cyber and Information Security(CIS)

Name	Designation
Mr. Cletus Azaabi	Chairman
Mr. Martin Ahorney	Member
Ms. Naa Odofoley Nortey	Member
Mr. Patrick Owusu	Member
Mr. AlexKwasi Awuah	Member

The ICT and Cyber and Information Security Committee oversee the operations of the ICT Department and the Digital Banking and Information Security Units of the Bank. The Committee is responsible for providing the Board with strategic and technical direction on the Band ICT infrastructure and general business operations of the Bank. The Committee reviews policies and makes relevant recommendations on ICT and Cyber and Information Security to the Board for its approval.

In the coming year, the Committee is expected to hold at least for (4) meetings and exercise its effective oversight responsibility over the above-named Departments to enable the Bank attain its strategic and corporate goals.

Attendance at meetings

Name	July 19, 2023	Nov. 8, 2023	Dec. 11, 2023
Mr. Cletus Azaabi	☐	☐	☐
Mr. Martin A. Ahorney	Not appointed	☐	☐
Mr. Patrick Owusu	☐	☐	☐
Ms. Naa Odofoley Nortey	☐	☐	☐
Mr. Alex Kwasi Awuah	☐	☐	☐

Key Responsibility

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

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

The Chairman of the Board and the Directors are primarily responsible for the overall governance, policy and strategic formulation of the Bank whilst the Managing Director is responsible for the day-to-day operation of the business in accordance with the Board's strategic plans and policy direction. The Board is ultimately responsible for the Bank's structure and areas of operation, financial reporting, as well as ensuring that there is an effective system of internal control and risk management and compliance.

The Board has the authority to delegate matters to Directors, Committees, the Managing Director and the Management Committee. The Board regularly reviews the Bank's performance, matters of strategic concern and any other matters it regards as material.

Board Meetings

The Board convenes a meeting once every quarter and additional meetings are convened as the need arises. There is an Annual General Meeting each year and where necessary, the Board convenes Extra-Ordinary General Meetings.

Attendance at Board meetings

Name	March 23, 2023	June 22, 2023	July 18, 2023	Nov 3, 2023	Dec 12, 2023
1. Dr. Anthony K. Aubynn	☐	☐	☐	☐	☐
2. Mr. Cletus Azaabi	☐	☐	☐	☐	☐
3. Ms. Margaret Ann-Wilson	☐	Retired	Retired	Retired	Retired
4. Ms. Naa Odofoley Nortey	☐	☐	☐	☐	☐
5. Mr. Frank Owusu	☐	☐	☐	☐	Retired
6. Mr. Patrick Owusu	☐	☐	☐	☐	☐
7. Dr. Philip Abradu-Otoo	-	☐	-	-	-
8. Mr. Francis Kogh Beinpuo	☐	☐	☐	☐	☐
9. Mr. Kwame Owusu Sekyere	☐	☐	☐	☐	☐
10. Mr. Martin Mireku	☐	Retired	Retired	Retired	Retired
11. Mr. Martin Awuku Ahorney	Not appointed	Not appointed	Not appointed	☐	☐
12. Mr. Daniel O. K. Owusu	Not appointed	Not appointed	Not appointed	☐	☐
13. Mr. Alex Kwasi Awuah	☐	☐	☐	☐	☐
14. Mr. Isaac Owusu Gyamfi	Not appointed	☐	Retired	Retired	Retired

Board Evaluation

The Board evaluates itself through the administration of performance questionnaire to director. The evaluation assesses the Board's performance (individually and collectively) for the year under review. There was no external evaluation of the Board during the period under review and no reports had been submitted to the Bank of Ghana in this regard.

Other Engagements of Directors

During the period under review, no director was engaged privately to perform or provide the Bank with any service.

Succession Planning

The nine (9) representatives of the Regional Chapters of the Association of Rural Banks are elected at the chapter meetings scheduled for that purpose. The representatives of the Bank of Ghana and Ministry of Finance are appointed by the Governor of the Bank of Ghana and the Minister respectively. The National President of the Association of Rural Banks represents the National Council of the Association of Rural Banks. The Directors of the Board serve for a term of three (3) years which may be renewed for a further term. The Managing Director of the Bank is appointed for a term of four (4) years which may be renewed for a further term once.

The Managing Director serves as a member of the Board for the term he is in office.

The Bank has detailed policy and procedure on recruitment to key management positions. The recruitment process is transparent and in accordance with laid down policy and procedure. The Bank's remuneration is highly competitive in the market and staff are motivated through financial and non-financial means to ensure that the best talents are nurtured, attracted and retained in the Bank. There is a detailed succession plan and growth path for staff in the Bank who are usually mentored by highly qualified professionals.

Financial Reporting

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

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

Ernst & Young was appointed to replace Deloitte and Touche as External Auditors to the Bank during the 2023 financial year.

Internal Audit

The Board has put in place the relevant structures for an effective performance of the Bank's internal audit function. The Audit and Inspection Department of the Bank has been adequately equipped and resourced to provide an independent assessment and the Bank's compliance with established policies and procedures. The lines of reporting of the internal audit function, the roles and responsibilities of the internal audit function as well as the scope and nature of audit work. The Risk, Audit and Compliance Committee exercises oversight responsibility on the internal audit function of the Audit and Inspection Department.

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

1. Anti-Money Laundering

The Board and Management of the Bank are committed to ensuring compliance with the statutory provisions in the Anti-Money Laundering Act, 2020 (Act 1044) and the applicable regulations and guidelines.

Staff are continuously trained on the Bank's anti-money laundering policies to ensure strict compliance.

2. Conflicts of Interest

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

3. Shareholding Rights

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

4. Annual Certification

The Board certifies that for the financial year ended 31 December 2023, the Bank has complied with the provisions of the Corporate Governance as contained in Act 930 and Act 992 as well as best practices, including but not limited to:

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

In addition, the Board certifies that:

1. It has independently assessed and resolved that the Bank's corporate governance process is effective and has successfully achieved its objectives.
2. Directors are aware of their responsibilities to the Bank as persons charged with governance.

Ethics and Professionalism

The Board through the GAL Committee reviewed and approved the Code of Ethics of the Bank during the period under review. The Code of Ethics introduced the required ethical and moral standards to be met by staff and sets out the acceptable behaviour, lifestyle and the required moral and ethical standards. The overall objective of this Code of Ethics is to ensure strict adherence to best ethical and moral practice and maintain high ethical and professional standards in the Bank. The Code recognizes the responsibilities of Employees, the Board of Directors, responsibilities to customers, the general public, the Government of Ghana and the key stakeholders such as the Bank of Ghana and the Ministry of Finance.

The Code seeks to highlight the core values of the Bank and introduce best organizational practices and culture for the Bank. The Code addresses issues relating to ethical, professional and business conduct of staff and related officers of the Bank and provides the procedure for dealing with complaints of unethical and unprofessional practices and the sanctions for infractions of its provisions. Staff and related officers of the Bank shall operate within the statutory, legal and regulatory framework of the banking industry in particular and the country in general. The Code ensures that the norms for responsible behavior of the Bank's risk awareness, risk taking and risk management are adequately provided to avoid acts which may adversely affect the integrity and reputation of the Bank. The Code ensures that staff and officers of the Bank involved in unethical practices contrary to the provisions are subject to the Bank's Disciplinary Rules.

The Directors and key Management persons as well as staff are not shareholders of the Bank. The shares of the Bank are held solely by the Rural and Community Banks. Directors, key management persons and staff of the Bank do not engage in internal trading of shares and have no shareholding interest in the Bank.

Management Reporting Structures

The Board considers and approves the strategic plan of the Bank and the budget for the year and sets specific targets to be achieved in the year. Management, through the Managing Director and the respective Committees provide regular performance reports to the Board. The Board and Management had set mid- year performance and budget reviews to evaluate the status of the budget and the strategic plan of the Bank. The Board regularly reviews Management compliance with existing legal instruments, directives and notices issued by the Bank of Ghana.

Remuneration Policies

The Board through the Governance, Administration and Legal Committee which also acts as the Compensation Committee, regularly reviews and recommends to the Board for approval, the compensation structure of the Bank to ensure that its properly aligned with prudent risk taking of the Bank. The Committee on regular basis reviews detailed reports from the Human Capital Department and where required, the Committee negotiates with relevant bodies on staff compensation and remuneration. The Committee on regular basis recommends the adjustment of the Bank's compensation structure to ensure that it aligns with the best prevailing market values as well as meets the changing economic conditions of the Bank.

The Committee is made up of independent directors to determine the remuneration of executive and non-executive directors and on regular basis, the Committee submits its reports to the Board for approval. There are no share options as part of the remuneration of the Board of Directors and key management persons. The executive management remuneration is governed by policy which is regularly reviewed by the Committee to ensure that it aligns with the long-term sustainability of the institution by providing a mix of short-term and long-term remuneration to incentivize sustainable long-term performance.

Sustainability Report

BACKGROUND AND INTRODUCTION

ARB Apex Bank PLC (the "Bank") is a public limited liability company, incorporated in January 2000 in accordance with Ghanaian law, with all its shares being held by the Association of Rural Banks (ARB) and the Rural & Community Banks (RCBs). Its operations are governed by the ARB Apex Bank Limited Regulations, 2006 (L.I. 1825). It is licensed to carry on banking business and other related activities approved by the Bank of Ghana. Its head office is located in Accra, with ten (10) branch offices in Accra, Kumasi, Sunyani, Bolgatanga, Agona Nkwanta, Koforidua, Hohoe, Wa, Elmina and Tamale. Furthermore, there are over one hundred and forty-four (144) Rural and Community Banks which operate a network of about 850 branches, providing banking services across the country.

The objects of the Bank are to promote the interest of members of the bank through the provision of banking and related non-banking services and engage in banking business. Its core functions include among others, keeping accounts for its members and maintaining primary cash reserves in accordance with Bank of Ghana's monetary regulations; monitoring, inspecting and supervising the operations of members, lending to its members (the RCBs) that face temporary liquidity problems; rendering funds management services to RCBs; developing credit assessment procedures and encourage members to enforce them; monitoring loans and advances made by members; and to perform any other function that is incidental to the attainment of the objects of the bank. Its ancillary functions include provision of training for its directors and employees, and other members of the Bank; to establish a Rural Bank College to provide technical and professional training to staff, directors and members of the Bank, among others.

In light of the responsibility placed on the Bank, in compliance with Bank of Ghana's regulatory requirements, and recognition of the evolving global trends, and response to the demand for sustainable finance, the Bank is obligated by law, amongst other duties, to issue general rules regarding the implementation of policies and the enforcement of procedures by the members; advise its members of its business to provide a wide range of financial services to the members and customers; disseminate knowledge and information on the services provided to its members; conduct research and develop products and services; and pursue programmes that will promote and integrated and sustainable rural or community banking system that promotes the interest of its members

The Bank aims to provide banking and non-banking services to the satisfaction of the RCBs and other stakeholders, driven by its core values of Speed, Efficiency, Respect, Versatility, Integrity, Commitment, and Effectiveness (S.E.R.V.I.C.E) and seeks to promote a culture of smart work, teamwork, empathy, and professionalism.

Considering

i. the responsibility placed on the Bank,

ii. in compliance with Bank of Ghana's regulatory requirements,

iii. in recognition of the evolving global trends, and in response to the demand for sustainable finance;

The Bank has decided to embark on a journey to incorporate sustainability/ESG in its strategy and operations. ARB Apex Bank is a unique entity which is positioned to serve low-income communities. By the nature of its objectives, a robust ESG framework and complete absorption of ESG into its operations could result in significant benefits by enhancing financial inclusion, improving community engagement and building trust, mitigating potential ESG-related risks, improving regulatory compliance, and ultimately, increasing its access to capital and partnerships.

ARB Apex Bank PLC has in the past received funding for on lending, from partners who have a keen interest in ESG requiring that the funds are not put towards endeavors with a negative impact on the environment and society. Some of the partners and investors include Social Investment Fund, Rural Development Fund, United Nations Children's Fund (UNICEF), African Development Bank and International Fund for Agricultural Development (IFAD). This further intensifies the need for ARB Apex Bank to seek to adopt practices which demonstrate their commitment to ESG.

B. ARB APEX BANK'S GOVERNANCE STRUCTURE

Per Regulation 30 of L.I. 1825, the general direction and control of the Bank's business is vested in the governing body of the Bank, the Board of Directors. The Regulations require that the Board of Directors of the Bank be made up of 13 members; nine (9) representatives of the rural and community banks elected to represent the nine (9) chapters of the Association of Rural Banks, one (representative) each from the Ministry of Finance, the Bank of Ghana and the National Council of the Association of the Rural Banks, and the Managing Director of the Bank. This forms the governing body of the Bank. The Board is required by law to meet quarterly, with a quorum of at least seven (7) members.

Currently, the Board of Directors is made up of ten (10), all Ghanaians, three (3) less the legally required thirteen (13)-member board, with the age and gender distribution represented in the table below. This has however not affected the Bank's business as the legally mandated quorum for board meetings is seven (7).

The Bank however recognises the potential to disenfranchise key stakeholders of the organisation and deny their representation if the position is promptly filled.

Age Group	Male	Female	Total
30-50	1	1	2
50-60	5	0	5
61-75	3	0	3
Total	**9**	**1**	**10**

Table 1: Gender and Age Distribution of Board Members

The Board is made up of four (4) committees which are well equipped to handle the Bank's business namely:

1. Finance Committee
2. Risk, Audit and Compliance (RAC) Committee
3. Governance, Administration and Legal (GAL) Committee
4. ICT and Cyber & Information Security Committee

C. COMPLIANCE WITH BANK OF GHANA REGULATIONS AND DIRECTIVES

The Bank of Ghana Sustainable Banking Principles and Sector Guidance Notes were seven (7) principles issued by the Bank of Ghana for all banks in the country to comply towards their ESG journey. These principles and how the Bank has complied with them have been described below:

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

To comply with this principle the Bank has created a Centralized ESG Risk management policy in consultation with the RCBs (The Centralization ensures a consistent approach to ESG risk management across all the RCBs and standardized policies and procedures to enhance clarity, streamline processes and facilitate uniform compliance.

The policy has been designed to identify all social and environmental risk associated with the Bank and the RCBs operations. The policy also spells out the objectives and strategies to be used by the Bank and RCBs to mitigate the Risks and also to measure the extent at which ESG is complied.

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

The Bank has taken conscious steps below to ensure compliance to this principle:

- Energy efficiency - The Bank has shifted to the use of energy efficient bulbs, and LED.
- Green IT practices - The Bank currently uses energy efficient servers and has employed automation, to optimize the Bank's energy efficiency.
- Paperless transactions - There is an initiative by the bank to reduce its paper usage.
- The Bank has improved on its commitment to training and development of its employees, workplace safety and security.

3. Promote good corporate governance and ethical standards

The Bank has demonstrated a high level of compliance with Bank of Ghana's requirements and is demonstrating a robust corporate governance structure.

The Bank has intensified its ESG-training amongst its board and management. Whiles it aims at improving its collective ESG knowledge. The bank is ensuring at least there is one board member with advanced ESG expertise for effective management of ESG risks and opportunities. This initiative has the potential to boost investor confidence and attract business to the Bank. Additionally, advancing the ESG knowledge of the board means the board can effectively oversee ESG-related initiatives and policies, ensuring they are integrated into the Bank's core operations.

4. Promote gender equality

The Bank has developed a gender policy and implementing initiatives which seek to empower women with leadership skills.

Additionally, the bank has addressed societal inequality by supporting women-owned businesses that will help narrow the gender wealth gap. The bank is also providing access to tailored financial products to empower women economically, foster financial independence and stability.

5. Promote financial inclusion

The very nature of the business of the Bank and its network is to make banking available to the underbanked and unbanked by operating in Ghana's rural areas. It has demonstrated a commitment to advance its objectives. The bank has developed a financial inclusion policy. The goal of the policy is to address and offer solutions to the barriers that exclude people with low-income from participating in the financial sector. The policy supports social sustainability by reducing inequality and improving the quality of life for marginalized groups. Access to financial services such savings accounts, and loan credit will help low-income individuals to manage financial risks. This policy also contributes to environmental sustainability through the promotion of green finance.

6. Promote resource efficiency and sustainable consumption and production

The bank is putting together efforts to demonstrate commitment to promoting resource efficiency in order for them to develop a policy and consequent procedures and processes to ensure compliance with the Banking Sustainable Principles.

7. Reporting

The Bank acknowledges the critical importance of conducting and disseminating reports on its sustainability and Environmental, Social, and Governance (ESG) initiatives. The bank has advanced on this journey.

This requirement is twofold: firstly, to submit comprehensive reports to the Banking Supervision Department of the Bank of Giana, and secondly, to ensure that these disclosures are included within the bank's Audited Financial Statements. The imperative for Sustainability/ESG reporting stems from its role in promoting transparency regarding environmental, social, and governance practices.

