SERVICES INTEGRITY SAVINGS AND LOANS LTD

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

Contents

CORPORATE INFORMATION

Directors	Major Amarkai Amarteifio (Rtd) – Board Chairman Vice Admiral Seth Amoama - Resigned on 14 March 2022 Major General W.A. Ayamdo (Rtd) – Resigned on 08 September 2022 Rear Admiral P. K. Faidoo (Rtd) – Resigned on 06 September 2022 Major General Thomas Oppong-Peprah Brigadier General Daniel Kofi Amissah Chief Warrant Officer Barker Ramous (Rtd) – Resigned on 09 September 2022 Lydia Daddy – Managing Director Thomas F. K. Senya Air Vice Marshal Frank Hanson – Appointed on 08 August 2022 Rear Admiral Issah Adam Yakubu – Appointed on 23 September 2022 Senior Warrant Officer Addo Daniel – Appointed on 08 August 2022 Solomon Ocquaye Tettey – Akpeng – Appointed on 08 August 2022
Company Secretary	Issah Adam
Registered Office	Block 1 Labadi Villas Business Center Giffard Road, Burma Camp Accra
Independent Auditor	PricewaterhouseCoopers Chartered Accountants PwC Tower A4 Rangoon Lane, Cantonments City PMB CT42, Cantonments Accra, Ghana

REPORT OF THE DIRECTORS

We, the Board of Services Integrity Savings and Loans LTD (the 'Company'), submit herewith the Annual Report on the state of affairs of the Company for the year ended 31 December 2022.

Directors' Responsibility Statement

The Company's directors are responsible for the preparation of the financial statements that give a true and fair view of Services Integrity Savings and Loans LTD's financial position at 31 December 2022, and of the profit or loss and cash flows for the period then ended, and the notes to the financial statements which include a summary of significant accounting policies and other explanatory notes, in accordance with International Financial Reporting Standards, and in the manner required by the Companies Act, 2019 (Act 992), and the Banks and Specialised Deposit Taking Institutions Act, 2016 (Act 930). In addition, the directors are responsible for the preparation of this directors' report.

The Directors are also responsible 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, and for maintaining adequate accounting records and an effective system of risk management.

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

Principal activities

The Company is authorised to transact business as a savings and loans company.

Financial results and dividend

The financial results for the year ended 31 December 2022 are set out below:

	GH¢
Profit for the year before tax of	**7,783,585**
from which is deducted national fiscal stabilisation levy of	**(389,179)**
from which is deducted income tax expense of	**(1,374,880)**
giving a profit for the year after tax of	**6,019,526**
from which is transferred from/(to) : credit risk reserve	**628,633**
statutory reserve	**(3,009,763)**
Dividend paid for 2021	**(4,500,000)**
and added to a balance brought forward on retained earnings account of	**13,508,143**
leaving a balance carried forward on retained earnings account of	**12,646,539**

The directors made a dividend payment of GH¢0.45 per share amounting to GH¢4,500,000 for the year ended 31 December 2021. No dividend payment is proposed for 2022.

REPORT OF THE DIRECTORS (continued)

Corporate Social Responsibilities

The Company spent a total of GH¢799,784 on corporate social responsibilities during the year. These are mainly in the form of sponsorships and donations to institutions within the Ghana Armed Forces.

Audit fee payable

The audit fee for the year ended 31 December 2022 is disclosed in Note 29.

Capacity of directors

The Company ensures that only fit and proper persons are appointed to the Board after obtaining the necessary approval from the regulator, Bank of Ghana. Relevant training and capacity building programs are put in place to enable the directors discharge their duties. Eight (8) directors as well as the Board secretary have obtained certification for participating in Directors' Training Program for 2022.

Directors

The names of the directors who served during the year are provided on page 1. No director had any interest at any time during the year, in any contract of significance, other than a service contract with the Company. No directors had interest in the shares of the Company.

Auditor

In accordance with Section 139 (11) of the Companies Act, 2019 (Act 992) and Section 81(4) of the Banks and Specialised Deposit Taking Institutions Act, 2016 (Act 930) which stipulate that the auditor shall hold office for a term of not more than six years subject to a cooling-off period, the auditor PricewaterhouseCoopers, will resign from office on the completion of this audit.

Approval of the financial statements

The financial statements of the Company were approved by the board of directors on 18 **May 2023** and were signed on their behalf by:

....
Major Amarkai Amarteifio(Rtd)
Chairman

....
Lydia Daddy
Managing Director

CORPORATE GOVERNANCE REPORT

Services Integrity Savings and Loans LTD is committed to fulfilling its corporate governance obligations and responsibilities in the best interests of its stakeholders by ensuring that its policies and procedures reflect a high standard of corporate governance practices.

Board of Directors Composition

As at 31 December 2022, the Board of Directors of the Company was made up of a Non-Executive Chairman, seven (7) Non-Executive Directors and one (1) Executive Director with a good blend of relevant skills, competencies and experience. The directors have relevant knowledge about their statutory responsibilities as well as responsibilities to their stakeholders.

Profile of Directors

Major Amarkai Amarteifio(Rtd)

Maj Amarkai Amarteifio(Rtd) is a Lawyer by profession. He has served as Ghana's PNDC Secretary for Greater Accra Region from 1982 to 1983 and for Youth and Sports from 1983 to 1986. He also served as the Consul General of the Swedish Honorary Consulate in Accra, Ghana. He holds an LLB from the University of London and was called to the English Bar (Inner Temple).

Air Vice Marshal Frank Hanson

Air Vice Marshal Frank Hanson served as Chief of Air Staff of the Ghana Air Force from January 2019 to 26th February 2023. He has a distinguished military career, having been commissioned as a pilot in 1990 and holding key command appointments. He has received education and training from prestigious institutions such as the Air War College in Alabama, USA, and the John F. Kennedy School of Government at Harvard University. He has also served in peacekeeping missions in Eritrea, Ethiopia, and Mali, and has been recognized for his distinguished service

Rear Admiral Issah Adam Yakubu

Rear Admiral Issah Adam Yakubu has a distinguished career in the Ghana Navy, having joined as an Executive Officer in 1991. He has completed various international courses and has been recognized for his achievements, including being adjudged the best international student on multiple occasions.

Rear Admiral Yakubu has held various positions, including serving on Ghana Navy ships during military interventions in Liberia and Sierra Leone, and commanding GNS ANZONE. He has also served as a Directing Staff at the Ghana Armed Forces Command and Staff College and the Armed Forces Command and Staff College in Nigeria.

Rear Admiral Yakubu has been awarded several medals for his accomplishments, including those attained during international peace operations. He holds a Master of Arts Degree in International Relations and a Post-graduate Diploma in Public Administration. He is also an avid researcher and has authored numerous papers on maritime security and strategy, and co-authored and co-edited the official history of the Ghana Navy titled "History of the Ghana Navy: A Case for a Credible Naval Force for National Development." Rear Admiral Yakubu was appointed as Acting Chief of the Naval Staff and confirmed as the 18th Chief of the Naval Staff (CNS) on March 4, 2021.

CORPORATE GOVERNANCE REPORT (continued)

Profile of Directors (continued)

Mr. Solomon Ocquaye Tettey-Akpeng

Mr. Solomon Ocquaye Tettey-Akpeng has nearly 36 years of experience in the banking industry and is currently working as a consultant in Banking and Finance. He has held various roles in Ecobank Ghana, including Deputy Country Risk Officer, Branch Manager, Manager-Consumer Banking, Head of Trade Services Department, and Head of Remedial Unit of the Risk Management Department. He has also worked at Standard Chartered Bank, Ghana as an Economic Research Officer, Senior Credit Analyst, Corporate Banking Accounts Relationship Manager, and Manager responsible for Support Services/Credit Administration.

He has served as the first Country Risk Manager for Ecobank Uganda and later became the Executive Director for Risk. As a private consultant, he has developed operational policies and procedures, business continuity plans, and risk management manuals for various financial institutions, including Services Integrity Savings and Loans Ltd and the Development Bank of Nigeria. He has also been contracted by the African Development Bank to develop the Operations Manual for the Affirmative Finance Action for Women in Agriculture (AFAWA). Mr. Tettey-Akpeng is a facilitator for the Chartered Institute of Bankers (CIB) Ghana Certificate Programme in Enterprise Risk Management, Credit Risk, and Operational Risk Management, as well as the Risk Governance Module for the National Banking College. He holds an MBA in Finance from the University of Leicester, UK, a BSc in Physics, Mathematics, and Statistics from the University of Ghana, Legon, and is a member of the Chartered Institute of Bankers (UK) and an ACCA Affiliate.

Major General Thomas Oppong-Peprah

Major General Thomas Oppong-Peprah is a high-ranking military officer in the Ghana Armed Forces, currently serving as Ghana's Chief of Army Staff and Chairman of the Board of Trustees of the Ghana Armed Forces Provident Fund. He has held key leadership positions and has extensive experience in peacekeeping missions in countries such as Rwanda, Libya, Chad, Western Sahara, and Lebanon.

He has received education and training from prestigious institutions, including the Command and Staff College in Nigeria and the Royal College of Defence Studies in London, and holds advanced degrees in International Security and Strategy, Human Resource Management, and Administration. He is also a member of the Governing Board of the National Disaster Management Organization.

Brigadier General Daniel K. Amissah

Brigadier General Daniel K. Amissah is a serving military officer in the Ghana Armed Forces, currently holding the position of Defence Financial Controller. He has previously served as the Commanding Officer of the Forces Pay Regiment and has participated in peacekeeping missions in countries such as Liberia, Cambodia, Lebanon, and Western Sahara.
He is also a member of the Ghana Armed Forces Provident Fund's Board of Trustees. Brigadier General Amissah has received training and education from the Ghana Armed Forces Command and Staff College, Coventry University, Gamey and Gamey Mediation Academy, and GIMPA, holding advanced degrees in Supply Chain Management, Mediation and Arbitration, and Entrepreneurship. He is also a member of the Institute of Directors (Ghana).

CORPORATE GOVERNANCE REPORT (continued)

Profile of Directors (continued)

Chief Warrant Officer Addo Daniel

Chief Warrant Officer (CWO) Addo Daniel enlisted in the Ghana Army in January 1996 and has since undergone various military training courses, including infantry and machine gun training, as well as leadership courses. He holds a diploma in American Language Course from the Defense Language Institute English Language Center in the USA and a certificate in Joint Knowledge Online Senior Enlisted Joint Professional Military Education II (SEJPME II) from the USA.

He is a graduate of the "Class 68 of the United States Army NCO's Leadership Centre of Excellence" Sergeants Major Course and has served in various roles within the Ghana Armed Forces, including as a Machine Gun Warrant Officer, Regimental Sergeant Major for MONUSCO GHANBATT 12, Command Sergeant Major at HQ Central Command in Kumasi, and Sergeant of the Ghana Army. CWO Addo has been awarded the Long Service and Good Conduct Medal for his 15 years of unblemished service. He has also participated in several peacekeeping operations, including ECOMOG GHANBATT 16, UNIFIL in South Lebanon, GHANBATTS 57, 59 & 73, UNMIL in Liberia, and GHANBATT 12 in MONUSCO, DR Congo. CWO Daniel Addo holds a BSc and an HND in Accounting from the University of Professional Studies, Accra, Ghana (UPSA).

Mr. Thomas F.K. Senya

Mr. Thomas F. Senya is a Chartered Accountant by profession. He is currently the General Manager responsible for Finance and Administration at Micheletti and Company Limited. His professional career spans both the public and private sector. He has held senior management positions with the Controller and Accountant Generals Department and Shell Ghana Limited. He is the President of the Kodzi – Deta Development Union. He holds an MBA in Finance from the University of Ghana. He is a member of the Chartered Institute of Management Accountants (UK) and the Institute of Chartered Accountants (Ghana).

Mrs. Lydia Daddy

Mrs. Lydia Daddy is a Risk Management Professional and a Chartered Accountant. She is the Managing Director of the company. She previously served on the Board of Valley View University. Mrs Daddy is currently serving on the Board of Ghana Association of Savings & Loans companies (GHASALC). Prior to joining Services Integrity Savings and Loans LTD (SISL), she held various senior roles within the financial services industry. She served as the Director, Risk Management of Merchant Bank Ghana Limited (now Universal Merchant Bank). She holds a BBA (Management Option) from the University of Eastern Africa, Kenya. She is also a Certified Public Accountant (Kenya).

CORPORATE GOVERNANCE REPORT (continued)

BOARD EFFECTIVENESS REVIEW

Directors Responsibilities

The directors of the Company are responsible for approving and overseeing the institution's strategic objectives, risk strategy, corporate governance and corporate values.

The Board of Directors monitors compliance with applicable legislation, regulations and standards in Ghana. The Board met six (6) times during the year.

Committees

The Board has delegated some of its work to the Audit and Risk Sub-Committees.
Members of the committees are as follows:

Audit Committee

Name of Director	Position
Mr. Thomas F.K. Senya	Chairman
Brigadier General Daniel K. Amissah	Member
Rear Admiral Peter K. Faidoo (Rtd)	Member

Risk Committee

Name of Director	Position
Major General William A. Ayamdo (Rtd)	Chairman
Brigadier General Daniel K. Amissah	Member
Mrs. Lydia Daddy	Member

Attendance at Board Meetings

The meetings of the Board and its sub-committees are presented in the table below:

Name of Director	Board Meeting Attendance	Audit Committee Meeting Attendance	Risk Committee Meeting Attendance
Major Amarkai Amarteifio (Rtd)	6	N/A	N/A
Air Vice Marshal Frank Hanson	1	N/A	-
Rear Admiral Issah Adam Yakubu	1	1	-
Chief Warrant Officer Addo Daniel	1	N/A	N/A
Major General William A. Ayamdo (Rtd)	4	N/A	3
Brigadier General Daniel K. Amissah	6	5	5
Rear Admiral Peter K. Faidoo (Rtd)	4	3	N/A
Chief Warrant Officer Ramous Barker	3	N/A	N/A
Mr. Thomas F.K. Senya	6	5	N/A
Mr. Solomon Ocquaye Tettey-Akpeng	1	N/A	-
Mrs. Lydia Daddy	6	5	5
Major General Thomas Oppong-Peprah	1	N/A	N/A
Rear Admiral Seth Amoama	-	N/A	N/A

CORPORATE GOVERNANCE REPORT (continued)

BOARD EFFECTIVENESS REVIEW (continued)

Shares held by Directors and other related parties

No director held shares as at 31 December 2022.

Conflict of Interest

The Board Constitution contains a Conflict of Interest Policy for the Board. Conflict of interest disclosures were made to the Bank of Ghana during the year.

Corporate Governance Certification

Eight (8) directors and the Board Secretary have obtained certification for participating in Directors' Training Program.

RISK MANAGEMENT DECLARATION

The Board of Directors of Services Integrity Savings & Loans Ltd (SIS&L) provides oversight over enterprise risk and is ultimately responsible for the implementation of the enterprise risk management framework. The Board superintends Senior Management, provides a reasonable assurance, and declares that:

• The Board and Management of the Company are aware of their responsibilities and that adequate action plans to address identified deficiencies in internal controls are documented and implemented.

• The Company has systems to ensure compliance with all prudential requirements, including the requirements of the BoG risk management directives.

• The risk management framework is appropriate; SIS&L has systems and resources to identify, measure, evaluate, control, mitigate and report material risks commensurate with the size, business mix and complexity.

• Risk management and internal control systems are adequate, operating effectively and are reviewed on a regular basis.

• There is a duly segregated system of internal controls, processes and management information systems in place which are implemented effectively and monitored by appropriately trained personnel.

• We ensure our business practices are conducted in a manner that is above reproach and employees are required to maintain high ethical standards.

....

Major Amarkai Amarteifio(Rtd)
Chairman, Board of Directors

....

Major General William A. Ayamdo(Rtd)
Chairman, Risk Committee

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF SERVICES INTEGRITY SAVINGS AND LOANS LTD

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Our opinion

In our opinion, the accompanying financial statements give a true and fair view of the financial position of Services Integrity Savings and Loans LTD (the "Company") as at 31 December 2022, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards and in the manner required by the Companies Act, 2019 (Act 992) and the Banks and Specialised Deposit-Taking Institutions Act, 2016 (Act 930).

What we have audited

We have audited the financial statements of Services Integrity Savings and Loans LTD for the year ended 31 December 2022.

The financial statements comprise:

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

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report.

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

Independence

We are independent of the Company in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) (the Code) issued by the International Ethics Standards Board for Accountants and the independence requirements of section 143 of the Companies Act, 2019 (Act 992) that are relevant to our audit of the financial statements. We have fulfilled our other ethical responsibilities in accordance with the Code.

Key audit matters

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

Key audit matters (continued)

Key audit matter	How our audit addressed the key audit matter
Expected credit losses on loans and advances and investment securities At 31 December 2022, the Company's gross loans and advances was GH¢247,182,545 and gross investment securities was GH¢26,837,982. Expected credit loss of GH¢2,656,930 and GH¢268,380 were recognised on loans and advances and investment securities respectively. Loans and advances are primarily made to members of the Ghana Armed Forces and staff of the Company. Investment securities is made up of fixed deposits with financial institutions. The company uses the Expected Credit Loss (ECL) approach, which takes into account a broad range of information, including forward-looking macroeconomic conditions with a number of underlying assumptions regarding the choice of inputs such as interest rates, gross domestic product growth rates, inflation rates and the effect of probability of default (PD), Exposure at default (EAD) and Loss given default (LGD). Key judgements and estimates in respect of the timing and measurement of expected credit losses (ECL) include: • Definition of default and credit impaired assets focusing on both the qualitative and quantitative criteria used by the Company; • Allocation of assets to stage 1, 2, or 3 using the significant increase in credit risk (SICR) criteria and focusing on both the qualitative and quantitative indicators; • Accounting interpretations and modelling assumptions used to build the models that calculate the ECL such as the Probability of Default – PD, Exposure At Default – EAD and Loss Given Default – LGD;	Our audit procedures related to the Company's impairment of loans and advances and investment securities included the following: We obtained an understanding of and evaluated controls supporting management's estimates and assumptions and tested selected key controls. We assessed management's definition of default for compliance with IFRS 9 and management's application of this definition in the allocation of assets to stage 1, 2 and 3. We assessed the measurement decisions and the ECL models developed by the Company which include challenging management's determination of: - significant increase in credit risk, - default, - probability of default - exposure at default, and - loss given default. We reviewed client loan files and repayment history to assess significant increase in credit risk. We examined a sample of financial assets which had not been identified by management as impaired or for which there was no significant increase in credit risk at the reporting date and formed our own judgement. We recomputed the ECL model calculations to confirm risk parameter outputs of the probability of default.