By communicating these factors openly, the Bank not only adheres to accountability towards its stakeholders, investors, and the broader public but also mitigates the risk of incurring potential fines due to non-compliance. Moreover, this transparent disclosure provides the Bank with an invaluable opportunity to highlight its positive contributions to environmental conservation and social welfare. Such initiatives can significantly bolster the Bank's brand image and reputation, thereby attracting new clients while retaining existing ones.

Furthermore, the Bank is dedicated to sharing insights and milestones from its sustainability/ESG journey with the public. This commitment underlines the Bank's view of the public as a pivotal stakeholder in its operations. By engaging with the community and stakeholders on these matters, the Bank reinforces its dedication to sustainability and corporate responsibility, aligning its growth and operational strategies with the broader objectives of societal and environmental well-being.

CHAIRMAN'S REPORT

INTRODUCTION

Cherished Shareholders, Colleague Directors, Ladies and Gentlemen. As we know, the Annual General Meeting (AGM) of the ARB Apex Bank PLC is a special occasion for the Bank. On behalf of the Board of Directors, I am pleased to welcome you to the 22nd AGM of the Bank and present to you the Audited Financial Statements and Annual Report for the year ended 31st December 2023.

Before the presentation of the Bank's Performance Report, I would like to highlight few developments in the economy.

THE GLOBAL ECONOMY

Global economic activities softened in year 2023, with headline inflation staying on a downward route, supported by lower energy and food prices as well as tight monetary policies. Nonetheless, the global headline inflation remained above target in most countries due to the persistence of core inflation, but expected to decline further in the near term from 6.8 percent in 2023 to 5.8 percent in 2024. This is underpinned by the projected weakness in global demand due to the tight monetary policies, restrictive credit conditions and relatively low commodity prices. However, energy price developments have become more uncertain due to new geopolitical tensions in the Middle East, and this may impact the inflationary trajectory.

Global financial conditions remained tight with restrictive monetary policies transmitting strongly into broader financing conditions, while external borrowing costs in Emerging Markets and Developing Economies (EMDEs) remained high. The global economy is projected to continue growing at 3.2 percent during 2024 and 2025, at the same pace as in 2023.

THE GHANAIAN ECONOMY

The national economy was not left out of the woods from the impact of the happenings in the global economy. Though, Ghana witnessed some improvements in its economic conditions throughout year 2023, persistent challenges remain, notably characterized by elevated inflation, subdued growth, and substantial pressure on public finances and debt sustainability. These vulnerabilities resulted in restricted access to international markets, limited domestic financing options and rising reliance on monetary measures to support government expenditures.

The Government of Ghana's invitation for a voluntary exchange of domestic notes and bonds of the Republic for a package of new bonds as part of its public debt restructuring, which was launched in late 2022, materialized in the first quarter of year 2023. The initial GHS137.3 billion worth of bonds was eventually revised to GHS109.84 billion, with the government realising an actual exchange of GHS87 billion. The exercise was, however, met with stiff resistance and negative reaction from investors who were left disappointed.

However, with the disbursements from the International Monetary Fund (IMF) Extended Credit Facility (ECF) and commitment to the associated conditions, economic activities in 2023 was more robust than initially envisaged. Nonetheless, economic growth slowed to an estimated 2.9 percent in 2023 from 3.1 percent in year 2022. This is further projected to remain weak in 2024.

Monetary policy has remained appropriately tight, allowing for inflation to decline rapidly. Headline inflation saw a significant decline from 53.6 percent in January 2023 to 23.2 percent as at end of year 2023, and it is projected to ease further, upon continued implementation of sound macroeconomic policies.

On the currency front, the Ghana Cedi remained relatively stable throughout the year, except for January 2023. This was hinged on inflows from the IMF extended credit facility, the domestic gold purchase programme, remittances, and forex purchases from mining and oil companies, amid monetary policy tightening.

THE BANKING INDUSTRY

The banking sector recorded overall significant improvement as the adverse effects from the Domestic Debt Exchange Programme (DDEP) and macroeconomic challenges started easing. The sector remained stable, liquid and profitable. It recorded a staggering growth of 224.6 percent in profitability from the GHS6.6 billion the industry lost in the previous year to GHS8.3 billion profit in 2023. This was mainly driven by exceptionally high yields on money market instruments since the debt exchange was launched and the increase in lending rates. Net interest income contributed a high growth rate of 41.5 percent compared to 18.7 percent in 2022.

The profitability tangent resulted in improved Return on Assets (ROA) from negative 3.8 percent in December 2022 to positive 5.4 percent in December 2023. Similarly, Return on Equity (ROE) increased to 34.2 percent from negative 25.5 percent. However, operating expenses recorded a higher growth rate of 34.9 percent in December 2023 against previous year's 27.2 percent, driven by higher growth in other operating expenses and staff costs. Impairment on the other hand, contracted by 79.2 percent after the sharp increase in December 2022.

Credit quality weakened as Non-Performing Loan (NPL) ratio increased from 16.0 percent in 2022 to 20.7 percent in 2023. This is due to general repayment challenges on the part of borrowers, reflecting the impact of general macroeconomic challenges encountered in 2022. Capital Adequacy Ratio (CAR) also decreased from 16.20 percent in 2022 to 13.9 percent in 2023.

The industry's aggregate balance sheet remained generally strong, depicting an impressive increase in total assets by 29.7 percent to GHS274.9 billion in December 2023 from GHS212.0 billion in December 2022, which was largely funded by significant growth of 34.6 percent in deposits from GHS159.3 billion to GHS214.5 billion. Recapitalization and support from the Ghana Financial Stability Fund also contributed to the growth in total assets. Advances also surged by 13.8 percent to GHS77.0 billion, indicating an enhancement in the sector's financial intermediation activities.

THE RURAL BANKING INDUSTRY

The rural banking sub-sector followed the growth trajectory of the major banking industry. The sub-sector recorded growth of 122.4 percent in Profit Before Tax from GHS164.0 million in December 2022 to GHS364.8 million in December 2023. Growth in total assets was 30.1 percent year-on-year from GHS8.4 billion at the end of December 2022 to GHS11.0 billion as at December 2023. Deposits also rose by 31.1 percent from GHS7.4 billion in December 2022 to GHS9.7 billion, with corresponding growth in loans and advances by 26.9 percent from GHS2.6 billion to GHS3.3 billion. CAR saw a marginal increase from 10.7 percent to 12.54 percent while NPL declined from 11.2 percent in 2022 to 9.9 percent, indicating an improvement over the previous period.

Despite the remarkable performance recorded in the sub-sector, the compounding effects from participating in the DDEP and the locked-up funds of some RCBs with Securities and Exchange Commission (SEC) regulated institutions persisted. The ARB Apex Bank, however, has not relented on its engagements with regulators and government officials to address the situation.

THE BANK'S PERFORMANCE

Though year 2023 witnessed macro-economic uncertainties and higher inflation, which impacted financial performance, the Bank was able to deliver another set of solid financial results for the year, amid its participation in the DDEP. Total assets recorded significant growth of 20.4 percent from GHS1.03 billion in 2022 to GHS1.24 billion in 2023. This mainly resulted from equally significant growth in Deposits by 19.6 percent from GHS1.01 billion in 2022 to GHS1.22 billion in 2023. Investments of the Bank, which was whittle down by the effects of the DDEP, recorded an increase of 17.9 percent from GHS432.4 million in 2022 to GHS510.1 million in 2023.

With prudent management, the Bank was able to turn the loss position of GHS103.5 million at the end of December 2022, which mainly resulted from the DDEP to an impressive, unprecedented Profit Before Tax of GHS20.5 million at the end of December 2023. Net operating income growth of 52.3 percent from GHS107.8 million in 2022 to GHS164.2 million in 2023 contributed to the high profitability growth. Capital Adequacy Ratio (CAR) also improved from the negative 7.73 percent as at December 2022 to 2.7 percent at the end of December 2023, though it remained below the prudential threshold.

Cherished Shareholders, it is worth noting that, the Bank successfully secured a five year on-lending facility agreement of USD4.00 million with the Ministry of Finance and Social Investment Fund (SIF) under the Post Covid-19 Development and Productivity Enhancement Project (PSDPEP), for disbursement through RCBs and other institutions.

The first tranche of USD1.00 million (equivalent of GHS11.85 million) has been received, and RCBs that are yet to join the project are encouraged to do so in good time to be able to reap the associated benefits when the remaining amount of USD3 million is released for disbursement.

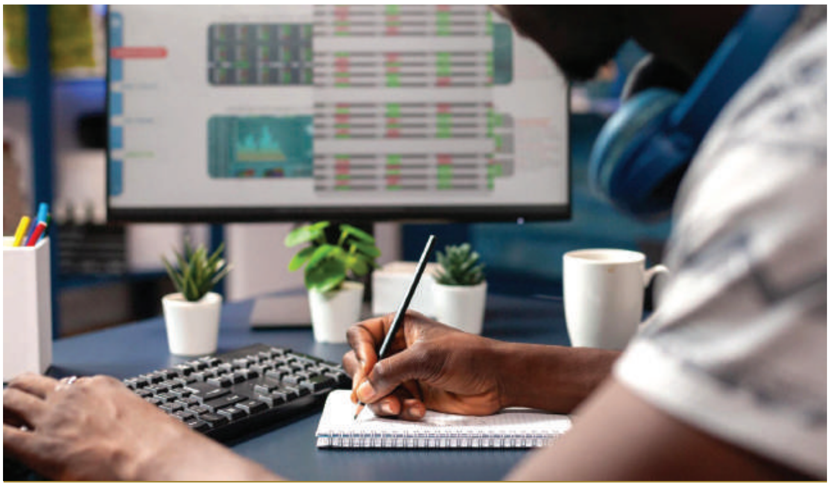
It is also worth noting that, the USSD, Mobile, Agency and Internet Banking project has successfully been completed. All RCBs are encouraged to fully participate in this worthwhile course to stay competitive in the current technologically driven and digital banking environment.

The Bank continued to provide support to fifteen (15) RCBs to procure and retrofit their bullet proof Bullion Vans in compliance with regulatory requirements.

Cherished Shareholders, though there have been some improvements regarding some RCBs investing funds with other financial institutions, as well as borrowing funds and pledging deposits as collateral, the situation persisted. RCBs that engage in such arrangements are encouraged to desist from it.

CHANGES TO THE BOARD

Cherished Shareholders, as at end of December 2023, the Bank had ten (10) members on the Board of Directors including one (1) Executive Director. During the year, Ms. Margaret Ann-Wilson and Messrs Frank Owusu, Martin Mireku and Isaac Owusu Gyamfi retired from the board, while Messrs Daniel Ohene Kwaku Owusu and Martin Awuku Ahorney were appointed to complement its membership.



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CAPITALISATION OF THE BANK

Cherished Shareholders, I am happy to announce that the approval of the Bank's strategy to raise additional capital of GHS25.0 million over five years with GHS5.0 million annually is yielding positive results. The Bank's capital grew by 44.9 percent from GHS9.3 million as at December 2022 to GHS13.4 million as at December 2023.

With the current growth and performance trajectory, we anticipate that the Bank will, in the near future, be in a position to declare and make payment of dividend to Shareholders as it works prudently to get out of the lingering effects of the DDEP.

OUTLOOK

Cherished Shareholders, financial year 2023 has passed into the history books and forms a part of our experiences. Our expectations for the future should, therefore, be guided by the possible impact of projected economic dynamics.

The world economic growth is projected to stay at 3.2 percent in the near term. This is characterized by a slowdown in emerging market and developing economies from 4.3 percent in 2023 to 4.2 percent in both 2024 and 2025 offsetting expected acceleration in advanced economies from 1.6 percent to 1.7 percent and 1.8 percent within same periods respectively. Global headline inflation is expected to fall from the 6.8 percent in 2023 to 5.8 percent in 2024 and further to 4.4 percent in 2025. However, advanced economies are projected to return to their inflation targets sooner than emerging market and developing economies.

National economic growth is expected to remain weak in 2024 as the ongoing fiscal consolidation, high inflation rates, elevated interest rates and lingering macroeconomic uncertainties are all projected to dampen private consumption and investment. However, growth is expected to gradually rebound to its long-term potential due to the ongoing fiscal consolidation reforms and the external debt restructuring. Headline inflation is projected to ease further to around 13 to 17 percent by the end of 2024, before gradually trending back to within the medium-term target range of 6 to 10 percent by 2025, underpinned by continued implementation of sound macroeconomic policies.

MANAGING DIRECTOR'S REPORT

REPORT BY ALEX KWASI AWUAH, MANAGING DIRECTOR OF ARB APEX BANK AT THE 22ND ANNUAL GENERAL MEETING (AGM) OF THE SHAREHOLDERS OF THE BANK, GOLDEN BEAN HOTEL, KUMASI, SATURDAY, JULY 27, 2024

Mr. Chairman, dear Shareholders and Directors of ARB Apex Bank, I wish you a warm welcome to the 22nd Annual General Meeting (AGM) of the Bank. This is the second AGM post-Domestic Debt Exchange Programme which was embarked upon by the Government. The past year has been a challenging yet fruitful one for ARB Apex Bank, and I am pleased to present to you the progress and achievements made during this period. Your continued support and dedication have been instrumental in our success, and we do not take these for granted.

EFFECT OF DDEP ON FINANCIAL PERFORMANCE

At the 21st AGM, we reported to the esteemed Shareholders of the Bank that the DDEP had chipped away GHS113.0 million out of the GHS434.0 million, which were held in Government of Ghana Bonds. Please permit me a few minutes as I bring you highlights from the operations of your Bank for the 2023 financial year. Subscribing to the DDEP resulted in impairment loss of GHS113,964,446 as at the end of year 2022. Subsequent measurement in 2023, when the debts were exchanged, resulted in additional impairment of GHS20,404,920, bringing the total impairment to GHS134,369,366 as at end of 2023. These are funds that would have otherwise been deployed into interest bearing assets to shore up our income for the year, had the DDEP not affected our operations.

STAFF AND LEADERSHIP

During the year under review and in conformity with our Strategic Plan, Ernest Owusu Aboagye (Esq.) joined the Bank as the substantive Head of Legal, on October 2, 2023, following the promotion of Curtis William Brantuo (Esq.) to the Deputy Managing Director's position of the Bank on December 1, 2022. The total staff strength stood at 159 employees, up from the 156 at the 21st AGM. The outsourced temporary employee numbers also went up from 37 to 42 during the reporting year.

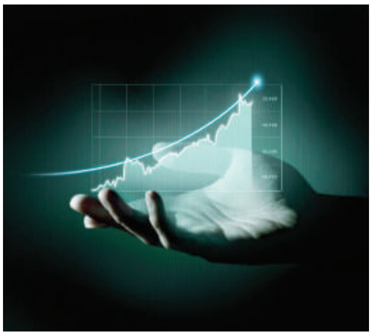
SPECIAL INITIATIVES IN THE YEAR

a) Remittance Business

Dear Shareholders, as reported last year, the influx of Financial Technology (Fintech) firms and the termination of inward remittances into bank accounts and mobile wallets have become a major challenge for inward remittances at our branch locations. The situation has not improved so much as the remittance numbers continue to decline, a major source of worry to us because it is the primary source of our foreign exchange earnings. We are, however, hopeful that the radio advertising campaign and further engagement with the Money Transfer Operators (MTOs) would have a positive impact on our money transfer business and lead to increasing volumes of transactions especially for transfers that terminate into customer accounts and mobile money wallets.

b) Ghana Financial Sector Development Project

We are pleased to announce the implementation of the Ghana Financial Sector Development Project (GFSDP) under the Ministry of Finance. This project includes the introduction of Agency, Mobile, and Internet Banking, as well as Smart POS with Remote Terminal Management System for ARB Apex Bank and the Rural and Community Banks (RCBs).



The US$8.00 million facility assigned to ARB Apex Bank for Digital Transformation, has been applied successfully to projects which included the upgrade of the Data Centre Infrastructure to enable the deployment of the digital banking platforms and to deepen financial inclusion in the country.

Ladies and Gentlemen, the technical deployment of all solutions is almost complete, creating a shared interoperable digital banking platform through a network of agents for the customers of the RCBs. A network of 5,000 agent touch points equipped with Smart biometric POS terminals shall be rolled out by the end of the year. As of the end of June 2024, the number of Agents points deployed was 1,400.

Additionally, the complimentary deposit mobilization application for susu collections by RCB mobile bankers is also operational. This solution, which is accessed on a smart android Point of Sale device (POS) will credit customer accounts in real time, send deposit confirmation SMS to customers' phone numbers and print out a receipt for the transaction. This deployment is expected to significantly reduce cash suppression related to susu mobilization at our bank branches. We have received applications to sign up about 1,200 mobile bankers on the platform and we expect that RCBs undertaking susu mobilization operations would take advantage of this arrangement. This setup has been completed.

The USSD Banking was the first channel to go live, replacing the U-Connect Mobile solution which was incompatible with the upgraded T-24 Core banking application. The USSD is the most common platform for customers in Ghana. Currently the USSD banking, which runs on the short code *992# is live with functionalities such as, balance enquiry, mini statement requests, funds transfers to RCBs and third-party banks, account to wallet transfers, wallet to account transfers, bill payments, among others.