Key audit matters (continued)

Key audit matter	How our audit addressed the key audit matter
• Completeness and accuracy of data used to calculate the ECL; • Forward-looking information and assumptions used to estimate the impact of multiple economic scenarios such as inflation rate, interest rate and the gross domestic product growth rate; The accounting policies, critical estimates, judgements and impairment charges are set out in notes 2.4, 3(a), 4.2, 8, 9 and 26 to the financial statements.	We obtained and tested a sample of detailed listing of assets by borrower and type of asset and reconciled it to the model's exposure at default. We confirmed the value of collateral assigned to the Company at the reporting date and reconciled that to the model input used to determine the LGD. We tested the data used in the ECL calculation by reconciling to source systems. We assessed the reasonableness of forward-looking information incorporated into the impairment calculations by challenging the multiple economic scenarios chosen and the weighting applied. We assessed the adequacy and appropriateness of disclosures for compliance with IFRS 9.

Other information

The directors are responsible for the other information. The other information comprises the Corporate Information, Report of the Directors, Corporate Governance Report, Risk Management Declaration and Value Added Statement but does not include the financial statements and our auditor's report thereon.

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

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

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

Responsibilities of the directors for the financial statements

The directors are responsible for the preparation of financial statements that give a true and fair view in accordance with International Financial Reporting Standards and in the manner required by the Companies Act, 2019 (Act 992) and the Banks and 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.

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF SERVICES INTEGRITY SAVINGS AND LOANS LTD (continued)

Responsibilities of the directors for the financial statements (continued)

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.

The directors are responsible for overseeing the Company's financial reporting process

Auditor's responsibilities for the audit of the financial statements

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

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

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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 basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the 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; and

Auditor's responsibilities for the audit of the financial statements (continued)

- 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.

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

From the matters communicated with 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:

i) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;

ii) in our opinion proper books of account have been kept by the Company, so far as appears from our examination of those books; and

iii) the Company's statement of financial position and the Company's statement of comprehensive income are in agreement with the books of account.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS (continued)

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

i) the accounts give a true and fair view of the state of affairs of the Company and the results of operations for the period under review;

ii) we were able to obtain all the information and explanations required for the efficient performance of our duties as auditor;

iii) the Company's transactions were within its powers; and

iv) the Company has, in all material respects, complied with the provisions of this Act.

With respect to the provisions of the Anti-Money Laundering Act, 2020 (Act 1044), the Anti-Terrorism Act, 2008, (Act 762) and the Regulations made under these enactments, we did not identify any instances of non-compliance based on procedures we performed.

The engagement leader on the audit resulting in this independent auditor's report is Destiny Selorm Attatsitsey (ICAG/P/1619).

PricewaterhouseCoopers

PricewaterhouseCoopers (ICAG/F/2023/028)
Chartered Accountants
Accra, Ghana
24 May 2023

pwc

STATEMENT OF FINANCIAL POSITION

(All amounts are in Ghana cedis)

	Note	At 31 December 2022	2021
Assets			
Cash and bank balances	7	**23,705,777**	3,333,333
Investment securities	8	**26,569,602**	23,025,265
Loans and advances to customers	9	**244,525,615**	222,205,993
Other assets	10	**1,437,341**	1,239,372
Intangible assets	11	**71,309**	402,911
Deferred income tax	18	**1,329,019**	34,195
Right-of-use asset	12	**16,625,351**	1,200,746
Property and equipment	13	**7,069,380**	7,813,934
Total assets		**321,333,394**	259,255,749
Liabilities			
Customer deposits	14	**44,604,108**	33,937,582
Other liabilities	15	**1,718,683**	876,874
Due to related party	16	**167,922,145**	134,322,237
Lease liability	12	**17,459,926**	1,413,172
Current income tax	17	**460,282**	1,057,160
Total liabilities		**232,165,144**	171,607,025
Equity			
Stated capital	19	**62,000,000**	62,000,000
Retained earnings	20	**12,646,539**	13,508,143
Credit risk reserve	21	**511,526**	1,140,159
Statutory reserve	21	**14,010,185**	11,000,422
Total equity		**89,168,250**	87,648,724
Total liabilities and equity		**321,333,394**	259,255,749

The financial statements on pages 16 to 52 were approved by the Board of Directors on 18 **May 2023** and signed on its behalf by:

Signature:

Major Amarkai Amarteifio (Rtd)
Chairman

Signature:

Lydia Daddy
Managing Director

The notes on pages 20 to 52 are an integral part of these financial statements.

STATEMENT OF COMPREHENSIVE INCOME

(All amounts are in Ghana cedis)

	Note	Year ended 31 December 2022	2021
Interest income	22	**53,467,694**	41,515,221
Interest expense	23	**(27,536,183)**	(17,629,516)
Net interest income		**25,931,511**	23,885,705
Fees and commission income	24	**4,787,366**	6,554,084
Other income	25	**2,879,025**	161,726
Operating income		**33,597,902**	30,601,515
Impairment on financial assets	26	**(1,311,609)**	(303,963)
Personnel expenses	27	**(12,587,001)**	(9,132,159)
Depreciation and amortisation	28	**(3,321,979)**	(3,046,791)
Operating expenses	29	**(8,593,728)**	(6,850,070)
Profit before tax		**7,783,585**	11,268,532
National fiscal stabilisation levy	30	**(389,179)**	(563,427)
Income tax expense	31	**(1,374,880)**	(4,207,282)
Profit for the year		**6,019,526**	6,497,823
Other comprehensive income		**-**	-
Total comprehensive income for the year		**6,019,526**	6,497,823

The notes on pages 20 to 52 are an integral part of these financial statements.

STATEMENT OF CHANGES IN EQUITY

(All amounts are in Ghana cedis)

	Stated Capital	Retained earnings	Credit risk reserve	Statutory reserve	Total
Year ended 31 December 2022					
Balance at 1 January	62,000,000	13,508,143	1,140,159	11,000,422	**87,648,724**
Comprehensive income:					
Profit for the year	-	**6,019,526**	-	-	**6,019,526**
Other comprehensive income	-	-	-	-	-
Total comprehensive income	-	6,019,526	-	-	**6,019,526**
Transfer from credit risk reserve	-	628,633	(628,633)	-	-
Transfer to statutory reserve	-	(3,009,763)	-	3,009,763	-
Dividend paid for 2021	-	(4,500,000)	-	-	**(4,500,000)**
Balance at 31 December	**62,000,000**	**12,646,539**	**511,526**	**14,010,185**	**89,168,250**
Year ended 31 December 2021					
Balance at 1 January	62,000,000	10,891,851	507,540	7,751,510	81,150,901
Comprehensive income:					
Profit for the year	-	6,497,823	-	-	6,497,823
Other comprehensive income	-	-	-	-	-
Total comprehensive income	-	6,497,823	-	-	6,497,823
Transfer to credit risk reserve	-	(632,619)	632,619	-	-
Transfer to statutory reserve	-	(3,248,912)	-	3,248,912	-
Balance at 31 December	62,000,000	13,508,143	1,140,159	11,000,422	87,648,724

The notes on pages 20 to 52 are an integral part of these financial statements.

NOTES

1. General information

Services Integrity Savings and Loans LTD provides savings and loans products to personnel of the Ghana Armed Forces and the general public. The Company is a limited liability company incorporated and domiciled in Ghana. The address of the Company's registered office is Block 1 Labadi Villas Business Center, Giffard Road, Burma Camp, Accra.

2. Summary of significant accounting policies

The principal accounting policies adopted in the preparation of these financial statements are set out below and have been consistently applied to all years presented, unless otherwise stated.

2.1. Basis of preparation

a) Compliance with IFRS

The financial statements of Services Integrity Savings and Loans LTD 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 IFRS Interpretations Committee (IFRS IC) applicable to companies reporting under IFRS.

b) Historical cost convention

The financial statements have been prepared under the historical cost convention except for financial statement line items designated as fair value.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise judgement in the process of applying the company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 3.

(c) New standards, amendments and interpretations adopted by the Company

The following amendments and International Financial Reporting Interpretation Committee (IFRIC) interpretations were adopted by the Company for the first time for the financial year beginning on 1 January 2022.

• Covid-19-Related Rent Concessions – amendments to IFRS 16, and
• Interest Rate Benchmark Reform – Phase 2 – amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16.

The Company also elected to adopt the following amendments early:

• Deferred Tax related to Assets and Liabilities arising from a Single Transaction – amendments to IAS 12.

The amendments listed above did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

(d) Standards and interpretations issued/amended but not yet effective

Certain new accounting standards and interpretations have been published that are not mandatory for 31 December 2022 reporting periods and have not been early adopted by the Company. These standards are not expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

NOTES (continued)

2. Summary of significant accounting policies (continued)

2.2 Foreign currencies

Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the Company operates ("the functional currency"). The financial statements are presented in Ghana cedis, which is the Company's functional and presentation currency.

Transactions and balances
Other currency transactions are accounted for at the exchange rates prevailing at the dates of transactions. Monetary assets and liabilities denominated in currencies other than the Ghana cedis at the balance sheet date are translated into Ghana cedis at the exchange rates ruling at that date.

Foreign exchange gains and losses resulting from the settlement of foreign currency transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the profit or loss.

2.3 Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks and other short term highly liquid investments with original maturities of three months or less.

2.4 Financial assets and financial liabilities

2.4.1 Financial assets

Measurement methods

Amortised cost and effective interest rate

The amortised cost is the amount at which the financial asset or financial liability is measured at initial recognition minus the principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount and, for financial assets, adjusted for any loss allowance.

The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial asset or financial liability to the gross carrying amount of a financial asset (i.e. its amortised cost before any impairment allowance) or to the amortised cost of a financial liability. The calculation does not consider expected credit losses and includes transaction costs, premiums or discounts and fees and points paid or received that are integral to the effective interest rate, such as origination fees.

NOTES (continued)

2. Summary of significant accounting policies (continued)

2.4 Financial assets and financial liabilities (continued)

2.4.1 Financial assets (continued)

Measurement methods (continued)

Amortised cost and effective interest rate (continued)

For purchased or originated credit-impaired ('POCI') financial assets – assets that are credit-impaired at initial recognition – the Company calculates the credit-adjusted effective interest rate, which is calculated based on the amortised cost of the financial asset instead of its gross carrying amount and incorporates the impact of expected credit losses in estimated future cash flows.

When the Company revises the estimates of future cash flows, the carrying amount of the respective financial assets or financial liability is adjusted to reflect the new estimate discounted using the original effective interest rate. Any changes are recognised in profit or loss.

(i) Initial recognition and measurement

Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions of the instrument. Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the Company commits to purchase or sell the asset.

At initial recognition, the Company measures a financial asset or financial liability at its fair value plus or minus, in the case of a financial asset or financial liability not at fair value through profit or loss, transaction costs that are incremental and directly attributable to the acquisition or issue of the financial asset or financial liability such as fees and commissions. Transaction costs of financial assets and financial liabilities carried at fair value through profit or loss are expensed in profit or loss. Immediately after initial recognition, an expected credit loss allowance (ECL) is recognised for financial assets measured at amortised cost and investments in debt instruments measured at FVOCI, which results in an accounting loss being recognised in profit or loss when an asset is newly originated. When the fair value of financial assets and liabilities differs from the transaction price on initial recognition, the entity recognises the difference as follows:

(a) When the fair value is evidenced by a quoted price in an active market for an identical asset or liability (i.e. a Level 1 input) or based on a valuation technique that uses only data from observable markets, the difference is recognised as a gain or loss.

(b) In all other cases, the differences is deferred and the timing of recognition of deferred day one profit or loss is determined individually. It is either amortised over the life of the instrument, deferred until the instrument's fair value can be determined using market observable inputs, or realised through settlement.

(ii) Classification and subsequent measurement

The Company applies IFRS 9 and classifies its financial assets in the following measurement categories:

- Fair value through profit or loss (FVPL);
- Fair value through other comprehensive income (FVOCI); or
- Amortised cost.

NOTES (continued)

2. Summary of significant accounting policies (continued)

2.4 Financial assets and financial liabilities (continued)

2.4.1 Financial assets (continued)

Measurement methods (continued)

(ii) Classification and subsequent measurement (continued)

The classification requirements for debt instruments is described below:

Debt instruments

Debt instruments are those instruments that meet the definition of a financial liability from the issuer's perspective, such as loans and investment securities.

Classification and subsequent measurement of debt instruments depend on:

- the Company's business model for managing the asset; and
- the cash flow characteristics of the asset.

Based on these factors, the Company classifies its debt instruments into one of the following three measurement categories:

- Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest ('SPPI'), and that are not designated at FVPL, are measured at amortised cost. The carrying amount of these assets is adjusted by any expected credit loss allowance recognised and measured. Interest income from these financial assets is included in 'Interest income' using the effective interest rate method.
- Fair value through other comprehensive income (FVOCI): Financial assets that are held for collection of contractual cash flows and for selling the assets, where the assets' cash flows represent solely payments of principal and interest, and that are not designated at FVPL, are measured at fair value through other comprehensive income (FVOCI). Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses on the instrument's amortised cost which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in 'other operating income'. Interest income from these financial assets is included in 'Interest income' using the effective interest rate method.
- Fair value through profit or loss: Assets that do not meet the criteria for amortised cost or FVOCI are measured at fair value through profit or loss. A gain or loss on a debt investment that is subsequently measured at fair value through profit or loss and is not part of a hedging relationship is recognised in profit or loss and presented in the profit or loss statement within 'Net trading income' in the period in which it arises. Interest income from these financial assets is included in 'Interest income' using the effective interest rate method.

NOTES (continued)

2. Summary of significant accounting policies (continued)

2.4 Financial assets and financial liabilities (continued)

2.4.1 Financial assets (continued)

Measurement methods (continued)

(ii) Classification and subsequent measurement (continued)

- *Business model:* The business model reflects how the Company manages the assets in order to generate cash flows. That is, whether the Company's objective is solely to collect the contractual cash flows from the assets or is to collect both the contractual cash flows and cash flows arising from the sale of assets. If neither of these is applicable (e.g. financial assets are held for trading purposes), then the financial assets are classified as part of 'other' business model and measured at FVPL. Factors considered by the Company in determining the business model for a group of assets include past experience on how the cash flows for these assets were collected, how the asset's performance is evaluated and reported to key management personnel, how risks are assessed and managed and how managers are compensated. Securities held for trading are held principally for the purpose of selling in the near term or are part of a portfolio of financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking. These securities are classified in the 'other' business model and measured at FVPL.
- *SPPI:* Where the business model is to hold assets to collect contractual cash flows or to collect contractual cash flows and sell, the Company assesses whether the financial instruments' cash flows represent solely payments of principal and interest (the `SPPI test'). In making this assessment, the Company considers whether the contractual cash flows are consistent with a basic lending arrangement i.e. interest includes only consideration for the time value of money, credit risk, other basic lending risks and a profit margin that is consistent with a basic lending arrangement.

Where the contractual terms introduce exposure to risk or volatility that are inconsistent with a basic lending arrangement, the related financial asset is classified and measured at fair value through profit or loss. The Company reclassifies debt investments when and only when its 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.

(iii) Impairment

The Company assesses on a forward-looking basis the expected credit losses ('ECL') associated with its debt instrument assets carried at amortised cost and FVOCI and with the exposure arising from loan commitments and financial guarantee contracts. The Company recognises a loss allowance for such losses at each reporting date. The measurement of ECL reflects:

- An unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
- The time value of money; and
- Reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

NOTES (continued)

2. Summary of significant accounting policies (continued)

2.4 Financial assets and financial liabilities (continued)

2.4.1 Financial assets (continued)

Measurement methods (continued)

(iv) Derecognition

Financial assets are derecognised when the contractual rights to receive the cash flows from the assets have expired, or when they have been transferred and either (i) the Company transfers substantially all the risks and rewards of ownership, or (ii) the Company neither transfers nor retains substantially all the risks and rewards of ownership and the Company has not retained control.

On derecognition of a financial asset, the difference between the carrying amount of the asset (or the carrying amount allocated to the portion of the asset derecognised) and the sum of (i) the consideration received (including any new asset obtained less any new liability assumed) and (ii) any cumulative gain or loss that had been recognised in OCI is recognised in profit or loss. Any interest in transferred financial assets that qualify for derecognition that is created or retained by the Company is recognised as a separate asset or liability.

(v) Determination of fair values

For financial instruments traded in active markets, the determination of fair values of financial assets and financial liabilities is based on quoted market prices or dealer price quotations.

A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. If the above criteria are not met, the market is regarded as being inactive. Indicators that a market is inactive are when there is a wide bid-offer spread or significant increase in the bid-offer spread or there are few recent transactions.

For all other financial instruments, fair value is determined using valuation techniques. In these techniques, fair values are estimated from observable data in respect of similar financial instruments, using models to estimate the present value of expected future cash flows or other valuation techniques, using inputs existing at the reporting dates.

The output of a model is always an estimate or approximation of a value that cannot be determined with certainty, and valuation techniques employed may not fully reflect all factors relevant to the positions the Company holds. Valuations are therefore adjusted, where appropriate, to allow for additional factors including model risks, liquidity risk and counterparty credit risk. Based on the established fair value model governance policies, and related controls and procedures applied, directors believe that these valuation adjustments are necessary and appropriate to fairly state the values of financial instruments carried at fair value in the statement of financial position.