By the end of the pilot period, the USSD Mobile banking platform, had enrolled 54,498 customers who were successfully transacting on the platform. The platform processed 261,617 transactions totaling GHS123,726,980.20 since the pilot phase began. It is worthy to note that 83 percent of the transactions were transfers to mobile wallets. In respect of additional updates, all other channels, mainly the Internet Banking, Mobile Banking, and Agency Banking, which are at various stages of completion, are expected to go live by August 2024 as per the vendor's timelines. All these are expected to bring about a seamless customer experience and convenience for our esteemed customers.

c) Information and Communication Technology

Dear Shareholders, on the Information and Communication Technology (ICT) front the following projects were completed in the 2023 financial year:

i. Implementation of Financial Crime Mitigation (FCM): The FCM provides financial institutions with a comprehensive set of tools to address and mitigate risks originating from various financial crimes including money laundering, terrorist financing, fraud, and sanctions violations within a single solution. It leverages Artificial Intelligence (AI) and Analytics to provide real-time transaction monitoring to detect suspicious transactions as well as compliance with Know Your Customer (KYC), Anti-Mony Laundering (AML), and Countering-Terrorist Financing (CFT) and Proliferation of Arms directives and regulations.

ii. Business Intelligence: The Business Intelligence Solution comes with powerful reporting, analytic, dashboarding and data integration capabilities which empowers organizations to harness their data to improve operational efficiency, provide actionable business insights and make informed decisions.

iii. Post-Implementation challenges arising from the Upgrade of T24 from Release 14 to 20: After the upgrade the platform experienced performance challenges and 53,000 cases of Loans and deposit anomalies. These were addressed by the end of May 2023 and the performance and stability of the T-24 R20 Core Banking Application has improved tremendously.

iv. Implementation of Application Programming Interface (API): The modernization of the T24 Core Banking Platform via the upgrade project provided an Application Programming Interface development tools to facilitate integration with third party platforms and solutions. Subsequently, the APIs for information exchange between the Digital Banking platform (Digiwave) were created to facilitate the integration of the digital banking platform to the T-24 Application.

d) Information Security

Distinguished Ladies and Gentlemen, we are happy to report that the Bank successfully received re-certification of ISO 27001:2013 for another 3 years. In addition, we extended Network Access Control to ARB Apex Bank branches, to help strengthen the cyber security space. The Bank also implemented Ninite Pro, a solution to help keep third-party applications (like Google Chrome, Firefox, etc) up to date with patches. Also, we have started the PCI DSS Certification project. We also conducted a security assessment of two projects: the Agency Banking - USSD Module and the Fixed Asset Application Software.

e) Capitalization of the Bank

This is the second year of the annual GHS5.0 million subscription of additional share capital to strengthen the Bank's capital position, as approved by Shareholders. We are grateful to our cherished Shareholders for this bold initiative, it will go a long way to enhance the capital base of the Bank to bolster our operations.

f) Gratitude

I want to sincerely thank all the Shareholders for the tremendous support I have received since becoming the Managing Director of the Bank in January 2022. Thank you for your unflinching support to the Board and Management of the Bank. We do not take the trust and confidence you have placed in us for granted. We shall, together with the guidance and direction of the Board of Directors, continue to implement policies that will continue to inure to the benefit of the esteemed Shareholders and all stakeholders of the Bank.

Thank you.

May God bless us all

Independent Auditor's Report

To the members of ARB Apex Bank PLC

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of ARB Apex Bank PLC ('the Bank'), which comprise the statement of financial position as at 31 December 2023, and the statement of profit or los and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of ARB Apex PLC as at 31 December 2023, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board including the AIS29 Hyperinflation Directive issued by the Institute of Chartered Accountants Ghana and the requirements of the Companies Act. 2019 (Act 992) and the Banks and Specialised Deposit Taking-institutions Act 2016 (Act 930).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Bank in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Ghana, and we believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty related to Going Concern

We draw your attention to Note 34 which indicates that the Bank has a negative equity of GHS32.4 million as of 31 December 2023 and, as of that date, the Bank's Capital Adequacy Ration (CAR) is 2.75% as against the Bank of Ghana's mandatory level of 10%. As stated in Note 34, there conditions indicate that a material uncertainty exists that may cast significant doubt on the Bank's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context o our audit of the financial statements as a whole, and in forming our opinion thereon, we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

Key Audit Matter	How the matter was addressed in the audit
1. Allowance for expected credit losses on loans and advances to customers IFRS 9 introduces a forward-looking Expected Credit Loss (ECL) model. The ECL model is to reflect the general pattern of deterioration or improvement in the credit quality of financial instruments. The amount of ECL's recognized as a loss allowance or provision depends on the extent of the credit deterioration since the initial recognition and recognition of impairment could be done on a 12-mounth expected credit losses or lifetime expected credit losses. Impairment computations under IFRS 9 therefore involves the use of models that takes into account: • The probability-weighted outcome • Reasonable and supportable information that is available without undue cost or loan loss provision is a key area of judgment for management. Significant judgments in the determination of the Ban's Expected Credit Loss includes: • Use of assumptions in determining ECL modelling parameters • Portfolio segmentation for ECL computation • Determination of associations between macroeconomic scenarios. The use of different models and assumptions can significantly affect the level of allowance for expected credit losses on loans and advances to customers Due to the significance of such loans which account for about 4% of the total Assets of the Band , and the significant us eif judgements, the assessment of the allowance for expected credit losses in the ket audit matter. THe information on expected credit losses on loans and advances to customers is provided inNote 32 "Risk Management" of the consolidated financial statement	1. How our audit addressed the key audit matter We obtained an understanding of the Bank's credit risk modeling methodology. We validated and tested the ECL model of the Bank by assessing the data integrity and the internal controls around the model. We have also performed among others, the following substantive audit procedures: • Reviewed the accounting policies and framework of the methodology developed by the banks in order assess its compliance with IFRS 9 • Verified sampled underlying contracts of financial assets to determine the appropriateness of management's classification and measurement of these instruments in the ECL model; • Reviewed and tested the methodology developed to calculate loan loss provision under IFRS 9 concentrating on aspects such as factors for determining a 'significant increase in credit risk', staging of loans, testing specific models relate to Probability of Default (PD), Loss Given Default (LGD), Exposure at Default (EAD); • Tested the accuracy and completeness of data used in modelling the risk parameter. Recalculating the ECL; • Reviewed forward looking information / multiple economic scenario elements: • For stage 3 exposures, we tested the reasonableness of the assumptions underlying the impairment identification and quantification including forecasts of future cash flows, valuation of underlying collateral, estimated period of realization for collaterals etc. • We have also analysed information relating to the allowance for expected credit losses on loans and advances to customers disclosed in the Notes to the consolidated and separate financial statements of the Bank.

Key Audit Matter	How the matter was addressed in the audit
2. Impairment of Investments in Government Securities In the prior year, government initiated a Debt Exchange Programme as part of a comprehensive agenda to restore debt and fiscal sustainability. This debt restructuring programme is a critical component of both the debt reduction and the IMF programme that government has sought to help restore economic stability. The Bank applied IFRS 9 model in determining the ECL impacts of the debt restructure programme on its exposure to these instruments. Management exercised significant judgments regarding inputs, assumptions, and techniques for estimating ECL and staging of these instruments. The use of different inputs and assumptions could produce significantly different estimates of ECL. Key judgments and estimates made by management in estimating ECL include; • Fair value determination of the new bonds government announced as replacement for the bonds held • Various scenarios and probability weights assigned to these scenarios as well as estimate of expected cash shortfalls under each of these scenarios • Assessment of Significant increase in Credit Risk (SICR); and • Determination of whether the existing instruments would have suffered significant modification based on the terms of the restructure	2. How our audit addressed the key audit matter • We obtained and reviewed the communications from government regarding the debt restructuring programme. • We assessed IFRS 9 and other accounting implications of this debt restructuring programme. • Together with our specialist teams. We reviewed critical inputs used in assessing ECL on these instruments including staging, fair value calculations, scenarios and related probability weights among others. • We reviewed industry guidance issued y the institute of Chartered Accountants Ghana (ICAG) regarding accounting implications of the debt restructure. • We evaluated the reasonableness of management assumptions and judgments and tested the reasonableness of management's ECL calculations. • We also reviewed the reasonableness of the impairment in line with our understanding of the macro-economic environment and the banking industry. • We assessed the adequacy of the management's disclosure regarding impairment of bond balances in line with IFRS 9 requirements.

Other Information

The Directors are responsible or the other information. The other information comprises the information included in the document titled 'ARB Apex Bank PLC Annual Financial Statements for the year ended 31 December 2023', which includes the Report of the Directors and Other National Disclosures, which we obtained prior to the date of this report, and the Annual Report, which is expected to be made available to us after that date. 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 an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Statements

The Directors are responsible for the preparation and fair presentation of the financial statements in accordance with IFRS as issued by the International Accounting Standards Board including the IAS 29 Hyperinflation Directive issued by the Institute of Chartered Accountants Ghana and the requirements of the Companies Act, 2019 (Act 992) and the Banks and Specialised Deposit Taking-Institutions Act.2016 (Act 930) and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

- Conclude on the appropriateness of the Directors' use of the going concern accounting ad based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company'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 Company to cease to continue as a going concern.

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

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

From the matters communicated with the Directors, we determine those matters that were of most significance in the audit of the financial statements of the current period 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 interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

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

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

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

- The statement of financial position and the statement of comprehensive income (statement of profit or loss and other comprehensive income) of the Bank are in agreement with the underlying books account;

- In our opinion, to the best of our information and according to the explanations given to us, the accounts give the information required under the Act, in the manner so required and give a true and fair view of the state of affairs of the Bank at the end of the financial year and of the profit or loss for the financial year then ended;

- We are independent of the Bank pursuant to section 143 of the Companies Act, 2019 (Act 992) and the Banks and Specialized Deposit-Taking Institutions Act, 2016 (Act 930).

The Banks and Specialized Deposit-Taking Institutions Act, 2016. (Act 930) under Section 85 (2) requires that we report on certain matters. Accordingly, we state that:

- The accounts give a true and fair view of the statement of affairs of the Bank and the results of operations for the year under review;
- We were able to obtain all the information and explanations required for the efficient performance of our duties;
- The transactions of the Bank are generally within the powers of the Bank;
- The Bank has generally complied with the provisions of the Banks and Specialized Deposit-Taking Institutions Act, 2016 (Act 930) except as disclosed in notes 34 of these financial statements.
- The Bank has generally complied with the provisions of the Anti-Money Laundering Act, 2008 (Act 749), the Anti-Terrorism Act, 2008 (Act 762) and regulations made under these enactments.
- The Bank has generally complied with the provisions of the Anti-Money Laundering Act, 2008 (Act 749), the Anti-Terrorism Act, (Act 762) and regulations mad under these enactments.

Other Matters

- The Bank has generally complied with the provisions of the Corporate Governance Disclosure Directive 2022 issued y the Bank of Ghana.
- The financial statements of the company for the year ended 31 December 2022 were audited by another auditor, who expressed an unmodified opinion on those financial statements on 24 May, 2023.

The engagement partner on the audit resulting in this independent auditor's report is Pamela Des Bordes (ICAG / P / 1329).

Building a better working world

Ernst & Young
(ICAF/F/2024/126)
Chartered Accountants
Accra, Ghana

Date: 30 · 04 · 2024

Statement of profit or loss and other comprehensive income
For the year ended 31 December 2023

	Note	2023 GHS	2022 GHS
Interest revenue calculated using the effective interest method	3	210,576,300	120,058,546
Interest expense calculated using the effective interest method	4	(69,539,918)	(37,346,804)
Net interest income		141,036,382	82,711,742
Fees & commission income	5(a)	18,206,309	13,050,387
Fees & commission expense	5(b)	(2,404,036)	-
Net fees & commission		15,802,273	13,050,387
Net trading income	6	4,122,552	9,246,420
Other operating income	6(b)	3,276,270	2,809,027
Net operating income/(loss)		164,237,477	107,817,576
Net impairment gain/(loss) on financial assets	7(a)	1,603,777	(2,658,645)
Net Impairment loss on Invest. Securities	7(b)	(20,404,920)	(113,964,446)
Net operating income/(loss)		145,436,334	(8,805,515)
Personnel expenses	8	(66,061,458)	(50,785,885)
Lease expenses	9	(684,783)	(523,350)
Depreciation of property and equipment	17(a)	(8,996,261)	(5,667,855)
Amortisation of intangible assets	17(c)	(1,133,427)	(1,697,082)
Other operating expenses	9(b)	(48,012,949)	(36,051,290)
Total operating expenses		(124,888,878)	(94,725,462)
Profit/(loss) before tax		20,547,456	(103,530,977)
Income tax (expense)/credit	14(a)	(29,397,683)	24,749,669
Profit/ (loss) for the year		(8,850,227)	(78,781,308)
Other comprehensive Income Items that will not be reclassified subsequently to profit or loss			
Actuarial (loss)/gain on post-retirement medical benefits	21(b)	(2,576,401)	270,644
Total comprehensive loss for the year		(11,426,628)	(78,510,664)
Loss per share			
Basic loss per share	15	(0.63)	(7.57)

The accompanying notes on pages 61 to 124 form an integral part of these financial statements

Statement of Financial Position
As at 31 December 2023

Notes		2023 GHS	2022 GHS
Assets			
Cash and cash equivalents	10	523,328,976	344,144,601
Investment securities (amortised costs)	11	510,082,547	432,463,465
Loans and advances to Customers	12	59,490,024	56,310,557
Investments (other than Securities)	13	5,418,781	5,418,781
Corporate tax assets	14 (c)	3,173,505	1,436,673
Deferred tax assets	14 (d)	4,887,746	29,642,160
Right of use assets	(a)	591,945	746,438
Other assets	16	66,262,269	100,073,545
Property and equipment	17 (a)	64,138,355	57,359,536
Intangible assets	17 (c)	2,828,409	2,634,933
Total Assets		1,240,202,557	1,030,230,689
Total liabilities and equity			
Liabilities			
Deposits from customers	18 (a)	897,762,719	802,868,468
Other deposits	18 (b)	316,385,098	211,958,904
Government grants	191,870,572	1,972,317	
Long term borrowing	3512,430,650	14,275,832	
Lease liability	9 (a)	290,838	708,237
Other liabilities	20	43,886,450	23,610,753
Total liabilities		1,272,626,327	1,055,394,511
Equity			
Issued capital	24	13,434,870	9,268,190
Retained earnings		(78,270,809)	(69,420,582)
Statutory reserves	25	12,584,856	12,584,856
Revaluation reserves	33	21,983,155	21,983,155
Other reserves	26	(2,155,842)	420,559
Total Equity		(32,423,770)	(25,163,822)
Total liabilities and equity		1,240,202,557	1,030,230,689

Director
Date: 30/04/2024

Director
Date: 30/04/2024

The accompanying notes on pages 61 to 124 form an integral part of these financial statements

ARB APEX BANK PLC

Statement of changes in equity

For the year ended 31 December 2023

2023	Stated capital GHS	Retained GHS	Other earnings GHS	Revaluation reserves GHS	Statutory reserve GHS	Total reserve GHS
At 1 January 2023	**9,268,190**	**(69,420,582)**	**420,559**	**21,983,155**	**12,584,856**	**(25,163,822)**
Profit/(loss) for the year	-	**(8,850,227)**	-	-	-	**(8,850,227)**
Transfer to statutory reserves	-	-	-	-	-	-
Other comprehensive income/(loss)	-	-	**(2,576,401)**	-	-	**(2,576,401)**
Shares issued	**4,166,680**	-				**4,166,680**
Balance as of 31 December 2023	**13,434,870**	**(78,270,809)**	**(2,155,842)**	**21,983,155**	**12,584,856**	**(32,423,770)**

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

The accompanying notes on pages 61 to 124 form an integral part of these financial statements

Statement of Cash Flow
As at 31 December 2023

	Note	GHS	GHS
Cash flows from operating activities			
Profit before taxation		**20,547,460**	(103,530,977)
Adjustments for:			
Depreciation and amortisation	**17(c)**	**10,129,688**	7,364,936
Depreciation of right of use assets	**9**	**154,493**	154,493
Finance cost on lease liabilities	**9**	**110,106**	124,770
Impairment on financial assets	**7(a)**	**(1,603,777)**	2,728,645
Impairment on invest. securities	**7(b)**	**1,241,787**	113,964,446
Impairment on term placements written back	**7(a)**	**-**	(70,000)
Actuarial (loss)/gains	**21(b)**	**-**	360,858
Notional Interest income	**6(b)**	**(896,822)**	(983,012)
Profit on disposal of property and equipment	**6(b)**	**(1,720,772)**	(403,651)
Unrealised foreign exchange gain	**6(b)**	**(113,779)**	(211,647)
Capital grant amortisation	**6(b)**	**(101,745)**	(101,746)
		27,746,635	19,397,115
Changes in workings capital items			
Increase in loans and advances to customers		**(678,864)**	(27,210,199)
Decrease/(Increase) in other assets		**33,811,275**	(42,628,765)
Increase in deposits from customers		**102,016,286**	325,675,258
Increase in other deposits		**94,894,250**	67,501,027
Increase in other liabilities		**20,109,202**	2,359,745
		277,898,788	345,094,181
Income tax paid	**14(c)**	**(6,380,103)**	(1,964,824)
Net cash flows generated from operating activities		**271,518,685**	343,129,357
Cash flows from investing activities			
Purchase of investment securities	**11**	**(78,860,871)**	(140,586,998)
Purchase of Property and equipment	**17(a)**	**(16,821,906)**	(18,216,969)
Proceeds from sale of Property and equipment	**17(d)**	**2,767,598**	403,651
Purchase of intangible assets	**17(c)**	**(1,326,903)**	(2,488,183)
Net cash flows used in investing activities		**(94,242,082)**	**(160,888,499)**
Cash flows from financing activities			
Proceeds from share issued	**24**	**4,166,680**	49,200
Repayment of principal portion of lease liabilities	**9(a)**	**(527,505)**	(142,582)
Loan addition/(payments)	**35**	**(1,845,182)**	10,953,265
Net cash flows generated from financing activities		**1,793,993**	10,859,883
Net increase in cash and cash equivalents		**179,070,596**	193,100,741
Cash and cash equivalents at 1 January		344,144,601	150,832,213
Effects of exchange rate fluctuations on cash held		113,779	211,647
Cash and cash equivalents as at 31 December	**10**	**523,328,976**	**344,144,601**

Additional information on operational cash flow from

Interest and dividends	**GHS**	GHS
Interest paid	**69,539,918**	37,346,804
Interest received	**210,576,300**	120,058,546
Dividend Received	**-**	-

Notes to the financial statements
For the year ended 31 December 2023

1.1 Activities

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

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

2.0 Basis of Preparation

Presentation of financial statements

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

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

Statement of compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) and Interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC), including the IAS 29 Hyperinflation Directive issued by the Institute of Chartered Accountants Ghana (ICAG).