Price data and parameters used in the measurement procedures applied are generally reviewed carefully and adjusted, if necessary.

NOTES (continued)

2. Summary of significant accounting policies (continued)

2.4 Financial assets and financial liabilities (continued)

2.4.1 Financial assets (continued)

Measurement methods (continued)

(vi) Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realise the assets and settle the liability simultaneously.

2.4.2 Financial Liabilities

a) Classification

The Company classifies its financial liabilities, other than financial guarantees and loan commitments, as measured at amortised cost.

b) Measurement

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

c) Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a de-recognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

2.5 Property and equipment

All property and equipment are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

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

Depreciation is calculated using the straight-line method to allocate the cost of property and equipment to their residual values over their estimated useful lives as follows:

Furniture, fittings and office equipment	20%
Motor vehicles	20%
Computer hardware	20%

Depreciation commences when the assets are ready for their intended use.

NOTES (continued)

2. Summary of significant accounting policies (continued)

2.5 Property and equipment (continued)

The assets' residual values and useful lives are reviewed, and adjusted if appropriate at each reporting date. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within other income in profit or loss.

2.6 Intangible assets

Acquired computer software are capitalised on the basis of the costs incurred to acquire and bring to use specific software. These costs are amortised on the basis of expected useful lives. Software has a maximum expected useful life of 5 years. Software are carried at cost less any amortisation and impairment losses, if any.

2.7 Leases

The Company leases its current office under non-cancellable operating lease arrangements.

Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Company.

The Company's lease contracts are typically made for fixed periods of 1 year to 5 years, but may have extension options. Contracts may contain both lease and non-lease components. The Company may allocate the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices. However, for leases of real estate for which the Company is a lessee, it has elected not to separate lease and non-lease components and instead accounts for these as a single lease component. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable
- variable lease payment that are based on an index or a rate, initially measured using the index or rate as at the commencement date
- amounts expected to be payable by the Company under residual value guarantees
- the exercise price of a purchase option if the Company is reasonably certain to exercise that option, and
- payments of penalties for terminating the lease, if the lease term reflects the Company exercising that option.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Company, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

NOTES (continued)

2. Summary of significant accounting policies (continued)

2.7 Leases (continued)

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability
- any lease payments made at or before the commencement date less any lease incentives received
- any initial direct costs, and
- restoration costs.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Company is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life. As the Company does not revalue its land and buildings that are presented within property, plant and equipment, it has chosen not to revalue the right-of-use buildings held by the Company.

Payments associated with short-term leases of equipment and vehicles and all leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise IT equipment and small items of office furniture.

Extension and termination options are included in a number of property leases of the Company. These are used to maximise operational flexibility in terms of managing the assets used in the Company's operations. The majority of extension and termination options held are exercisable only by the Company and not by the respective lessor.

2.8 Impairment of non-financial assets

Assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). The impairment test also can be performed on a single asset when the fair value less cost to sell or the value in use can be determined reliably. Non-financial assets that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

NOTES (continued)

2. Summary of significant accounting policies (continued)

2.9 Income tax

Current income tax

Income tax expense comprises current and deferred income tax. Current income tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity respectively. The current income tax charge is calculated on the basis of tax laws enacted or substantively enacted at the reporting date. The directors periodically evaluate positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. They establish provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax

Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit nor loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted at the statement of financial position date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised. Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current income tax assets against current income tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

2.10 Employee benefits

Defined contribution plans

The Company and its employees contribute to defined contribution pension schemes. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. The Company has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

The Company's contributions to the defined contribution schemes are recognised as an employee benefit expense when they fall due. The Company has no further payment obligations once the contributions have been paid.

Short-term benefits

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

NOTES (continued)

2. Summary of significant accounting policies (continued)

2.11 Stated capital

Ordinary shares issued are classified as stated capital.

2.12 Interest income and expense

Interest income and expense for all interest-bearing financial instruments are recognised in profit or loss using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial asset or a financial liability and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability. When calculating the effective interest rate, the Company estimates cash flows considering all contractual terms of the financial instrument (for example, prepayment options) but does not consider future credit losses. Once a financial asset or a group of similar financial assets has been written down as a result of an impairment loss, interest income is recognised using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss.

3. Critical accounting estimates and judgements in applying accounting policies

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

(a) Measurement of the expected credit loss allowance

The measurement of the expected credit loss allowance for financial assets measured at amortised cost and FVOCI is an area that requires the use of complex models and significant assumptions about future economic conditions and credit behaviour (e.g. the likelihood of customers defaulting and the resulting losses).

A number of significant judgements are also required in applying the accounting requirements for measuring Expected Credit Loss (ECL), such as:

- Determining criteria for significant increase in credit risk;
- Choosing appropriate models and assumptions for the measurement of ECL;
- Establishing the number and relative weightings of forward-looking scenarios and the associated ECL.

Refer to Notes 2.4 and 4.2 for further details on these estimates and judgements.

(b) Income taxes

Significant estimates are required in determining the provision for income taxes. There are certain transactions and calculations for which the ultimate tax determination is uncertain. The Company recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current income tax and deferred income tax assets and liabilities in the period in which such determination is made.

NOTES (continued)

3. Critical accounting estimates and judgements in applying accounting policies (continued)

(b) Income taxes (continued)

Deferred tax assets are recognised for all unused tax losses and other temporary differences to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management 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.

(c) Hold to collect financial assets

The Company classifies some non-derivative financial assets with fixed or determinable payments and fixed maturity as hold to collect. This classification requires significant judgement. In making this judgement, the Company uses the Business model and Solely for Payment of Principal and Interest (SPPI) model to assess that the purpose for holding these assets was to collect the contractual cash flows associated with the assets.

If the Company were to fail to keep these investments to maturity other than for the specific circumstances – for example, selling an insignificant amount close to maturity – the Company is required to reclassify the entire category as hold to collect and sell. Accordingly, the investments would be measured at fair value instead of amortised cost.

(d) Lease term

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

The following factors are normally the most relevant:

- If there are significant penalties to terminate (or not extend), the Company is typically reasonably certain to extend (or not terminate).
- If any leasehold improvements are expected to have a significant remaining value, the Company is typically reasonably certain to extend (or not terminate).

Otherwise, the Company considers other factors including historical lease durations and the costs and business disruption required to replace the leased asset.

The lease term is reassessed if an option is actually exercised (or not exercised) or the Company becomes obliged to exercise (or not exercise) it. The assessment of reasonable certainty is only revised if a significant event or a significant change in circumstances occurs, which affects this assessment, and that is within the control of the lessee.

NOTES (continued)
(All amounts are in Ghana cedis unless otherwise stated)

4. Financial risk management

The Company's activities expose it to a variety of financial risks. The most important types of risk are credit risk, liquidity risk and market risk. Market risk comprises currency risk and interest rate risk.

The Company's aim in managing risk is to achieve an appropriate balance between risk and return and minimise potential adverse effects on the Company's financial performance. The company's risk management policies are established to identify and analyse the risks faced by the company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits.

Financial risk management is carried out by the Risk management department under policies approved by the Board of Directors. The directors have overall responsibility for the establishment and oversight of the company's risk management framework

4.1 Market risk

Market risk is the risk that changes in market prices, such as interest rates and foreign exchange rates will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

Foreign exchange risk

The Company is not exposed to foreign exchange risk arising from future commercial transactions and recognised assets and liabilities.

Interest rate risk

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate because of changes in market interest rates.

The table on the next page summarises the Company's exposure to interest rate risks. It includes the Company's financial instruments at carrying amounts, categorised by the earlier of contractual re-pricing or maturity dates.

NOTES (continued)

4. Financial risk management

4.1 Market risk (continued)

Interest rate risk (continued)

At 31 December 2022	**1 – 12 Months**	**Above 12 months**	**Non-interest Bearing**	**Total**
Financial assets				
Cash and bank balances	13,207,109	-	10,498,668	**23,705,777**
Loans and advances	46,853,915	197,671,700		**244,525,615**
Other assets	-	-	797,653	**797,653**
Investment securities	26,569,602	-	-	**26,569,602**
Total financial assets	**86,630,626**	**197,671,700**	**11,296,321**	**295,598,647**
Financial liabilities				
Customer deposits	44,604,108	-	-	**44,604,108**
Due to related party	157,750,285	-	10,171,860	**167,922,145**
Other liabilities	-	-	1,510,455	**1,510,455**
Total financial liabilities	**202,354,393**	**-**	**11,682,315**	**214,036,708**
Total interest repricing gap	**(115,723,767)**	**197,671,700**	**(385,994)**	**81,561,939**
At 31 December 2021				
Financial assets				
Cash and bank balances	-	-	3,333,333	3,333,333
Loans and advances	41,840,655	177,745,909	2,619,429	222,205,993
Other assets	-	-	329,182	329,182
Investment securities	23,025,265	-	-	23,025,265
Total financial assets	64,865,920	177,745,909	6,281,944	248,893,773
Financial liabilities				
Customer deposits	33,123,840	-	813,742	33,937,582
Due to related party	133,580,237	-	742,000	134,322,237
Other liabilities	-	-	383,937	383,937
Total financial liabilities	166,704,077	-	1,939,679	168,643,756
Total interest repricing gap	(101,838,157)	177,745,909	4,342,265	80,250,017

The Company's interest-bearing financial assets are subject to fixed interest rates. The carrying amount or the future cashflows of these financial assets will therefore not fluctuate with a change in market interest rates.

NOTES (continued)

4. Financial risk management (continued)

4.2 Credit risk

The Company takes on exposures to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when due.

The management of credit default risks begins with the credit officers. Through credit analysis, the Company minimises this risk at the beginning of the credit cycle, that is, when the loan application is received and processed by the responsible loan officer. Credit decisions are based on a documented analysis of the customer, including an appraisal of collateral, if applicable.

Loan approvals create an effective mechanism for addressing credit risks in the course of issuing loans and for reducing the risk of fraud.

The Company also monitors the quality of the loan portfolio on an ongoing basis, using a portfolio at risk (PAR) definition that includes all exposures with payments overdue by more than 30 days as the basic measure of current portfolio quality. Exposure to credit risk is also managed in part by collateral and personal guarantees.

4.2.1 Expected credit loss measurement

IFRS 9 outlines a 'three-stage' model for impairment based on changes in credit quality since initial recognition as summarised below:

- A financial instrument that is not credit-impaired on initial recognition is classified in 'Stage 1' and has its credit risk continuously monitored by the Company.
- If a significant increase in credit risk ('SICR') since initial recognition is identified, the financial instrument is moved to 'Stage 2' but is not yet deemed to be credit-impaired.
- If the financial instrument is credit-impaired, the financial instrument is then moved to 'Stage 3'.
- Financial instruments in Stage 1 have their ECL measured at an amount equal to the portion of lifetime expected credit losses that result from default events possible within the next 12 months

Instruments in Stages 2 or 3 have their ECL measured based on expected credit losses on a lifetime basis. A pervasive concept in measuring ECL in accordance with IFRS 9 is that it should consider forward-looking information.

Significant increase in credit risk (SICR)

The Company considers a financial instrument to have experienced a significant increase in credit risk when one or more of the following quantitative, qualitative or backstop criteria have been met:

Quantitative criteria:

The remaining Lifetime PD at the reporting date has increased, compared to the residual Lifetime PD expected at the reporting date when the exposure was first recognised.

NOTES (continued)
(All amounts are in Ghana cedis unless otherwise stated)

4. Financial risk management (continued)

4.2 Credit risk (continued)

4.2.1 Expected credit loss measurement (continued)

Qualitative criteria

For Loan portfolios, if the borrower meets one or more of the following criteria:

- In short-term forbearance
- Direct debit cancellation
- Extension to the terms granted
- Previous arrears within the last 12 months
- If the borrower is on the Watchlist and/or the instrument meets one or more of the following criteria
- Significant increase in credit spread
- Significant adverse changes in business, financial and/or economic conditions in which the borrower operates
- Actual or expected forbearance or restructuring
- Actual or expected significant adverse change in operating results of the borrower
- Significant change in collateral value (secured facilities only) which is expected to increase risk of default
- Early signs of cashflow or liquidity problems such as delay in servicing of trade creditors/loans. The assessment of SICR incorporates forward-looking information and is performed on a weekly basis at a portfolio level. The criteria used to identify SICR are monitored and reviewed periodically for appropriateness.

Backstop

A backstop is applied and the financial instrument considered to have experienced a significant increase in credit risk if the borrower is more than 30 days past due on its contractual payments.

Low Credit Risk Exemption

The Company has not used the low credit risk exemption for any financial instruments in the period ended 31 December 2022.

Definition of default and credit-impaired assets

The Company defines a financial instrument as in default, which is fully aligned with the definition of credit-impaired, when it meets one or more of the following criteria:

Quantitative criteria

The borrower is more than 90 days past due on its contractual payments.

NOTES (continued)
(All amounts are in Ghana cedis unless otherwise stated)

4. Financial risk management (continued)

4.2 Credit risk (continued)

4.2.1 Expected credit loss measurement (continued)

Qualitative criteria

The borrower meets unlikeliness to pay criteria, which indicates the borrower is in significant financial difficulty. These are instances where:

- The borrower is in long-term forbearance
- The borrower is deceased
- The borrower is insolvent
- The borrower is in breach of financial covenant(s)
- An active market for that financial asset has disappeared because of financial difficulties
- Concessions have been made by the lender relating to the borrower's financial difficulty
- It is becoming probable that the borrower will enter bankruptcy
- Financial assets are purchased or originated at a deep discount that reflects the incurred credit losses.

The criteria above have been applied to all financial instruments held by the Company and are consistent with the definition of default used for internal credit risk management purposes. The default definition has been applied consistently to model the Probability of Default (PD), Exposure at Default (EAD) and Loss given Default (LGD) throughout the Company's expected loss calculations. An instrument is considered to no longer be in default (i.e. to have cured) when it no longer meets any of the default criteria for a consecutive period of six months.

Measuring ECL — Explanation of inputs, assumptions and estimation techniques

The Expected Credit Loss (ECL) is measured on either a 12-month (12M) or Lifetime basis depending on whether a significant increase in credit risk has occurred since initial recognition or whether an asset is considered to be credit-impaired. Expected credit losses are the discounted product of the Probability of Default (PD), Exposure at Default (EAD), and Loss Given Default (LGD), defined as follows:

- The PD represents the likelihood of a borrower defaulting on its financial obligation, either over the next 12 months (12M PD), or over the remaining lifetime (Lifetime PD) of the obligation.
- EAD is based on the amounts the Company expects to be owed at the time of default, over the next 12 months (12M EAD) or over the remaining lifetime (Lifetime EAD).
- Loss Given Default (LGD) represents the Company's expectation of the extent of loss on a defaulted exposure. LGD varies by type of counterparty, type and seniority of claim and availability of collateral or other credit support. LGD is expressed as a percentage loss per unit of exposure at the time of default (EAD). LGD is calculated on a 12-month or lifetime basis, where 12-month LGD is the percentage of loss expected to be made if the default occurs in the next 12 months and Lifetime LGD is the percentage of loss expected to be made if the default occurs over the remaining expected lifetime of the loan.

NOTES (continued)
(All amounts are in Ghana cedis unless otherwise stated)

4. Financial risk management (continued)

4.2 Credit risk (continued)

4.2.1 Expected credit loss measurement (continued)

The ECL is determined by projecting the PD, LGD and EAD and for each individual exposure or collective segment. These three components are multiplied together and adjusted for the likelihood of survival (i.e. the exposure has not prepaid or defaulted in an earlier month). This effectively calculates an ECL, which is then discounted back to the reporting date and summed. The discount rate used in the ECL calculation is the original effective interest rate or an approximation thereof.

The Lifetime PD is developed by applying a maturity profile to the current 12M PD. The maturity profile looks at how defaults develop on a portfolio from the point of initial recognition throughout the lifetime of the loans. The maturity profile is based on historical observed data and is assumed to be the same across all assets within a portfolio and credit grade band. This is supported by historical analysis. The 12-month and lifetime EADs are determined based on the expected payment profile, which varies by product type.

Forward-looking economic information is also included in determining the 12-month and lifetime PD, EAD and LGD. These assumptions vary by product type. The assumptions underlying the ECL calculation — such as how the maturity profile of the PDs and how collateral values change etc. — are monitored and reviewed on a quarterly basis. There have been no significant changes in estimation techniques or significant assumptions made during the reporting period.

Forward-looking information incorporated in the ECL models

The assessment of SICR and the calculation of ECL both incorporate forward-looking information. The Company has performed historical analysis and identified the key economic variables impacting credit risk and expected credit losses for each portfolio.

Economic Variable Assumptions

The most significant period end assumptions used for the ECL estimate as at 31 December 2022 are set out below:

Scenario	**Weight %**	**GDP Growth %**	**Interest %**	**Inflation %**
Base case	50	3.2	28.0	53.6
Improvement	15	5.0	25.4	45.0
Deterioration	35	1.6	30.6	62.2

NOTES (continued)
(All amounts are in Ghana cedis unless otherwise stated)

4. Financial risk management (continued)

4.2 Credit risk (continued)

4.2.1 Expected credit loss measurement (continued)

The forward looking economic information affecting the ECL model are as follows:

1. GDP Growth – GDP growth is used to assess the relative health of the economy. Forward looking information is incorporated by using the projected GDP growth rate for the subsequent year as a base.
2. Inflation – Inflation is used to assess the relative health of the economy. Forward looking information is incorporated by using the projected inflation rate for the subsequent year as a base.
3. Interest rate – Interest rate is used due to its impact on the relative liquidity and likelihood of default of counterparties. Forward looking information is incorporated by using the expected inflation rates for the next four quarters.

4.2.2 Maximum exposure to credit risk

For financial assets recognised on the balance sheet, the exposure to credit risk equals their carrying amount. For financial guarantees granted, the maximum exposure to credit risk is the maximum amount that the Company would have to pay if the guarantees were to be called upon. For loan commitments and other credit related commitments that are irrevocable over the life of the respective facilities, the maximum exposure to credit risk is the full amount of the committed facilities.