2.1 Significant accounting judgments, estimates and assumptions

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

Deferred tax assets

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

Key sources of estimation uncertainty

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

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

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

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

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

2.2. Summary of material accounting policy information

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

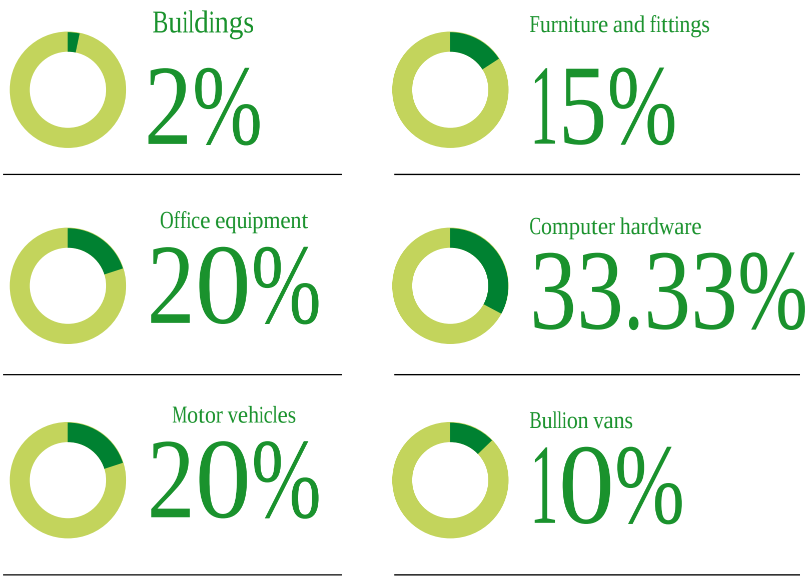
2.2.1 Property and equipment

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

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

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

The current annual depreciation rates for each class of Property and equipment are as follows:



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

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

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

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

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

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

2.2.2 Government grant

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

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

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

2.2.3 Lease arrangement

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

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

Lease payments included in the measurement of the lease liability comprise:

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

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

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

- The lease term has changed or there is a significant event or change in circumstances resulting in a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.
- The lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using an unchanged discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used).
- A lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

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

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, less any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.
Whenever the Bank incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognised and measured under IAS 37. To the extent that the costs relate to a right-of-use asset, the costs are included in the related right-of-use asset, unless those costs are incurred to produce inventories.

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

The Bank applies IAS 36 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in the "Property and equipment" policy.

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

2.2.4 Foreign currencies translations

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

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

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date.

Differences arising on settlement or translation of monetary items are recognised in profit or loss.

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

2.2.5 Employee benefits

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

Leave benefits

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

Social security contributions

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

Post-employment medical benefit

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

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

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

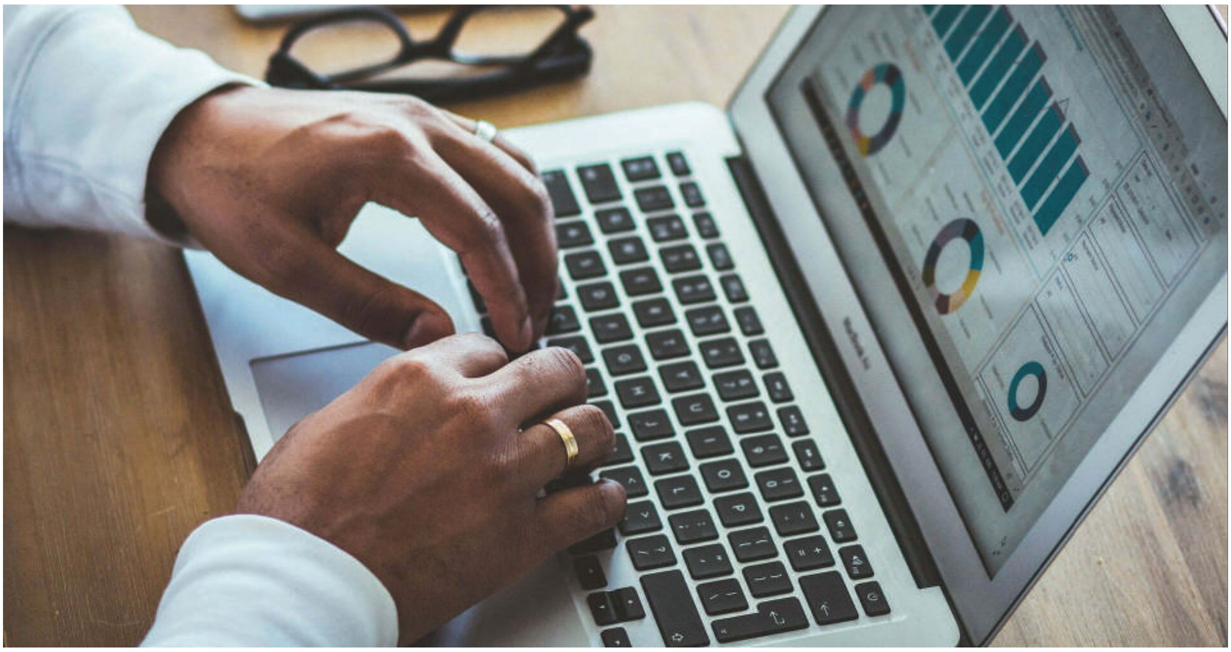
- The date of the plan amendment or curtailment, and
- The date that the bank recognises restructuring-related costs

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

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

Other employee benefits - loans at concessionary rate

The Bank grants facilities to staff of the Bank on concessionary terms. The Bank recognises such offerings as part of employee benefits on the basis that such facilities are granted to staff on the assumption of their continued future service to the Bank and not for their past service. The Bank's Lending Rate adjusted for risk not associated with the Bank's staff is applied to fair value such facilities. Any discount arising therefrom is



recognised as a prepaid staff benefit which is amortised through profit or loss over the shorter of the life of the related facilities and expected average remaining working lives of employees.

2.2.6 Revenue recognition

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

(i) Interest and similar income

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

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

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

(ii) Interest and similar expense

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

The carrying amount of the financial liability is adjusted if the Bank revises its estimates of payments.

The adjusted carrying amount is calculated based on the original effective interest rate and the change in carrying amount is recorded as "Other operating expense".

(iii) Fees and commission income

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

(iv) Fees and commission expense

The Bank recognises fees and commission expense in the financial statements in the period when the related income occurs. This mainly consists of specie and training expenses incurred on behalf of rural banks.

(v) Net trading income

The Bank earns net trading income from the sale of foreign denominated cash balances for local currency, and the difference between the sale proceeds exceeds the cash balances converted at the exchange rate pertaining before the selling period. The difference is recorded as net trading income.

2.2.7 Determining fair value

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

- In the 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 by the Bank. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

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

2.2.8 Provisions

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

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

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

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

2.2.9 Intangible assets

The Bank's intangible assets are the value of computer software. An intangible asset is recognised only when its cost can be measured reliably and it is probable that the expected future economic benefits that are attributable to it will flow to the bank.

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses.

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

Computer software: 5 YEARS

2.2.10 Taxation

Current income tax

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

Deferred tax

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

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

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

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

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

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

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

2.2.11 Financial instruments

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

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

(i) Classification and measurement of financial assets

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

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

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

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

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

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

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

(ii) Business model assessment

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

- How the economic activities of our businesses generate benefits, for example through trading revenue, enhancing yields or other costs and how such economic activities are evaluated and reported to key management personnel;
- The significant risks affecting the performance of our businesses, for example, market risk, credit risk, or other risks and the activities undertaken to manage those risks; and
- Historical and future expectations of sales of the loans or securities portfolios managed as part of a business model.

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

- Hold-to-Collect (HTC): The objective of this business model is to hold loans and securities to collect contractual principal and interest cash flows. Sales are incidental to this objective and are expected to be insignificant or infrequent.
- Hold-to-Collect-and-Sell (HTC&S): Both collecting contractual cash flows and sales are integral to achieving the objective of the business model.
- Other fair value business models: These business models are neither HTC nor HTC&S, and primarily represent business models where assets are held-for- trading or managed on a fair value basis.

"The Bank determines the business models at the level that best reflects how portfolios of financial assets are managed to achieve the Bank's business objectives.

(iii) SPPI assessment

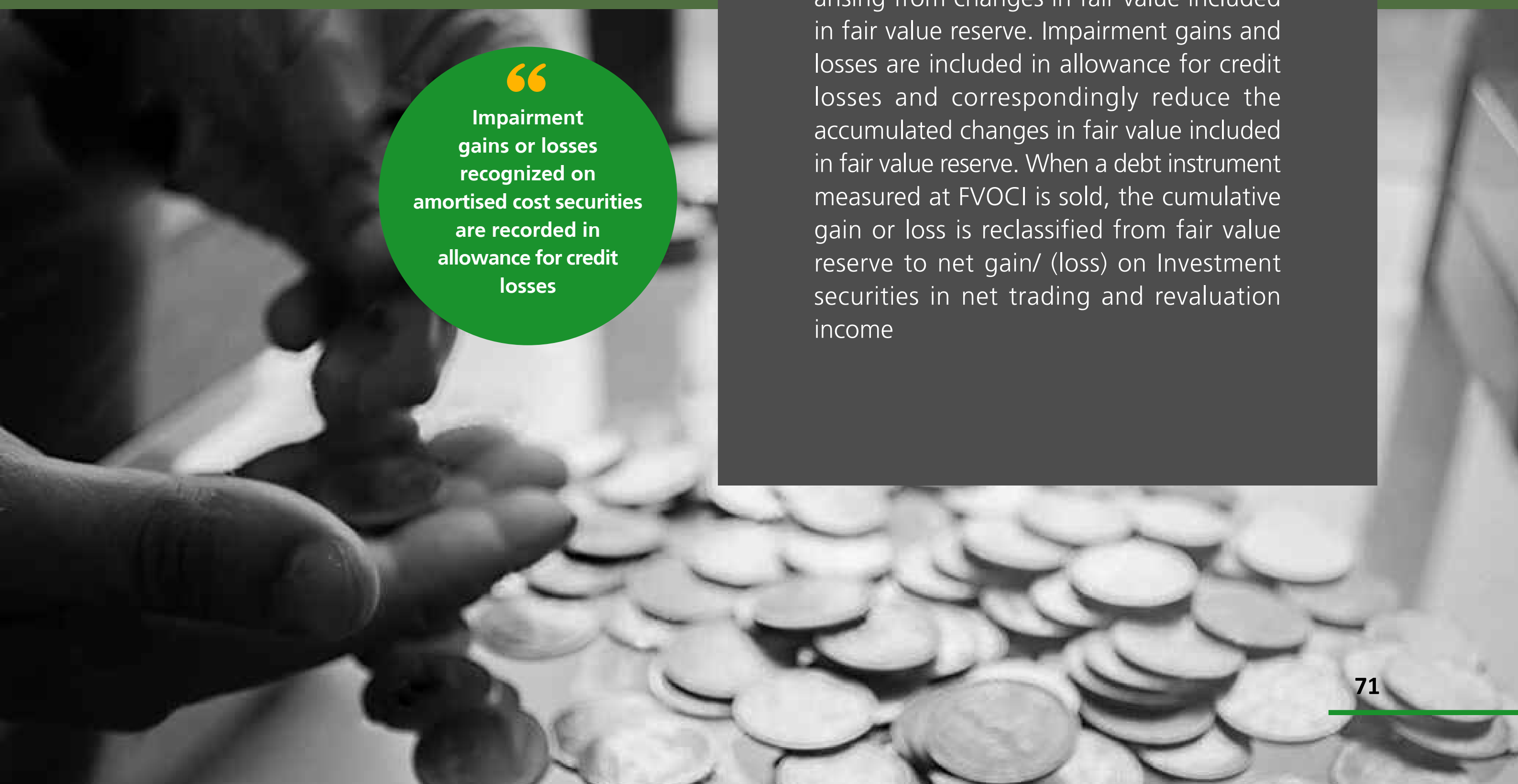
Instruments held within a HTC or HTC&S business model are assessed to evaluate if their contractual cash flows are comprised of solely payments of principal and interest. SPPI payments are those which would typically be expected from basic lending arrangements. Principal amounts include par repayments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

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

(iv) Investment securities

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

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



“Impairment gains or losses recognized on amortised cost securities are recorded in allowance for credit losses

(v) Loans

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

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

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

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

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

(vi) Allowance for credit losses

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

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

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

1) Performing financial assets:

- **Stage 1 -** From initial recognition of a financial asset to the reporting date, where the asset has not experienced a significant increase in credit risk relative to its initial recognition, a loss allowance is recognized equal to the credit losses expected to result from defaults occurring over the 12 months following the reporting date. Interest income is calculated on the gross carrying amount of these financial assets.
- **Stage 2 -** Following a significant increase in credit risk relative to the initial recognition of the financial asset, a loss allowance is recognized equal to the credit losses expected over the remaining lifetime of the asset. Interest income is calculated on the gross carrying amount of these financial assets.

2) Impaired financial assets

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

The ACL is a discounted probability-weighted estimate of the cash shortfalls expected to result from defaults over the relevant time horizon. For loan commitments, credit loss estimates consider the portion of the commitment that is expected to be drawn over the relevant time period.

For financial guarantees, credit loss estimates are based on the expected payments required under the guarantee contract.

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

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

(vii) Measurement of expected credit losses

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

An expected credit loss estimate is produced for each individual exposure. Relevant parameters are modelled on a collective basis using portfolio segmentation that allows for appropriate incorporation of forward-looking information.Expected credit losses are discounted to the reporting period date using the effective interest rate.

(viii) Assessment of significant increase in credit risk

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

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

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

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

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

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

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

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

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

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

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

The following are however considered as exceptions:

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

(viii) Assessment of significant increase in credit risk (Cont'd)

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

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

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

(ix) Use of forward-looking information

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

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

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

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

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

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

(ix) Use of forward-looking information (cont'd)

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

(x) Definition of default

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

- The bank considers that the obligor is unlikely to pay its credit obligations in full, without recourse by the bank to actions such as realising security (if held).

- The obligor is past due more than 90 days on any material credit obligation to the bank (principal or interest). Overdrafts will be considered as being past due once the customer has breached an advised limit or been advised of a limit smaller than current outstanding.

- Interest payments equal to 90 days or more have been capitalized, rescheduled, rolled over into a new loan (except where facilities have been reclassified)

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

- The bank sells the credit obligation at a material credit-related economic loss.

- The bank consents to a distressed restructuring of the credit obligation where this is likely to result in a diminished financial obligation caused by the material forgiveness, or postponement, of principal, interest or (where relevant) fees.

- The bank has filed for the obligor's bankruptcy or a similar order in respect of the obligor's credit obligation to the banking group.

The following are considered as exceptions:

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

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

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

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

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

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

Evidence of credit-impairment may include indications that the borrower is experiencing significant financial difficulty, probability of bankruptcy or other financial reorganization, as well as a measurable decrease in the estimated future cash flows evidenced by the adverse changes in the payments status of the borrower or economic conditions that correlate with defaults. A loan is considered for transfer from stage 2 to stage 1 where there is significant improvement in credit risk and from stage 3 to stage 2 (declassified) where the facility is no longer in default. Factors that are considered in such backward transitioning include the following:

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

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

iii) Evidence of full repayment of principal or interest.