Credit risk exposures relating to on balance sheet assets are as follows:

	2022	2021
Cash at bank	**18,831,032**	52,558
Loans and advances	**247,182,545**	223,819,694
Investment securities	**26,837,982**	23,025,265
Other assets	**797,653**	329,182
	293,649,212	247,226,699
Impairment	**(2,925,310)**	(1,613,701)
	290,723,902	245,612,998

At 31 December 2022, the Company's credit risk exposures were categorised under IFRS 9 as follows:

- Stage 1 – At initial recognition and no significant increase in credit risk after initial recognition
- Stage 2 – Significant increase in credit risk since initial recognition
- Stage 3 – Credit impaired

The tables below show the credit quality by class of financial assets and the allowance for impairment losses held by the Company against those assets.

NOTES (continued)
(All amounts are in Ghana cedis unless otherwise stated)

4. Financial risk management (continued)

4.2 Credit risk (continued)

4.2.2 Maximum exposure to credit risk (continued)

	31 December 2022			
	Stage 1	**Stage 2**	**Stage 3**	**Total**
Balances with banks	18,831,032	-	-	**18,831,032**
Investment securities	26,837,982	-	-	**26,837,982**
Loans to customers	244,651,808	1,957,845	572,892	**247,182,545**
Other assets	797,653	-	-	**797,653**
Gross carrying amount	291,118,475	1,957,845	572,892	**293,649,212**
Loss allowance	(2,748,468)	(19,847)	(156,995)	**(2,925,310)**
Carrying amount	**288,370,007**	**1,937,998**	**415,897**	**290,723,902**

	31 December 2021			
	Stage 1	Stage 2	Stage 3	Total
Balances with banks	52,558	-	-	52,558
Investment securities	23,025,265	-	-	23,025,265
Loans to customers	221,190,196	2,307,647	321,851	223,819,694
Other assets	329,182	-	-	329,182
Gross carrying amount	244,597,201	2,307,647	321,851	247,226,699
Loss allowance	(1,555,630)	(16,230)	(41,841)	(1,613,701)
Carrying amount	243,041,571	2,291,417	280,010	245,612,998

4.3 Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulties in meeting its obligation when they fall due. Liquidity risk also includes failure to make funds available to depositors as well as fulfil commitments to lend.

Liquidity risk is monitored regularly by the Treasury department and periodic reports are made available to management.

NOTES (continued)
(All amounts are in Ghana cedis unless otherwise stated)

4. Financial risk management (continued)

4.3 Liquidity risk (continued)

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

At 31 December 2022	Up to 1 month	1 - 3 months	3 - 12 months	Above 1 year	Total
Financial liabilities					
Customer deposits	32,286,282	6,531,993	8,105,247	-	**46,923,522**
Due to related party	-	25,731,644	150,922,453	-	**176,654,097**
Lease liabilities	-	-	-	17,459,926	**17,459,926**
Other liabilities	-	1,510,455	-	-	**1,510,455**
Total financial liabilities	**32,286,282**	**33,774,092**	**159,027,700**	**17,459,926**	**242,548,000**
Financial assets held for managing liquidity risk					
Cash and bank balances	23,705,777	-	-	-	**23,705,777**
Loans and advances	-	4,943,651	44,492,858	207,804,438	**257,240,947**
Other assets	-	-	797,653	-	**797,653**
Investment securities	27,929,966	-	-	-	**27,929,966**
	51,635,743	**4,943,651**	**45,290,511**	**207,804,438**	**309,674,343**
Liquidity gap	**19,349,461**	**(28,830,441)**	**(113,737,189)**	**190,344,512**	**67,126,343**
At 31 December 2021					
Financial liabilities					
Customer deposits	20,027,263	-	15,996,866	-	36,024,129
Due to related party	20,000,000	-	123,479,985	-	143,479,985
Lease liabilities	-	-	-	1,413,172	1,413,172
Other liabilities	383,937	-	-	-	383,937
Total financial liabilities	40,411,200	-	139,476,851	1,413,172	181,301,223
Financial assets held for managing liquidity risk					
Cash and bank balances	3,333,333	-	-	-	3,333,333
Loans and advances	-	4,476,394	40,287,545	214,866,906	259,630,845
Other assets	329,182	-	-	-	329,182
Investment securities	24,204,159	-	-	-	24,204,159
	27,866,674	4,476,394	40,287,545	214,866,906	287,497,519
Liquidity gap	(12,544,526)	4,476,394	(99,189,306)	213,453,734	106,196,296

NOTES (continued)
(All amounts are in Ghana cedis unless otherwise stated)

5. Capital risk management

The Company's objectives when managing capital are:

- To comply with the capital requirements set by the regulator;
- To safeguard the Company's ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders; and
- To maintain a strong capital base to support the development of its business.

Regulatory capital

	2022	2021
Tier 1 capital		
Ordinary share capital	**62,000,000**	62,000,000
Retained earnings	**12,646,539**	13,508,143
Credit risk reserve	**511,526**	1,140,159
Statutory reserves	**14,010,185**	11,000,422
	89,168,250	87,648,724
Credit risk reserve	**(511,526)**	(1,140,159)
Total qualifying tier 1 capital	**88,656,724**	86,508,565
Less:		
Intangibles (prepayments)	**(639,688)**	(910,190)
Total adjusted regulatory capital base	**88,017,036**	85,598,375
Total tier 2 capital	**-**	-
Total regulatory capital	**88,017,036**	85,598,375
Risk-weighted assets		
On-statement of financial position	**333,637,403**	273,947,791
Off-statement of financial position	**-**	-
Total risk-weighted assets	**333,637,036**	273,947,791
Other regulatory adjustments	**-**	-
Adjusted asset base	**333,637,036**	273,947,791
Capital adequacy ratio (adjusted regulatory capital base as a percentage of risk weighted asset base)	**26%**	31%

6. Fair value of financial assets and liabilities

The fair value of a financial instrument is defined as 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

NOTES (continued)
(All amounts are in Ghana cedis unless otherwise stated)

6. Fair value of financial assets and liabilities (continued)

The table below sets out the carrying amounts and fair values of those financial assets and liabilities not presented on the Company's statement of financial position at their fair values:

	Amortised cost	Other liabilities at amortised cost	Total	Fair value
At 31 December 2022				
Cash and bank balances	23,705,777	-	23,705,777	23,705,777
Investment securities	26,569,602	-	26,569,602	27,898,082
Loans and advances to customers	244,525,615	-	244,525,615	256,751,896
Other assets	797,653	-	797,653	797,653
Total financial assets	**295,598,647**	**-**	**295,598,647**	**309,153,408**
Financial liabilities				
Customer deposits	-	44,604,108	44,604,108	42,373,903
Other liabilities	-	1,510,455	1,510,455	1,510,455
Due to related party	-	167,922,145	167,922,145	159,526,037
Lease liabilities	-	17,459,926	17,459,926	17,459,926
Total financial liabilities	**-**	**231,496,634**	**231,496,634**	**220,870,321**
At 31 December 2021				
Cash and bank balances	3,333,333	-	3,333,333	3,333,333
Investment securities	23,025,265	-	23,025,265	24,262,295
Loans and advances to customers	222,205,993	-	222,205,993	227,854,758
Other assets	329,182	-	329,182	329,182
Total financial assets	248,893,773	-	248,893,773	255,779,568
Financial liabilities				
Customer deposits	-	33,937,582	33,937,582	48,798,372
Other liabilities	-	876,874	876,874	876,874
Due to related party	-	134,322,237	134,322,237	132,109,602
Lease liabilities	-	1,413,172	1,413,172	1,413,172
Total financial liabilities	-	170,549,865	170,549,865	170,549,865

Other assets

Other assets are carried at amortised cost less impairment. The amortised cost is a reasonable approximation of its fair value.

NOTES (continued)
(All amounts are in Ghana cedis unless otherwise stated)

6. Fair value of financial assets and liabilities (continued)

Loans and advances to customers

The loans and advances to customers are carried at amortised cost net of charges for impairment. The estimated fair value of the accounts receivable represents the discounted amount of estimated future cash flows expected to be received. Expected cash flows are discounted at current market rates to determine fair value.

Investment securities

Investment securities are carried at amortised cost less impairment. The estimated fair value of investment securities represents the discounted amount of estimated future cash flows expected to be received. Expected cash flows are discounted at current market rates to determine fair value.

Cash and bank balances

The carrying values of cash and bank balances are a reasonable approximation of fair value.

7. Cash and bank balances

	2022	2021
Cash in hand	**4,874,745**	3,280,775
Cash at bank	**18,831,032**	52,558
Cash and bank balances	**23,705,777**	3,333,333

Cash at bank includes mandatory deposit reserve of GH¢3,568,330 (2021: GH¢2,036,255).