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

Transfer from Stage 2 to 1:- 90 days
Transfer from Stage 3 to 2:- 90 days

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

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

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

(xii) Write-off

Loans and debt securities are written off when the Bank has no reasonable expectations of recovering the financial asset (either in its entirety or a portion of it). This is the case when the Bank determines that the borrower does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. A write-off constitutes a derecognition event.

The Bank may apply enforcement activities to financial assets written off. Recoveries resulting from the Bank's enforcement activities will result in impairment gains.

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

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

- for financial assets measured at amortised cost: as a deduction from the gross carrying amount of the assets;
- for debt instruments measured at FVTOCI: no loss allowance is recognised in the statement of financial position as the carrying amount is at fair value. However, the loss allowance is included as part of the revaluation amount in the investment revaluation reserve;
- for loan commitments and financial guarantee contracts: as a provision; and
- where a financial instrument includes both a drawn and an undrawn component, and the Bank cannot identify the ECL on the loan commitment component separately from those on the drawn component: the Bank presents a combined loss allowance for both components. The combined amount is presented as a deduction from the gross carrying amount of the drawn component.

Any excess of the loss allowance over the gross amount of the drawn component is presented as a provision.

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

A financial liability is a contractual obligation to deliver cash or another financial asset or to exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavourable to the Bank or a contract that will or may be settled in the Bank's own equity instruments and is a non-derivative contract for which the Bank is or may be obliged to deliver a variable number of its own equity instruments, or a derivative contract over own equity that will or may be settled other than by the exchange of a fixed amount of cash (or another financial asset) for a fixed number of the Bank's own equity instruments.

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

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

(xiv) Financial liabilities and equity

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

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

The Bank classifies its financial liabilities as measured at amortised cost, except for:

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

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

ii. Financial guarantee contracts and commitments.

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

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

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

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

(xv) Reclassification of financial assets

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

(xvi) Modification and derecognition of financial assets and liabilities

A modification of a financial asset occurs when the contractual terms governing the cash flows of a financial asset are renegotiated or otherwise modified between initial recognition and maturity of the financial asset. A modification affects the amount and/or timing of the contractual cash flows either immediately or at a future date.

In addition, the introduction or adjustment of existing covenants of an existing loan would constitute a modification even if these new or adjusted covenants do not yet affect the cash flows immediately but may affect the cash flows depending on whether the covenant is or is not met (e.g. a change to the increase in the interest rate that arises when covenants are breached).

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

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

When a financial asset is modified the Bank assesses whether this modification results in derecognition. In accordance with the Bank's policy a modification results in derecognition when it gives rise to substantially different terms. To determine if the modified terms are substantially different from the original contractual terms the Bank considers the following:

- Qualitative factors, such as contractual cash flows after modification are no longer SPPI, change in currency or change of counterparty, the extent of change in interest rates, maturity, covenants. If these do not clearly indicate a substantial modification, then;

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

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

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

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

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

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

Where a modification does not lead to derecognition the Bank calculates the modification gain/loss comparing the gross carrying amount before and after the modification (excluding the ECL allowance). Then the Bank measures ECL for the modified asset, where the expected cash flows arising from the modified financial asset are included in calculating the expected cash shortfalls from the original asset. The Bank derecognises a financial asset only when the contractual rights to the asset's cash flows expire (including expiry arising from a modification with substantially different terms), or when the financial asset and substantially all the risks and rewards of ownership of the asset are transferred to another entity.

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

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

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

The difference between the carrying amount allocated to the part that is no longer recognised and the sum of the consideration

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

(xvii) Financial guarantee contracts

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

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

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

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

The Bank has not designated any financial guarantee contracts as at FVTPL.

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

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

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

Commitments to provide a loan below market rate not designated at FVTPL are presented as provisions in the statement of financial position and the re-measurement is presented in other revenue.

The Bank has not designated any commitments to provide a loan below market rate designated at FVTPL The standards and interpretations that are issued, but not yet effective, up to the date of issuance of the company's financial statements are disclosed below. ARB Apex Bank PLC intends to adopt these standards, if applicable, when they become effective.

2.2.12 Cash and cash equivalents

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

2.2.13 Application of new and revised International Financial Reporting Standards

Standards issued but not yet effective

The new and amended standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Bank's financial statements are disclosed below. The Bank intends to adopt these standards, if applicable, when they become effective.

Amendments to IFRS 16: Lease Liability in a Sale and Leaseback

In September 2022, the IASB issued amendments to IFRS 16 to specify the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction, to ensure the seller-lessee does not recognise any amount of the gain or loss that relates to the right of use it retains.

The amendments are effective for annual reporting periods beginning on or after 1 January 2024 and must applied retrospectively to sale and leaseback transactions entered into after the date of initial application of IFRS 16. Earlier application is permitted and that fact must be disclosed.

The amendments are not expected to have a material impact on the Bank's financial statements.

Supplier Finance Arrangements - Amendments to IAS 7 and IFRS 7

In May 2023, the IASB issued amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments:

Disclosures to clarify the characteristics of supplier finance arrangements and require additional disclosure of such arrangements. The disclosure requirements in the amendments are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity's liabilities, cash flows and exposure to liquidity risk.

The amendments will be effective for annual reporting periods beginning on or after 1 January 2024. Early adoption is permitted but will need to be disclosed.

The amendments are not expected to have a material impact on the Bank's financial statements.

Lack of exchangeability -Amendment to IAS 21

In August 2023, the International Accounting Standards Board (IASB) amended IAS 21 to clarify:

- when a currency is exchangeable into another currency; and
- how a company estimates a spot rate when a currency lacks exchangeability.

A currency is exchangeable into another currency when a company is able to exchange that currency for the other currency at the measurement date and for a specified purpose. When a currency is not exchangeable, a company needs to estimate a spot rate. A company's objective when estimating a spot rate is only that it reflects the rate at which an orderly exchange transaction would take place at the measurement date between market participants under prevailing economic conditions.

The amendments contain no specific requirements for estimating a spot rate. Therefore, when estimating a spot rate a company can use:

- an observable exchange rate without adjustment; or
- another estimation technique.

New disclosures

Under the amendments, companies will need to provide new disclosures to help users assess the impact of using an estimated exchange rate on the financial statements. These disclosures might include:

- the nature and financial impacts of the currency not being exchangeable.
- the spot exchange rate used;
- the estimation process; and
- risks to the company because the currency is not exchangeable.

The Bank does not expect the amendments to have a significant impact on its financial statements.

The amendments apply for annual reporting periods beginning on or after 1 January 2025. Earlier application is permitted.

Amendments to IAS 1: Classification of Liabilities as Current or Non-current

In January 2020, the IASB issued amendments to paragraphs 69 to 76 of IAS 1 to specify the requirements for classifying liabilities as current or non-current. The amendments clarify:

- What is meant by a right to defer settlement;
- That a right to defer must exist at the end of the reporting period ;
- That classification is unaffected by the likelihood that an entity will exercise its deferral right;
- That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification.

The amendments are effective for annual reporting periods beginning on or after 1 January 2024 and must be applied retrospectively. The Bank is currently assessing the impact the amendments will have on current practice and whether existing loan agreements may require renegotiation.

Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ' Amendments to IFRS 10 and IAS 28

In December 2015, the IASB decided to defer the effective date of the amendments until such time as it has finalised any amendments that result from its research project on the equity method. Early application of the amendments is still permitted.

The amendments address the conflict between IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures in dealing with the loss of control of a subsidiary that is sold or contributed to an associate or joint venture.

The amendments clarify that a full gain or loss is recognised when a transfer to an associate or joint venture involves a business as defined in IFRS 3 Business combinations. Any gain or loss resulting from the sale or contribution of assets that does not constitute a business, however, is recognised only to the extent of unrelated investors' interests in the associate or joint venture.

The amendments must be applied prospectively. Early application is permitted and must be disclosed. The amendments did not have any impact on the financial statement of the bank.

Standards issued and effective as at 1 January 2023

The new and amended standards and interpretations that are issued and became effective for accounting periods that begins on or after 1 January 2023 (unless otherwise stated) are disclosed below:

Disclosure of Accounting Policies - Amendments to IAS 1 and IFRS Practice Statement 2

The amendments to IAS 1 and IFRS Practice Statement 2 Making Materiality Judgements provide guidance and examples to help entities apply materiality judgements to accounting policy disclosures.

The amendments aim to help entities provide accounting policy disclosures that are more useful by replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies and adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures. The amendments have had an impact on the Bank's disclosures of accounting policies, but not on the measurement, recognition or presentation of any items in the Bank's financial statements.

IFRS 17 Insurance Contracts

The main features of the new accounting model for insurance contracts are as follows:

The measurement of the present value of future cashflows, incorporating an explicit risk adjustment, remeasured every reporting period (the fulfilment cashflows) Amounts that are paid to a policyholder in all circumstances, regardless of whether an insured event occurs (non-distinct investment components) are not presented in the income statement but are recognized directly on the balance sheet.

Separate presentation in the statement of financial position, the carrying amounts of portfolios of insurance contracts issued that are assets and those that are liabilities, with the same requirement applying to portfolios of reinsurance contracts held. Extensive disclosures to provide information on the recognized amounts from insurance contracts and the nature and extent of risks arising from these contracts.

The company has assessed that this standard does not have an impact on the financial statements and disclosure requirements.

Definition of Accounting Estimates - Amendments to IAS 8

The amendment is effective for annual periods beginning on or after 1 January 2023. In February 2021, the Board issued amendments to IAS 8, in which it introduces a new definition of 'accounting estimates'. The amendments clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. Also, they clarify how entities use measurement techniques and inputs to develop accounting estimates.

The amendments are intended to provide preparers of financial statements with greater clarity as to the definition of accounting estimates, particularly in terms of the difference between accounting estimates and accounting policies. Although the amendments are not expected to have a material impact on entities' financial statements, they should provide helpful guidance for entities in determining whether changes are to be treated as changes in estimates, changes in policies, or errors.

International Tax Reform-Pillar Two Model Rules - Amendments to IAS 12

The amendments to IAS 12 have been introduced in response to the OECD's BEPS Pillar Two rules and include:

- A mandatory temporary exception to the recognition and disclosure of deferred taxes arising from the jurisdictional implementation of the Pillar Two model rules; and

- Disclosure requirements for affected entities to help users of the financial statements better understand an entity's exposure to Pillar Two income taxes arising from that legislation, particularly before its effective date.

In periods in which Pillar Two legislation is (substantively) enacted but not yet effective, the amendment requires disclosure of known or reasonably estimable information that helps users of financial statements understand the entity's exposure arising from Pillar Two income taxes including both qualitative and quantitative information about its exposure to Pillar Two income taxes at the end of the reporting period. For example:

a) Qualitative information such as how an entity is affected by Pillar Two legislation and the main jurisdictions in which exposures to Pillar Two income taxes might exist, and

b) Quantitative information such as:

- An indication of the proportion of an entity's profits that might be subject to Pillar Two income taxes and the average effective tax rate applicable to those profits; or
- An indication of how the entity's overall effective tax rate would have changed if Pillar Two legislation had been effective.

Once the legislation is effective, additional disclosures are required for the current tax expense related to Pillar Two income taxes. The requirements apply for annual reporting periods beginning on or after 1 January 2023, but not for any interim periods ending on or before 31 December 2023.

The Bank has reviewed its corporate structure in light of the introduction of Pillar Two Model Rules in the various jurisdictions in which it operates. The Bank has determined that it will not be subject to Pillar Two taxes once the legislation becomes effective since its effective tax rate is above 15% in all the jurisdictions in which it operates. Therefore, as the related Pillar Two disclosures are not required, the amendments will have no impact on the Bank's financial statements at 31 December 2023.

Deferred Tax related to Assets and liabilities arising from a Single Transaction- Amendments to IAS 12

The amendment is effective for annual periods beginning on or after 1 January 2023.

In May 2021, the Board issued amendments to IAS 12, which narrow the scope of the initial recognition exception under IAS 12, so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences. The amendment clarify that where payments that settle a liability are deductible for tax purposes, it is a matter of judgement (having considered the applicable tax law) whether such deductions are attributable for tax purposes to the liability recognised in the financial statements (and interest expense) or to the related asset component (and interest expense), This judgement is important in determining whether any temporary differences exist on initial recognition of the asset and liability.

The amendment has had an impact on deferred tax arising from right of use assets and lease liabilities.

2.2.14 Earnings per share

The Bank calculates basic earnings/(loss) per share by dividing the net profit or loss for the period attributable to equity holders by the weighted average number of equity shares outstanding during the year.

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

2.2.15 Stated capital

Stated Capital is mainly raised from Ordinary Shareholders, the RCBs, who bear the ultimate risk of the Bank. For certain reasons the Bank may issue Preference shares, either redeemable or irredeemable. The shares are issued either for cash or non-cash. The Bank does not incur cost in issuing new shares, as the RCBs are the only shareholders and that the Bank does not do any publication for the share issue. Stated capital is recognized at market value.

ARB APEX BANK PLC

Notes to the Financial Statements

For the year ended 31 December 2023

3. Interest income calculated using effective interest method

	2023 GHS	2022 GHS
Cash and cash equivalents	**49,198,996**	21,673,781
Loans and advances to Rural Banks	**11,331,467**	7,158,028
Investment securities	**148,929,579**	90,128,157
Loan and advances to staff	**1,090,598**	1,082,578
Mobile money interest	**25,660**	16,002
	210,576,300	120,058,546

4. Interest expense using effective interest method

	2023 GHS	2022 GHS
Clearing balances	**2,352,252**	2,248,067
Fixed and time Apex certificate of deposit	**49,079,161**	24,193,120
Borrowings-inter-bank	**383,137**	1,424,610
Borrowings- other financial institutions	**1,590,758**	403,033
Short term deposits (Rural Community Banks)	**7,021,566**	2,656,680
Staff balances	**259,051**	171,524
Mobile money balances	**8,853,993**	6,249,770
	69,539,918	37,346,804

5. (a) Fees and commission income

	2023 GHS	2022 GHS
Apex link money transfers	**153,397**	44,612
Foreign transfers	**607,007**	704,220
Managed funds	**293,908**	349,780
Specie fees	**527,480**	19 0,844
Commission on clearing	**1,555,878**	1,163,301
Training fees	**1,628,052**	1,632,830
Commission on MICR cheque	**1,527,434**	1,301,680
Other commission	**11,648,815**	7,363,136
SMS commission	**264,338**	299,984
	18,206,309	13,050,387

5 (b) Fees and commission expense

	2023 GHS	2022 GHS
Finance cost-lease liability	**110,106**	-
Training expenses	**1,713,585**	-
Specie expenses	**580,345**	-
	2,404,036	-
Net Fee & Commission Income	**15,802,273**	-

Fees and commission income are recognised at a point in time in the period in which they relate. Other commission mainly relates to commission from secondary market trading.

6. Net trading income

Gains from sale of foreign currency	**4,122,552**	9,246,420

Net trading income relates to gains from sale of foreign currency emanating from proceeds from foreign remittance business.

6b. Other operating income

	2023	2022
	GHS	GHS
Foreign exchange gain	**113,779**	211,647
Capital grant amortisation	**101,745**	101,745
Notional interest	**896,822**	983,012
Profit on disposal of property & equipment	**1,720,772**	403,651
Other income	**443,152**	1,108,972
	3,276,270	2,809,027

Foreign exchange gain relates to exchange differences from foreign currency denominated balances.

Notional interest relates to the unwinding effect of staff loan using the effective interest rate method.

Other income relates to marginal differences between cost incurred by the Bank on behalf of RCBs that are not directly related to the Bank's core activities and their subsequent recovery

7a. Net impairment loss on financial assets

	2023	2022
	GHS	GHS
Stage 3 impairment on loans	**1,159,243**	2,090,459
Stage 1 impairment on loans	**444,534**	638,186
Total impairment on loans (Note 12)	**1,603,777**	2,728,645
Term placements impairment (write back)	-	(70,000)
	1,603,777	2,658,645

7b. Impairment loss on investment securities

Fair value of investments		
securities at exchange date	**332,075,139**	307,936,055
Face value of investments securities- exchange date	**(466,444,505)**	(421,900,501)
Impairment loss	**(134,369,366)**	(113,964,446)
Less impairment loss as at 1 January	**(113,964,446)**	-
Impairment loss at 31 December	**(20,404,920)**	(113,964,446)

The government of Ghana announced a Debt exchange programme during the last quarter of 2022. Under the programme, the Government of Ghana, ESLA and Daakye Bonds (eligible bonds) outstanding as at the exchange date, was to be exchanged for a new set of bonds with terms specified by the Government. This was introduced as part of a reform programme to restore macroeconomic stability and debt sustainability and lay the foundations for stronger and more inclusive growth.

In line with IFRSs, the old bonds were derecognised and a new asset in the new bonds recognised. This resulted from the cash flows of the new bonds being substantially different from the contractual cash flows of the original financial assets. The new bonds are deemed to be purchased or originated credit impaired (POCI).

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

The discount rate used for the valuation of the bonds at 31 December 2023 was determined to be 15,67%, with reference to Institute of Chartered Accountants, Ghana (ICAG)'s approved rates. The carrying amount of the eligible bonds was compared to the fair values determined using the discounted cashflows and the difference was deemed as the impairment loss on the eligible bonds.

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

8. Personnel expenses

	2023	2022
	GHS	GHS
Wages and salaries	**40,791,776**	32,456,638
Social security cost	**6,557,609**	5,329,338
Staff accommodation	**2,573,824**	2,167,201
Medical expenses	**3,019,142**	2,026,318
Staff travel and relocation	**6,888,345**	6,389,971
Clothing & image enhancement	**3,943,554**	-
Other staff allowances	**2,287,208**	2,416,419
	66,061,458	50,785,885

Other staff allowances include cost of staff loans fair valuation of GHS896,822 (2022: GHS627,699)

9. Leases/rental expenses

	2023	2022
	GHS	GHS
Depreciation of right-of-use (Note 9a)	**154,493**	154,493
Finance Cost-Lease liability	**-**	124,770
Short-term rental cost	**530,290**	244,087
	684,783	523,350

9(a). Right-of-use assets

	2023	2022
	GHS	GHS
As at 1 January	**1,432,011**	1,432,011
Subsequent re-measurement	**-**	-
As at 31 December	**1,432,011**	1,432,011

Accumulated depreciation

As at 1 January	**685,573**	531,080
Charge for the year (Note 9)	**154,493**	154,493
As at 31 December	**840,066**	685,573
Carrying amount	**591,945**	746,438

Lease liability

	2023	2022
	GHS	GHS
As at 1 January	**708,237**	726,059
Lease payments for the year	**(527,505)**	(142,592)
Finance cost of lease liability	**110,106**	124,770
As at 31 December	**290,838**	708,237

The Bank leases several leased properties used as its branches. The average lease term is 9 years (2022: 9 years).

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

There are no extension or termination options on the lease. The maturity analysis of lease liabilities is presented in note 28

9(b). Other operating expenses

	2023	2022
	GHS	GHS
Professional fees	**3,528,177**	266,568
Costs of bailout	**1,406,046**	1,406,046
Directors' fees & allowance	**1,226,924**	1,274,172
Utilities and cleaning	**4,595,946**	3,163,741
Audit fees	**205,000**	217,000
Staff training	**2,573,000**	464,114
Rental	**85,965**	80,759
Training of rural banks	**-**	1,509,461
Repairs and maintenance	**2,711,700**	1,911,516
Meeting and conferencing	**2,116,130**	1,307,425
Travels (local and foreign)	**4,697,541**	5,972,397
Advertising and marketing	**325,457**	866,283
Specie	**-**	303,761
Communication	**896,762**	1,147,788
Insurance	**1,274,369**	838,897
Printing/ stationery	**1,139,340**	669,205
Office running costs	**2,150,101**	1,551,500
Fuel and lubricants	**1,474,330**	1,039,374
Vehicle maintenance costs	**972,191**	459,928
Subscription / license and	**11,000,311**	3,551,630
Donations	**300,145**	279,168
New Products Expenses	**329,773**	-
Clothing & Image Enhancement	**-**	3,176,906
Outsourced service	**2,621,967**	2,530,004
Bank charges	**1,301,642**	273,035
GIS/ swift charges	**221,775**	217,485
Postage	**364,786**	186,110
Communication cost - RCBs	**451,167**	1,320,040
Overs and shorts in till	**42,404**	66,977
	48,012,949	36,051,290

The significant increase in professional fees, staff training, subscription/license & dues and bank charges resulted mainly from additional cost incurred in conducting technical health check on the core banking application (T24) as part of the application's upgrade process, enhanced training programme for staff including foreign training, generic increase in operational cost and cedi depreciation and increase in bank charges by partner banks respectively. Training of rural banks and specie costs for the current year are recognised as fees and commission expense as indicated in note 5(b).

Outsource services relates to salaries of hired cash operatives paid to an outsource company for services rendered.

10. Cash and cash equivalents

	2023	2022
	GHS	GHS
Cash and balances with banks	**113,255,446**	43,155,177
Mobile money e-cash	**52,874,775**	46,744,156
Unrestricted balances with the central bank	**104,019,589**	73,745,268
Money market placements	**253,179,166**	180,500,000
	523,328,976	344,144,601

10. Cash and cash equivalents (Cont'd)

Cash and balances with banks relate to cash in vaults and balances with partner banks as well as overnight placements. There are no restrictions on these cash balances and the cash with central bank are non-interest bearing. Assessment showed no indications of impairment for cash due from the central bank and other banks for 2023. The interest rate on placement due from other banks ranged from 8.5%-31.88% (12.96%-25.43% in 2022).

91-day Treasury bill rate

29.24%

364-day Treasury Bill Rate

32.49%

BONDS

5.0%-10.0%

11. Investment securities - amortised Cost

	2023	2022
	GHS	GHS
Government debt securities	**444,712,935**	410,503,411
Treasury bills held to maturity	**178,092,272**	135,924,500
Impairment - investment securities	**(112,722,660)**	(113,964,446)
	510,082,547	432,463,465

Impairment - investment securities

As at 1 January	**(134,369,366)**	-
Effective Interest Receivable	**41,330,037**	-
Interest in kind (PIK)	**(8,816,816)**	-
Interest (cash)	**(10,866,515)**	-
As at 31 December	**(112,722,660)**	(113,964,446)

The average interest rate on the held to maturity investments were 91-day Treasury bill rate 29.24%; 182-day Treasury bill 31.88%; 364-day Treasury bill 32.49%; the rates on 4 - year to 15 - year Bonds under the Government DDEP were between 5.0% and 10.0%. Impairment was charged on investments in Government of Ghana bonds as there was a default during the year, resulting in debt exchange.

12. Loans and advances

	2023	2022
	GHS	GHS
On-lending	**3,875,000**	15,253,540
Capital projects	**7,498,062**	13,856,094
Micro finance	**8,744,032**	8,425,424
Short term loan	**20,377,354**	7,720,427
Long term loan	**10,486,848**	4,827,894
Rural banks automobile loan	**4,151,914**	3,592,584
Staff loan	**17,230,588**	17,112,145
Total gross loans	**72,363,798**	70,788,108
Less: allowance for impairment losses	**(12,873,774)**	(14,477,551)
	59,490,024	56,310,557
Non-performing loan (stage 3 impairment)	**10,785,703**	11,944,946
Non-performing loan ratio	**14.90%**	16.87%

Impairment losses on loans and advances

	2023	2022
	GHS	GHS
Stage 3 impairment	**10,785,703**	11,944,946
Stage 1 impairment	**2,088,071**	2,532,605
Balance as at 31 December	**12,873,774**	14,477,551

Reconciliation of impairment losses

	2023	2022
	GHS	GHS
Balance as at 1 January	**14,477,551**	17,222,412
Charge for the year (Note 7a)	**(1,603,777)**	2,728,645
Balance as at 31 December	**12,873,774**	19,951,057
Term placement	**-**	-
Bad debt written-off	**-**	(5,473,506)
Total impairment	**12,873,774**	14,477,551

13. Investment (Other than securities)

	2023	2022
	GHS	GHS
Balance as at 1 January	**5,418,781**	4,483,467
Notional Income	**-**	935,314
	5,418,781	5,418,781

13. Investment (Other than securities) (Cont'd)

The Bank in 2015 invested directly in five (5) RCBs through the purchase of preference shares which were issued by those RCBs. The preference shares had a coupon rate of 2% p.a., redeemable in 10 years. This is measured at amortised cost. The bank has waived notional interest for the past 3 years and not earning any income in respect of this. The other income in Note 6(b) relates to only loans. The carrying amount of the investment is fully secured with a cash-backed investments in Government of Ghana treasury bills. The waiver was not part of the original agreement but the Bank resolved to suspend it as part of its support the RCBs involved.

14 Income tax expense

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

	2023	2022
	GHS	GHS
Current income tax	**9,962,907**	3,259,771
Deferred tax relating to the origination and reversal of temporary differences	**18,407,403**	(28,009,440)
Growth & Sustainability Levey	**1,027,373**	-
Total tax provision to profit or loss	**29,397,693**	(24,749,669)

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

Accounting profit/(loss) before taxation	**20,547,456**	(103,530,977)
Tax at the applicable rate of 25%	**5,136,865**	(25,882,745)
Tax on non-deductible expenses	**8,590,028**	31,223,158
Income not subject to tax	**(3,763,985)**	(1,782,821)
Adjusted tax loss	**-**	(297,821)
Growth & Sustainability Levy	**1,027,372**	-
Tax on temporary diff. to profit & (loss)	**18,407,403**	(28,009,440)
	29,397,693	(24,749,669)

(C) Corporate taxation

Year of Assessment	At 1 January	Payment during the the year	Charge for the year	At 31 December
2023	GHS	GHS	GHS	GHS
Corporate income tax				
At1st January 2023	(2,581,620)	(1,964,824)	3,259,774	(1,286,670)
2023	-	(5,735,355)	9,962,907	4,227,552
	(2,581,620)	(7,700,179)	13,222,681	2,940,882
Growth & Sustainability Levy (GASL)				
NFSL Up to 2022	(150,000)	-	-	(150,000)
GASL-2023	-	(644,749)	1,027,372	382,623
	(150,000)	(644,749)	1,027,372	232,623
Total	(2,731,620)	(8,344,928)	14,250,053	3,173,505

(d) Income tax expense (Cont'd)

Deferred tax assets	**2023**	2022
	GHS	GHS
At 1 January	**29,642,160**	1,722,934
Charge to P&L	**(24,754,414)**	28,009,440
At 31 December	**4,887,746**	29,732,374
Charge to OCI (Note 21b)	**-**	(90,214)
	4,887,746	29,642,160

The tax expense of GHS29,397,683 recorded in the statement of profit or loss and other comprehensive income comprises the deferred tax and the corporate tax asset figures stated above, respectively.

The deferred tax arises from temporary differences on property and equipment, right of use assets and other timing differences arising from loans and advances.

15. Loss per share

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

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

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

	2023	2022
Net profit/(loss) attributable to ordinary equity holders of the parent (GHS)	**(8,850,227)**	(78,510,664)
Weighted average number of ordinary shares for basic earnings per share	**13,207,253**	10,367,621

Earnings per share	**2023**	2022
	GHS	GHS
Earnings per share	**(0.67)**	(7.57)

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

16. Other assets

	2023	2022
	GHS	GHS
Commission/ interest receivable	3,124,883	30,706,900
Prepayments	42,619,366	45,317,788
Deferred cost of intervention	1,406,048	2,812,095
Sundry receivables	19,111,972	21,236,762
	66,262,269	100,073,545

Prepayments relates to advance payments in respect of insurance, short term rent made during the year and other payments on behalf of RCBs yet to be recovered.

Other receivables and stock relate to stationery and consumables stocks and receivables from managed funds partners

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17(a) Property and equipment - 2023

Cost	Land GHS	Buildings GHS	Rented premises GHS	Office equipment GHS	Furniture & fittings GHS	Motor vehicles GHS	Bullion van GHS	Computer hardware GHS	Work in progress GHS	Total GHS
As at 1/1/23	18,391,800	15,397,949	1,679,822	14,476,521	1,625,580	9,893,639	2,032,161	14,027,580	12,037,385	89,562,437
Addition	-	157177	-	3,204,112	508,554	2,196,833	-	719,867	10,028,899	16,815,442
Transfers	-	-	-	1,176,542	240,291	-	15,650,479	2,180,160	(19,247,472)	-
Disposal	-	-	(1,679,822)	(1,870,135)	(429,515)	(421,507)	-	(1,673,720)	(759,277)	(6,833,976)
Balance as at 31/12/23	18,391,800	15,555,126	-	16,987,040	1,944,910	11,668,965	17,682,640	15,253,887	2,059,535	99,543,903
Accumulated Depreciation										
As at 1/1/23	-	2,336,440	1,521,807	8,274,007	1,139,478	6,152,110	203,216	12,575,843	-	32,202,901
Charge for the year	-	360,033	-	2,989,127	242,266	1,786,447	1,768,264	1,850,124	-	8,996,261
Disposal	-	-	(1,521,807)	(1,799,959)	(420,627)	(375,460)	-	(1,675,761)	-	(5,793,614)
Balance as at 31/12/23		2,696,473	-	9,463,175	961,117	7,563,097	1,971,480	12,750,206	-	35,405,548
Carrying amount as at 31/12/23	18,391,800	12,858,653	-	7,523,865	983,793	4,105,868	15,711,160	2,503,681	2,059,535	64,138,355

There was no indication of impairment of Property and equipment held by the Bank at 31 December 2023 (2022: Nil).

None of the Property and equipment of the Bank had been pledged as security for liabilities and there were no restrictions on the title of any of the Bank's Property and equipment at the reporting date and at the end of the previous year.

The Bank did not borrow funds to finance the acquisition of asset and that there was no borrowing cost to capitalize.

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17(b) Property and equipment ? 2023

Work in progress relates to cost incurred in respect of assets which were still in progress and had not reach their completion stage yet as at the end of the reporting year. The cost will be transferred to the appropriate assets line after completion.

Rented premises related to rental for office use before the introduction of IFRS 16, of which the balance has been exhausted and written off in 2023.

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

17(c) Intangible assets - computer software

	2023	2022
Cost	**GHS**	GHS
As at 1/1/2023	**16,942,220**	14,454,037
Additions	**824,325**	2,488,183
Transfer from work in progress	**502,577**	-
Disposal	**(1,721,458)**	-
Balance as at 31/12/23	**16,547,664**	16,942,220
Accumulated Amortisation		
As at 1/1/2023	**14,307,287**	12,610,205
Charge for the year	**1,133,427**	1,697,082
Disposal	**(1,721,459)**	-
Balance as at 31/12/23	**13,719,255**	14,307,287
Carrying amount as at 31/12/23	**2,828,409**	2,634,933

Total depreciation & amortisation for both property and equipment and intangible assets for the year amounted to GHS10,129,686 (2021: GHS7,364,936).

17(d) Disposal of Fixed assets

	2023	2022
	GHS	GHS
Cost as at 1/1/2023	**6,840,440**	680,647
Accumulated depreciation	**(5,793,614)**	(680,647)
Net book value	**1,040,362**	-
Less proceeds	**(2,767,598)**	(403,651)
Profit	**(1,720,772)**	(403,651)

18(d) Deposit from customers

	2023	2022
	GHS	GHS
Due to rural and community banks	**897,762,719**	802,868,468
	897,762,719	802,868,468

(b) Other deposits

	2023	2022
	GHS	GHS
Staff balances	**7,480,454**	3,785,994
Mobile money float account	**297,183,866**	198,805,556
Corporate current accounts	**11,720,778**	9,367,354
	316,385,098	211,958,904

The mobile money floats includes MTN mobile money, Vodafone cash, AirtelTigo cash, Zeepay and Ghanapay floats accounts. No cash collateral was held as deposit as at the year-end (2022: nil)

19. Government grant

	2023	2022
	GHS	GHS
At 1 January	**1,972,317**	2,074,063
Released to profit and loss	**(101,745)**	(101,746)
At 31 December	**1,870,572**	1,972,317

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

20. Other liabilities

Accounts payable and sundry creditors	**29,240,622**	11,231,195
Regulatory charges	**4,923,450**	4,376,000
Accrued expenses on utilities & medicals	**8,441,471**	6,682,351
Interest payable	**1,280,907**	1,321,207
	43,886,450	23,610,753

Regulatory charges relate to amount withheld from RCBs in respect of regulatory and prudential breaches pending subsequent transfer to Bank of Ghana.

Accounts payable and sundry creditors include payment orders in-transit at year end, amount payable to managed funds partners, which are not interest bearing. Accounts payable includes net defined benefit obligation/ (plan assets) of GHS 1,652,194 (2022: GHS 767,080).

21. Post-employment benefit plan

21(a) Movement of defined benefit obligation

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

	2023	2022
	GHS	GHS
Net fair value of plan assets	**(767,080)**	(297,130)
Current service cost	**132,664**	129,336
Net Interest cost	**(289,791)**	(34,901)
	(924,207)	(202,695)
Actuarial loss in financial assumptions	**2,576,401**	(564,385)
Net defined benefit obligation/(FV of plan assets) as at 31/12/2023	**1,652,194**	(767,080)

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

Most of the plan assets are investments in treasury bills.

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

	2023 GHS	2022 GHS
Actuarial Gain /(loss)	**(2,576,401)**	360.858
Effect of deferred taxes on actuarial gains and losses	**-**	(90,214)
Net amount recognized in OCI	**(2,576,401)**	270,644

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

	2023 %	2022 %
Discount rate	**16.0**	19.8
Inflation on medical cost	**13.0**	13.0

The post-retirement medical benefit is assumed to be an average of GHS7,690 inflated at 13.0% annually. It has been assumed that the average life expectancy beyond the retirement age of 60 is 10 years for both men and women.

Sensitivity analysis of the significant assumptions underlining the fund as at December 31, 2023 has been shown in the table below:

	Base Case	Interest Rate -1%	Interest Rate +1%	Medical Inflation -1%	Medical Inflation +1%	Mortality +10%
Accrued liability Post-Retirement Medical Benefit	4,737,719	5,221,910	4,321,312	4,266,758	5,280,789	4,783,822
Scheme Percentage Change		10.2%	-8.8%	-9.9%	11.5%	1.0%

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

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

22. Related party transaction

Shareholdings

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

ARB Apex Bank PLC is legally required to issue shares only to the shareholders of the Bank, which are the rural banks in Ghana. As at December 2023 all the rural banks had a minimum of 20,000 shares allocated to them.

Compensation to key management personnel

Total compensation of key management personnel (Managing Director, Deputy Managing Director and Heads of Department of the Bank at 31 December 2023:

	2023 GHS	2022 GHS
Short term employee benefits	**6,368,618**	4,384,563

Total loan balances of key management staff stood at GHS2,020,492 (2022: GHS1,619,502).

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

23. Dividends paid and proposed

No dividend has been proposed in 2023 (2022: Nil).

24. Stated capital

Authorized shares

The Bank is registered with 1,000,000,000 ordinary shares of no par value, as the value of the shares relies completely on the market and not based upon any guaranteed value (the par value) at the issuance of the shares.

Ordinary shares issued and fully paid

Issued capital

	2023 GHS	2022 GHS
At 1 January	**9,268,190**	9,218,990
Shares issued during the year	**4,166,680**	49,200
At 31 December	**13,434,870**	9,268,190

No. of Shares	**2023**	2022 Number
Number		
At 1 January	**10,387,621**	10,347,621
Shares issued during the year	**3,387,558**	40,000
At 31 December	**13,775,179**	10,387,621

There was no cost associated with the new shares issued during the year. The unimpaired capital as at 31 December 2023 declined from the negative position of GHS47.6 million to GHS52.3 million. The Bank embarked on a strategic capital drive to raise additional capital of GHS25 million in 5 years from its shareholders, the RCBs. The Bank was able to raise 3.4 million shares for GHS4.2 million as at 31st December, 2023, which started in March, 2023. Payment for these shares by the RCBs is done monthly at over-the-counter price of GHS1.23 per share.

25. Statutory reserves

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

	2023 GHS	2022 GHS
At 1 January	**12,584,856**	12,584,856
At 31 December	**12,584,856**	12,584,856

26. Other reserve

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

	2023 GHS	2022 GHS
At 1 January	**420,559**	149,915
Net amount recognised in OCI	**2,576,401**	270,644
At 31 December	**2,155,842**	420,559

27. Credit risk reserves

The credit risk reserve fund is a non-distributable reserve required by the Bank of Ghana to account for differences between impairment provisions on loans and advances per IFRS and the specific and general provisions on loans and advances per the Bank of Ghana provisioning methodology. The IFRS impairment assessment showed a writeback or GHS1.6 million as against Bank of Ghana provision write back of GHS5.6 million, and therefore, no credit risk reserve was recorded.

28. Maturity analysis of assets and liabilities- 2023

The table below shows an analysis of assets and liabilities presented according to when they are expected to be recovered or settled. Trading assets and liabilities have been classified to mature and/or be repaid within 12 months, regardless of the actual contractual maturities of the products. With regard to loans and advances to customers, the Bank uses the same basis of expected repayment behaviour that was used for estimating the Effective Interest Rate (EIR).

Assets	Within 12 months GHS	After 12 months GHS	Total GHS
Cash and cash equivalents	523,328,976	-	523,328,976
Investment securities	144,572,210	365,510,337	510,082,547
Loans and advances to customers	17,602,954	41,887,070	59,490,024
Investments (other than securities)	-	5,418,781	5,418,781
Corporate tax asset	-	3,173,505	3,173,505
Deferred tax assets	-	4,887,746	4,887,746
Intangible assets	50,058	2,778,351	2,828,409
Other assets	55,480,951	10,781,318	66,262,269
Right of use-lease asset	-	591,945	591,945
Property and equipment	1,220,688	62,917,667	64,138,355
Total assets	**742,255,837**	**497,946,720**	**1,240,202,557**

Liabilities	Within 12 months GHS	After 12 months GHS	Total GHS
Deposits from banks	344,414,036	553,348,683	897,762,719
Deposits from customers	316,385,098	-	316,385,098
Government grant	101,745	1,768,827	1,870,572
Borrowings	-	12,430,650	12,430,650
Other liabilities	43,886,450	-	43,886,450
Lease Liability	290,838	-	290,838
Total liabilities	**705,078,167**	**567,548,160**	**1,272,626,327**
Net assets	**37,177,670**	**(69,601,440)**	**(32,423,770)**

28 (b). Maturity analysis of assets and liabilities - 2022

Assets	Within 12 months GH¢	After 12 months GH¢	Total GH¢
Cash and cash equivalents	344,144,601	-	344,144,601
Investment securities	135,924,500	296,538,965	432,463,465
Loans and advances to customers	16,145,850	40,164,707	56,310,557
Investments (other than securities)	-	5,418,781	5,418,781
Corporate tax asset	-	1,436,673	1,436,673
Deferred tax assets	-	29,642,160	29,642,160
Intangible assets	416,784	2,218,149	2,634,933
Other assets	23,498,381	76,575,164	100,073,545
Right of use-lease asset	-	746,438	746,438
Property and equipment	765,963	56,593,573	57,359,536
Total assets	**520,896,079**	**509,334,610**	**1,030,230,689**

Liabilities	Within 12 months GH¢	After 12 months GH¢	Total GH¢
Deposits from banks	305,554,298	497,314,170	802,868,468
Deposits from customers	198,805,556	13,153,348	211,958,904
Government grant	101,746	1,870,571	1,972,317
Borrowings	-	14,275,832	14,275,832
Other liabilities	11,578,745	12,032,008	23,610,753
Lease Liability	110,106	598,131	708,237
Total liabilities	**516,150,451**	**539,244,060**	**1,055,394,511**

29. Events after the reporting period

There were no material significant events after the reporting date that require disclosure in or adjustment to the financial statements for the year ended 31 December 2023.

30. Contingencies

Contingent assets

There was no contingent asset as of 31 December 2023 (2022 nil).

Contingent liabilities

There was no contingent liability as of 31 December 2023 (2022: nil).

31. Capital commitments

There were no capital commitments as of 31 December 2023 (2022: nil).

32. Risk management

Introduction

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

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

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

Risk management framework

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

Risk governance

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

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

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

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

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

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

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

Risk appetite

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

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

Operational risk

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

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

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

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

- Policies and Documentations:
  - i. Processes are documented either in the form of policies, manuals or guidelines.
  - ii. Processes mapping of core activities identifying all discrete activities with the respective key risk points identified.
  - iii. The Bank's staff understand and adhere to the documented rules and procedures.

- Appropriate internal controls exist including:
  - i. Segregation of duties: business generating functions, recording and monitoring functions
  - ii. Independent authorization
  - iii. Transaction reconciliations

- Regularly monitor, analyze and report on the Bank's operational risk profile through:
  - i. Analyzing internal loss data by recording of risk events in a Loss Events Database
  - ii. Adoption of key risk indicators that provide early warning and insight into the Bank's risk exposure, particularly the ongoing trends in identified key risk areas.

  - iii. Monitoring of external events to ensure that the Bank stays in tune with the industry
  - iv. Snap checks by Audit and Inspection Department on selected control areas

- Effective cyber security and business continuity:
  - i. That the physical infrastructure including buildings, network and computers of the Bank are protected.
  - ii. That the business continuity plan exists, tested and communicated to relevant staff members.

- Physical Controls to ensure that un-authorized persons do not have access to sensitive areas of the Bank.

- Compliance with standards set by the Bank is supported by periodic reviews undertaken by the Audit and Inspection department as well as Risk and Compliance department. The results of these reviews are discussed with the management of the business unit to which they relate, with summaries submitted to RIC, then to RAC where necessary.

- The Bank's internal controls have been designed to insulate the risk function from any significant operational derelictions that may escalate threats in any aspect of the Bank's operations. Fraud is therefore, controlled in effective manner.

Liquidity risk

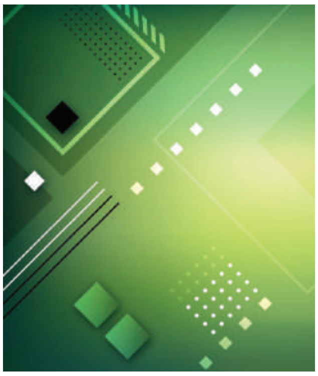
Liquidity represents the bank's ability to efficiently meet its due obligations and fund increases in asset requirements without incurring unacceptable losses. The Bank suffers funding liquidity risk when it is not able to meet its maturing obligations such as; withdrawal by RCBs, draw down on approved credit facilities to RCBs, payment of operational expenses so that the Bank is forced to sell assets at deep discounts or borrow at a highly excessive cost above its normal cost of doing business.

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

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

The net liquidity gaps resulting from liquidity analysis of assets and liabilities of the Bank as of December 31, 2023 and 2022 respectively are shown below:

Negative net open positions are largely caused by a deterioration in foreign assets as against foreign liabilities. The Bank's strategy is to mitigate the effects of the net open position by strategically collaborating and leveraging partnerships with financial institutions that have extensive footprints within the international trade financing ecosystem, to grow our assets and reverse the current negative net open position.



ARB APEX BANK PLC

Notes to the Financial Statements

For the year ended 31 December 2023

MATURITY ANALYSIS OF ASSETS AND LIABILITIES IN CEDIS AS AT - 31 DEC 2023

ASSETS	Total	Less than 3 months	> 3 months< than 1 year	>1 year < 3 years	3 years and over
Cash and cash equivalents	523,328,976	523,328,976	-	-	
Investments (other than securities)	5,418,781	-	-	-	5,418,781
Loans and advances to customers	59,490,024	10,764,594	7,179,353	31,813,354	9,732,723
Investment Securities-Held to maturity	510,082,547	226,579,956	54,723,767	569,950	228,208,874
Other assets	66,262,269	8,559,849	38,462,509	7,108,731	12,131,180
Total Assets	1,164,582,597	769,233,375	100,365,629	39,492,035	255,491,558
LIABILITIES & SHAREHOLDERS' FUNDS					
Deposits from customers	897,762,719	384,816,388	-	40,910,389	472,035,942
Other deposits	316,385,098	200,572,839	115,812,259	-	-
Borrowings	12,430,650	-	-	-	12,430,650
Other Liabilities	46,047,860	23,424,786	4,343,059	13,570,563	4,709,452
Total Liabilities	1,272,626,327	608,814,013	120,155,318	54,480,952	489,176,044
Net liquidity gap	(108,043,730)	160,419,362	(19,789,689)	(14,988,917)	(233,684,486)

MATURITY ANALYSIS OF ASSETS AND LIABILITIES IN CEDIS AS AT - 31 DEC 2022

ASSETS	Total	Less than 3 months	> 3 months< than 1 year	>1 year < 3 years	3 years and over
Cash and cash equivalents	344,144,601	344,144,601	-	-	-
Investments (other than securities)	5,418,781	-	-	-	5,418,781
Loans and advances to customers	56,310,557	9,730,586	10,924,846	28,391,755	7,263,370
Investment securities-Held to maturity	432,463,465	91,399,492	44,525,008	48,204,659	248,334,306
Other assets	100,073,545	39,435,021	42,818,225	15,008,204	2,812,095
Total Assets	938,410,949	484,709,700	98,268,079	91,604,618	263,828,552
LIABILITIES & SHAREHOLDERS' FUNDS					
Deposits from banks	802,868,468	419,561,883	150,000	48,924,679	334,231,906
Deposits from customers	211,958,904	136,948,324	75,010,580	-	-
Borrowings	14,275,831	-	-	455,500	13,820,331
Other Liabilities	23,610,753	14,512,118	3,891,525	1,203,518	4,003,592
Total Liabilities	1,052,713,956	571,022,325	79,052,105	50,583,697	352,055,829
Net liquidity gap	(114,303,007)	(86,312,625)	19,215,974	41,020,921	(88,227,277)

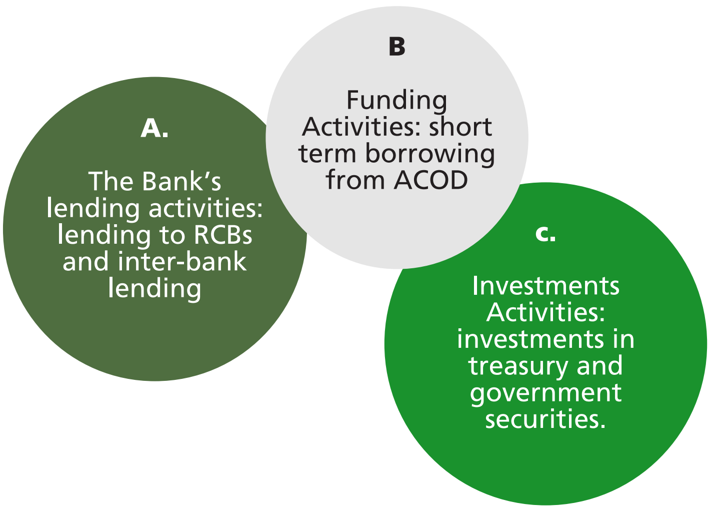
Market Risk:

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

Interest Rate Risk

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

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



The ALMCO manages the interest rate risk through Treasury Unit. Gap analysis is used in measuring interest rates risk. The interest- sensitive assets and liabilities are arranged in time buckets as per the re-pricing date (floating rate) and maturity (fixed rate and final repayment).The Bank also conducts Earnings Sensitivity Analysis which measures the interest rate sensitivity of the bank's net interest income. It measures the amount the net interest income of the Bank would change as a result of a percentage parallel shift in interest rate as pertained to the current maturity structure of the Bank's Balance Sheet with the following assumptions:

a. All repricing of assets and liabilities occur at the same time, in the middle of the time period.

b. The resultant gaps are in effect for the next twelve (12) months.

c. No other new business is booked.

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

	2023		2022	
	Increase	**Decrease**	**Increase**	**Decrease**
	200bp	**200bp**	**200bp**	**200bp**
Interest Income	(13,345,342)	13,702,304	13, 702,304	(13,702,304)
Interest expense	15,370,065	(15,370,065)	(10,159,146)	10, 159,146
Net Impact	**2,024,723**	**(1,667,761)**	**3,543,158**	**(3,543,158)**

The major financial instruments that are exposed to interest rate risks are the investment securities, loans and advances and borrowings. These instruments have been appropriately included in the sensitivity analysis above.

Foreign Exchange Risk

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

The foreign exchange risk is managed by ALMCO through the Treasury Unit. The Bank's currency position and exposure are managed within the exposure guidelines stipulated by the Bank of Ghana. As a matter of Bank of Ghana'vs directive, the Bank does not take open position in currency for speculative purposes, rather deals in foreign currency when disposing off forex to universal banks only.

The following mid inter-bank exchange rate were applied at the end of the year 2023 as compared to the year 2022:

Currency	2023	2022
US Dollar	11.8800	8.5760
GB Pound	15.1333	10.3118
EURO	13.1264	9.1457

The table below summarises the Bank's exposure to foreign currency exchange rate risk as at December 31, 2023 and December 31, 2022 respectively (all figures are in Ghana cedis).

December 31, 2023	Dollar	Pounds	Euro	Total
Financial Assets	GHS	GHS	GHS	**GHS**
Cash	438,561	591,903	41,742	1,072,206
Bank Balances	896,628	806,089	1,320,579	3,023,296
Total	**1,335,189**	**1,397,992**	**1,362,321**	**4,095,502**
Financial Liabilities				
Sundry Payments	1,004,098	-	-	1,004,098
Foreign Cover	454,342	127,947	-	582,289
Total	**1,458,440**	**127,947**	**-**	**1,586,387**
Net on financial position	**(123,251)**	**1,270,045**	**1,362,321**	**2,509,115**

December 31, 2022	Dollar	Pounds	Euro	Total
Financial Assets	GHS	GHS	GHS	GHS
Cash	474,080	108,130	29,083	611,293
Bank Balances	1,467,414	601,753	1,265,511	3,334,678
Total	**1,941,494**	**709,883**	**1,294,594**	**3,945,971**
Financial Liabilities				
Sundry Payments	724,843	-	-	724,843
Foreign Cover	264,695	23,736	23,736	288,431
Total	**989,538**	**23,736**	**-**	**1,013,274**
Net on financial position	**951,956**	**686,147**	**1,294,594**	**2,932,697**

Sensitivity Analysis

A 5% strengthening/weakening of the cedi against the following currencies as at December 31, 2023 and December 31, 2022 would have impacted on equity and profit or loss by the amounts shown below on the basis that all other variables remains constant.

	Change in currency	Effect on Profit/loss	Effect on Equity
		GHS	GHS
US Dollar	+/-5%	(73,211)/73,211)	(73,211)/73,211
GB Pound	+/-5%	961,271/(961,271)	961,271/(961,271)
Euro	+/-5%	894,119/(894,119)	894,119/(894,119)
2022	**Change in currency**	**Effect on Profit/loss**	**Effect on Equity**
		GHS	GHS
US Dollar	+/-5%	408,199/(408,199)	408,199/(408,199)
GB Pound	+/-5%	353,770/353,770)	353,770/(353,770)
Euro	+/-5%	591,999/(591,999)	591,999/(591,999)

Credit risk

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

Credit risk management

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

- Ensuring that the Bank has appropriate credit risk practices, including an effective system of internal control, to consistently determine adequate allowances in accordance with the Bank's stated policies and procedures, IFRS and relevant supervisory guidance.

- Identifying, assessing and measuring credit risk across the Bank, from an individual instrument to a portfolio level.

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

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

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

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

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

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

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

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

ii. Significant increase in credit risk

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

iii. Internal credit risk rating

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

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

All exposures are monitored and the credit risk grade is updated to reflect current information. The monitoring procedures followed are both general and tailored to the type of exposure.

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

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

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

The Bank generates a 'base case' scenario of the future direction of relevant economic variables as well as a representative range of other possible forecast scenarios. The Bank then uses these forecasts, which are probability-weighted, to adjust its estimates of PDs.

The Bank uses different criteria to determine whether credit risk has increased significantly per portfolio of assets. The criteria used are both quantitative changes in PDs as well as qualitative.

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

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

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

Incorporation of forward-looking information

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

The Bank employs experts who use external and internal information to generate a 'base case' scenario of future forecast of relevant economic variables along with a representative range of other possible forecast scenarios.
The external information used includes economic data and forecasts published by governmental bodies and monetary authorities. The Bank applies probabilities to the forecast scenarios identified. The base case scenario is the single most-likely outcome and consists of information used by the Bank for strategic planning and budgeting.

The Bank has identified and documented key drivers of credit risk and credit losses for each portfolio of financial instruments and, using a statistical analysis of historical data, has estimated relationships between macro-economic variables and credit risk and credit losses. The Bank has not made changes in the estimation techniques or significant assumptions made during the reporting period. Predicted relationships between the key indicators and default and loss rates on various portfolios of financial assets have been developed based on analyzing historical data over the past years.

Measurement of ECL

The key inputs used for measuring ECL are:

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

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

The calculation is based on statistical rating models and assessed using rating tools tailored to the various categories of counterparties and exposures. These statistical models are based on market data (where available), as well as internal data comprising both quantitative and qualitative factors. PDs are estimated considering the contractual maturities of exposures and estimated prepayment rates. The estimation is based on current conditions, adjusted to take into account estimates of future conditions that will impact PD. LGD is an estimate of the loss arising on default.

It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, taking into account cash flows from any collateral.

The LGD models for secured assets consider forecasts of future collateral valuation taking into account sale discounts, time to realisation of collateral, cross-collateralisation and seniority of claim, cost of realisation of collateral and cure rates (i.e. exit from non-performing status). LGD models for unsecured assets consider time of recovery, recovery rates and seniority of claims.

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

The Bank's modelling approach for EAD reflects expected changes in the balance outstanding over the lifetime of the loan exposure that are permitted by the current contractual terms, such as amortisation profiles, early repayment or overpayment, changes in utilisation of undrawn commitments and credit mitigation actions taken before default.

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

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

Credit quality

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

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

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

Loans and advances to RCBs at amortised cost

Concentration by sector	2023 GHS	2022 GHS
Northern Savanna Sector	**8,217,085**	5,583,079
Upper Western Sector	**9,932,922**	7,802,115
Upper Eastern Sector	**660,747**	906,970
Middle Sector	**11,099,690**	14,233,651
Coastal Middle Sector	**5,065,013**	11,156,660
Coastal Eastern Sector	**12,467,707**	7,649,218
Coastal Western Sector	**7,690,047**	5,608,583
Total	**55,133,211**	52,940,276

Debt investment securities at amortised cost	2023 GHS	2022 GHS
Sovereign	**622,805,207**	546,427,911
Domestic Debt Exchange Program Impairment	**(112,722,660)**	(113,964,446)
	510,082,547	432,463,465

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

Year ended December 2023

As at 1 January 2023					
Grades 1-3: Low to fair risk	44,347,508	-		-	44,347,508
Grades 4-6 Monitoring	-	-	-	-	-
Grades 7-8: Substandard	-	-	-	-	-
Grade 9: Doubtful	-	-	-	-	-
Grade 10: Impaired	-	-	10,948,467	-	10,948,467
Total gross carrying amount	**44,347,508**	**-**	**10,948,467**	**-**	**55,295,975**
Loss allowance	**2,088,071**	**-**	**10,785,703**	**-**	**12,873,774**

Year ended December 2023

	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	POCI	Total
Loans and advances at amortiesd cost	GHS	GHS	GHS	GHS	GHS
As at 1 January 2023					
Grades 1-3: Low to fair risk	41,731,017	-	-	-	41,731,017
Grades 4-6 Monitoring	-	-	-	-	-
Grades 7-8: Substandard	-	-	-	-	-
Grade 9: Doubtful	-	-	-	-	-
Grade 10: Impaired	-	-	11,944,946	-	11,944,946
Total gross carrying amount	**41,731,017**	**-**	**11,944,946**	**-**	**53,675,963**
Loss allowance	**2,532,605**	**-**	**11,944,946**	**-**	**14,477,551**

	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	POCI	Total
Debt investment securities at amortised cost	GHS	GHS	GHS	GHS	GHS
As at 1 January 2023	432,463,465	-	-	-	**432,463,465**
Changes in the gross carrying amount					
--Transfer to stage 1	-	-	-	-	-
--Transfer to stage 2	-	-	-	-	-
--Transfer to stage 3	-	-	-	-	-
--Changes due to modifications that did not result in derecognition	-	-	-	-	-
New financial assets originated or purchased	190,341,742	-	-	-	**190,341,742**
Financial assets that have been derecognised	-	-	-	-	-
Write off	-	-	-	-	-
Other changes	-	-	-	-	-
Gross carrying amount as at 31 December 2023	**622,805,207**	-	-	-	**622,805,207**
Loss allowance as at 31 December 2023	112,722,660	-	-	-	**112,722,660**
Net carrying amount as at 31 December 2023	**510,082,547**	-	-	-	**510,082,547**

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

32. Risk management (Cont'd)

	Year ended 31 December 2023 GHS	Year ended 31 December 2022 GHS
Loans and advances at amortised cost	**12,873,774**	14,477,551
Interbank placements at amortised cost	**-**	-

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

Loss allowance ' Loans and advances at amortised cost

	GHS
Loss allowance as at 1 January, 2023	**14,477,551**
Changes in the loss allowance	
Transition adjustment	**-**
--Transfer to stage 1	**-**
--Transfer to stage 2	**-**
--Transfer to stage 3	**-**
--Increases due to change in credit risk	**-**
--Decreases due to change in credit risk	**(1,603,777)**
Write-offs	**-**
Changes due to modifications that did	**-**
not result in derecognition	**-**
New financial assets originated or purchased	**-**
Financial assets that have been derecognised	**-**
Changes in models/risk parameters	**-**
Foreign exchange and other movements	**-**
Loss allowance as at 31 December, 2023	**12,873,774**

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

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

Loans and advances at amortised Cost	**Total GHS**
Loss allowance as at 1 January 2022	**17,222,412**
Transition adjustment	
Changes in the gross carrying amount	
--Transfer to stage 1	**-**
--Transfer to stage 2	**-**
--Transfer to stage 3	**-**
Increases due to changes in credit risk	**2,728,646**

Decreases due to change in credit risk	-
--Changes due to modifications that did not result in derecognition	-
New financial assets originated or purchased	-
Financial assets that have been derecognised	-
Write off	**(5,473,507)**
Other changes	**-**
Loss allowance as at 31 December 2022	**14,477,551**
Gross carrying amount as at 31 December 2022	**(53,675,963)**
Net carrying amount as at 31 December 2022	**(39,198,412)**

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

Neither past due nor impaired

These are loans and securities where contractual interest or principal payments are not past due.

Past due but not impaired

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

Impaired loans and securities

Impaired loans and securities are loans and securities for which the Bank determines that it is probable that it will be unable to collect all principal and interest due according to the contractual terms of the loan / securities agreement(s). These are loans and securities specifically impaired.

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

	2023 GHS	2022 GHS
Past due and impaired ' Stage 3	**10,948,467**	11,944,946
Past due but not impaired	-	-
Neither past due nor impaired- Stage 1	**44,184,744**	40,995,330
Fair value of collateral	**-**	-
	55,133,211	52,940,276
Less:		
Impairment write-back	**1,603,777**	(2,728,645)
Net amounts	**56,736,988**	50,211,631

Personal lending

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

Corporate lending

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

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

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

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

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

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

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

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

Stressed Testing

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

Provisioning

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

Write-off Policy

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

Compliance Risk

Compliance risk is defined as the risk of legal sanctions, material financial loss, or loss to reputation the Bank may suffer as a result of its failure to comply with laws, its own regulations, code of conduct, and standards of best practice.

Compliance forms an integral part of the Bank's culture and business activities.

The Bank's Compliance Unit is responsible for establishing and maintaining an appropriate framework of the Bank's compliance policies and procedures. Compliance with such policies and procedures is the responsibility of all departmental heads. However, the Compliance Unit monitors and reports on compliance to RAC through RIC. The activities of compliance function are subject to independent review by the Internal Control Department which keeps the Compliance Officer informed of any audit findings relating to compliance.

Reputational Risk

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

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

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

Concentration Risk

The key source of funding are from the RCBs as a result of its mandate- ARB Apex Bank Limited Regulations,2006 (L.I.1825). The Bank therefore, has only one customer type and that is the Rural and Community Banks. The comparable funding source concentration as at December 31, 2023 and December 31, 2022 were as follows:

Deposits from Rural and Community Banks	**2023 GHS**	2022 GHS
Reserved Placement-5% of RCBs' total deposit	**472,035,942**	334,329,710
RCBs' Clearing Account	**136,367,963**	162,984,460
ACOD	**267,591,538**	290,440,113
Short-Term Borrowing	**22,614,185**	15,114,185
Total	**898,609,628**	802,868,468
Total Liabilities	**1,272,626,327**	1,055,394,511
Concentration Ratio	**70%**	76%

32. Fair value of financial assets and liabilities

a. Fair value hierarchy

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

Level 1

Quoted prices (unadjusted) in active markets for identical assets or liabilities. This level includes listed equity securities and debt instruments on exchanges (for example, The Ghana Stock Exchange). As at 31 December 2023 and 31 December 2022, the Bank did not hold any level 1 financial asset and/or liabilities.

Level 2

Inputs other than quoted prices included within Level 2 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices). As at 31 December 2023 and 31 December 2022, the Bank did not hold any level 2 financial asset and/or liabilities.

Level 3

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

The carrying amounts of the financial assets and liabilities approximates their fair value. With the exception of Land and Building, there were no financial assets and liabilities measured at fair value in 2023 (2022: Nil).

Revaluation of land and building

The properties revaluation reserve arises on the revaluation of land and building. When revalued land or buildings are sold, the portion of the properties revaluation reserve that relates to that asset is transferred directly to retained earnings. Items of other comprehensive income included in the property's revaluation reserve will not be reclassified subsequently to profit or loss.

Distributions from the properties revaluation reserve can be made where they are in accordance with the requirements of the Bank's policy.

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

During the last valuation in January 2019, land and building was revalued at $4.1 million and $2.3 million respectively at an exchange rate of ghS4.44 / USD1.00. Details are shown below:

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

33. Capital management

Material Uncertainty related to Going Concern

The Bank's total equity as at 31 December 2023 was a negative GHS32.4 million (2022:- GHS47.6million). This was primarily driven by the impact of DDEP in the prior year. The bank's equity position before the impact of the DDEP of GHS 113m was GHS 34.8 million. Management of the Bank put in measures to increase its stated capital and in December 2022, by a special resolution to increase the stated capital of the Bank by GHS 25million over a period of five years. This meant that its members (RCBs) would subscribe to an additional GHS 5million worth of shares every year. As at 31 December 2023, an additional capital of GHS4.1 million has been injected by the RCBs.

Regulatory reliefs

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

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

The Bank's regulatory capital is divided into two tiers:

Common Equity Tier 1 capital: includes ordinary (common) shares issued by the Bank that meet the criteria for classification as ordinary shares for regulatory purposes, retained earnings, statutory reserves and disclosed reserves after deducting specified assets such as intangibles and certain classes of investments.

Common Equity Tier 2 capital: includes qualifying subordinated loan capital, property revaluation reserves and unrealized gains arising on the fair valuation of instruments held as hold to collect and sell. The risk-weighted assets are measured using the standardized approach to reflect an estimate of credit, market and operational risks associated with each counterparty for on and off-balance sheet exposures.

The Capital Adequacy Ratio (CAR) is the quotient of the capital base of the Bank and the Bank's risk-weighted asset base. In accordance with Bank of Ghana Capital Requirements Directive (CRD or 'the Directive') issued under Section 92 (1) of the Banks and Specialised Deposit-Taking Institutions Act 2016 (Act 930) ('the BSDI Act'), a minimum ratio of 13% is to be maintained.
On the right is a summary of comparable composition of regulatory capital and ratios of the Bank based on the CRD guidelines.

Tier 1 Capital	**2023 GHS**	2022 GHS
Ordinary share capital	**13,434,870**	9,268,190
Statutory Reserve	**10,429,014**	12,584,856
Retained Earnings	**(11,086,126)**	(69,420,584)
Tier 1 Capital before adjustments	**12,777,758**	(47,567,538)
Less: Regulatory Adjustment	**10,892,751**	12,008,469
Total tier 1 capital	**1,885,007**	59,576,007
Tier 2 Capital		
Other Reserves	**13,189,893**	13,189,893
Total tier 2 capital	**15,074,900**	46,386,114
Risk profile		
Total credit risk-weighted asset	**333,543,811**	443,999,545
Total operational risk-weighted asset	**163,463,099**	135,741,225
Total market risk-weighted asset	**50,323,547**	20,682,662
Total risk-weighted asset	**547,330,547**	600,423,452
Capital adequacy ratio	**2.75%**	**(7.73%)**

The tables above summarises the composition of regulatory capital adequacy ratio of the Bank as at 31 December 2023 in line with the capital adequacy requirements of Section 29 (1) of the Banks and Specialised Deposit-Taking Institutions Act, 2016 (Act 930).

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

35. Long term borrowing

	2023 GHS	2022 GHS
At 1 January	**14,275,832**	3,322,566
Addition	**-**	14,036,236
Interest on loan	**1,590,758**	403,033
Principal paid	**(3,435,940)**	(3,486,003)
At 31 December	**12,430,650**	14,275,832

The Bank contracted a Kfw loan facility in May 2020 at the rate of 6% per annum through Ghana Interbank Payments and Settlement System (GhIPSS) for four years tenor for the acquisition of E-zwich cards and Automated Teller Machines (ATMs) on behalf of the RCBs. This was fully paid in March 2023.

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

Appendix

Value Added Statement for the year ended 31 December

	2023	2022
	GHS	GHS
Interest earned & other operating income	228,782,609	133,108,932
Direct cost of services	(71,943,954)	(37,346,804)
Value added by banking services	156,838,655	95,762,128
Non-banking income	7,398,822	12,055,447
Impairments	(18,801,143)	(116,623,091)
Value added	145,436,334	(8,805,516)
Distributed as follows: -to employees:		
Directors (without executives)	(1,226,924)	(1,124,172)
Other employees	(65,345,962)	(50,523,690)
Post-retirement benefits	(715,496)	(412,195)
To government:		
Income tax credit/(expense)	-	-
To providers of capital:		
Dividend to shareholders-	-	-
To expansion & growth:		
Deferred tax	**(29,397,683)**	24,749,669
Operating lease	**(684,783)**	(523,350)
Depreciation & amortisation	**(10,129,688)**	(7,364,936)
Suppliers of goods & services	**(46,786,025)**	(34,777,120)
	(154,286,561)	(69,975,794)
Retained earnings	**(8,850,227)**	(78,781,308)

PROXY FORM

An ANNUAL GENERAL MEETING of the ARB Apex Bank PLC is to be held on Saturday, July 27, 2024 at 10:00 am prompt.

We DIRECTORS being members of ______________________ Rural/Community Bank Limited

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

with a duly signed proxy form to attend and vote for us and on our behalf at the Annual General Meeting of the Bank to be held on July 27, 2024.

Dated this ________ day of ______________ 2024

____

Signature (Authorised Signatory)

Name: ______________________

Designation ______________________

Company Seal/Stamp

____

Signature (Authorised Signatory)

Name: ______________________

Designation ______________________

Company Seal/Stamp

Resolutions from the Board	For	Against
1. To receive and adopt the Financial Statements of the Company (together with the reports of the Directors and the External Auditors of the Company) for the year ended 31st December, 2023		
2. To approve the Directors fees.		
3. To authorize the Directors to determine the remuneration of the Auditors.		

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

ARB APEX BANK

Together for progress

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