For the purposes of the statement of cashflows, cash and cash equivalents comprise the following:

	2022	2021
Cash and bank balances	**23,705,777**	3,333,333
Investment securities maturing within 91 days of purchase (Note 8)	**26,569,602**	23,025,265
Mandatory reserve	**(3,568,330)**	(2,036,255)
Cash and cash equivalents	**46,707,049**	24,322,343

8. Investment securities

Fixed deposit	**26,837,982**	23,025,265
Expected credit loss allowance	**(268,380)**	-
	26,569,602	23,025,265

NOTES (continued)
(All amounts are in Ghana cedis unless otherwise stated)

8. Investment securities (continued)

Investment securities mature as follows:

	2022	2021
- within 91 days of purchase	**26,569,602**	23,025,265
- over 91 days of purchase	**-**	-
	26,569,602	23,025,265

Investment securities are classified as hold to collect and current.

9. Loans and advances to customers

Gross loans and advances	**247,182,545**	223,819,694
Impairment allowance on loans and advances to customers	**(2,656,930)**	(1,613,701)
Net loans and advances	**244,525,615**	222,205,993
Current	**15,655,896**	100,261,991
Non – Current	**228,869,719**	121,944,002

10. Other assets

Prepaid expenses	**639,688**	910,190
Other receivables	**797,653**	329,182
	1,437,341	1,239,372

11. Intangible assets

Cost		
At 1 January	**1,899,882**	1,899,882
Additions	**49,293**	-
At 31 December	**1,949,175**	1,899,882
Accumulated amortization		
At 1 January	**1,496,971**	1,161,113
Charge for the year	**380,895**	335,858
At 31 December	**1,877,866**	1,496,971
Net book amount		
At 31 December	**71,309**	402,911

NOTES (continued)
(All amounts are in Ghana cedis unless otherwise stated)

12. Leases

The movement in right- of- use assets is as follows:

	2022	2021
Right- of- use assets - Buildings		
Cost		
Balance as at 1 January and 31 December	**1,412,643**	1,412,643
Remeasurements related to lease modifications	**15,856,330**	-
	17,268,973	1,412,643
Accumulated depreciation		
Balance as at 1 January	**211,897**	141,264
Depreciation for the year	**431,725**	70,633
Balance at 31 December	**643,622**	211,897
Net book value		
Balance as at 31 December	**16,625,351**	1,200,746

The movement in lease liabilities is as follows:

	2022	2021
Lease liabilities		
Balance at 1 January	**1,413,172**	1,412,967
Remeasurements related to lease modifications	**15,856,330**	-
Interest expense	**2,590,424**	240,205
Repayment	**(2,400,000)**	(240,000)
	17,459,926	1,413,172
Analysis:		
Current	**-**	-
Non-current	**17,459,926**	1,413,172
	17,459,926	1,413,172

NOTES (continued)
(All amounts are in Ghana cedis unless otherwise stated)

13. Property and equipment

Year ended 31 December 2022	Work in progress	Computer and office equipment	Motor vehicles	Furniture and fittings	Leasehold improvement	Total
Cost						
At 1 January	-	12,442,217	797,994	2,069,502	1,978,787	**17,288,500**
Additions	259,900	644,856	830,384	29,665	-	**1,764,805**
At 31 December	**259,900**	**13,087,073**	**1,628,378**	**2,099,167**	**1,978,787**	**19,053,305**
Accumulated depreciation						
At 1 January	-	7,333,100	324,067	1,728,597	88,802	**9,474,566**
Charge for the year	-	2,035,877	242,669	181,343	49,470	**2,509,359**
At 31 December	**-**	**9,368,977**	**566,736**	**1,909,940**	**138,272**	**11,983,925**
Net book amount At 31 December 2022	**259,900**	**3,718,096**	**1,061,642**	**189,227**	**1,840,515**	**7,069,380**

Year ended 31 December 2021	Work in progress	Computer and office equipment	Motor vehicles	Furniture and fittings	Leasehold improvement	Total
At 1 January	-	11,575,030	321,745	2,056,063	1,856,220	15,809,058
Additions	-	867,187	476,249	13,439	122,567	1,479,442
At 31 December	-	12,442,217	797,994	2,096,502	1,978,787	17,288,500
Accumulated depreciation						
At 1 January	-	5,165,277	302,284	1,330,166	36,539	6,834,266
Charge for the year	-	2,167,823	21,783	398,431	52,263	2,604,300
At 31 December	-	7,333,100	324,067	1,728,597	88,802	9,474,566
Net book amount At 31 December 2021	-	5,109,117	473,927	340,905	1,889,985	7,813,934

NOTES (continued)
(All amounts are in Ghana cedis unless otherwise stated)

14. Customer deposits

	2022	2021
Current account	**25,746,009**	15,904,464
Savings account	**6,474,341**	4,119,431
Term deposit	**12,383,758**	13,913,687
	44,604,108	33,937,582
Current	**44,604,108**	33,937,582
Non – current	**-**	-

15. Other liabilities

	2022	2021
Accrued expenses	**113,362**	293,683
Accounts payable	**1,510,455**	383,937
National fiscal stabilisation levy (Note 30)	**94,866**	199,254
	1,718,683	876,874

Other liabilities are current.

16. Related party transactions

The Ghana Armed Forces Provident Fund holds 100% of the issued ordinary shares of the Company.

The following transactions were carried out with related parties:

	2022	2021
Advances from related party:		
Ghana Armed Forces Provident Fund	**160,150,286**	126,739,379
Interest expense:		
Advances from Ghana Armed Forces Provident Fund	**22,339,908**	15,182,919

Year end balances arising from transactions with related parties are as follows:

	2022	2021
Due to related party:		
Ghana Armed Forces Provident Fund	**167,922,145**	134,322,237

NOTES (continued)
(All amounts are in Ghana cedis unless otherwise stated)

16. Related party transactions (continued)

The movement in borrowings is as follows:

	2022	2021
At 1 January	**134,322,237**	73,899,318
Drawdown from Ghana Armed Forces Provident Fund	**160,150,286**	126,979,379
Interest on borrowings	**22,339,908**	15,182,919
Repayments	**(148,890,286)**	(81,739,379)
At 31 December	**167,922,145**	134,322,237
Deposits from key management personnel	**278,059**	302,522

1. Key management personnel

The Company's key management personnel, and persons connected with them, are also considered to be related parties for disclosure purposes. The definition of key management includes close members of family of key personnel and any entity over which key management exercise control. The key management personnel have been identified as the executive and non executive directors and of heads of departments of the Company. Close members of family are those family members who may be expected to influence, or be influenced by that individual in their dealings with the Company.

Transactions with key management personnel

	2022	2021
Salaries and other short-term employment benefits	**3,847,459**	3,098,560
Interest incurred on deposits	**7,604**	14,654
Interest earned on loans and advances	**53,482**	30,762

Directors' fees and emoluments are disclosed in Note 29. Remuneration of executive directors is included in the salaries and other short-term employment benefits disclosed above.

Balances with key management personnel

Customer deposits	**278,059**	302,522
Loans and advances	**222,912**	251,482

NOTES (continued)
(All amounts are in Ghana cedis unless otherwise stated)

17. Current income tax

	At 1 January	Charged to profit or loss	Payments	At 31 December
Year ended 31 December 2022				
Up to 2021	1,057,160	-	(1,057,160)	-
2022	-	2,669,704	(2,209,422)	**460,282**
	1,057,160	**2,669,704**	**(3,266,582)**	**460,282**
Year ended 31 December 2021				
Up to 2020	1,803,001	(588,496)	(1,214,505)	-
2021	(346,635)	4,964,998	(3,561,203)	1,057,160
	1,456,366	4,376,502	(4,775,708)	1,057,160

18. Deferred income tax

Deferred income taxes are calculated on all temporary differences under the liability method using a principal tax rate of 25%.

The movement on the deferred income tax is as follows:

	At 1 January	Released to profit or loss	Charged to equity	At 31 December
Year ended 31 December 2022				
Property, equipment and intangible assets	422,336	(811,384)	-	**(389,048)**
Leases	(53,106)	(155,538)	-	**(208,644)**
Impairment on financial assets	(403,425)	(327,902	-	**(731,327)**
	(34,195)	**(1,294,824)**	**-**	**(1,329,019)**
Year ended 31 December 2021				
Property, equipment and intangible assets	498,060	(75,724)	-	422,336
Leases	(35,397)	(17,709)	-	(53,106)
Impairment on financial assets	(327,638)	(75,787)	-	(403,425)
	135,025	(169,220)	-	(34,195)

19. Stated capital

The authorised shares of the Company is 1,000,000,000 ordinary shares of no par value and have been issued for cash consideration as follows:

	2022		2021	
	Number of shares	**Amount**	Number of Shares	Amount
At 1 January and 31 December	**10,000,000**	**62,000,000**	10,000,000	62,000,000

There was no unpaid liability on the issued shares as at 31 December 2022 (2021: Nil).

NOTES (continued)
(All amounts are in Ghana cedis unless otherwise stated)

20. Retained earnings

Retained earnings represents profits retained by the Company. The amount is shown as part of statement of changes in equity.

21. Reserves

Credit risk reserve

Credit risk reserve represents the excess of total loans and advances provision determined in accordance with Bank of Ghana prudential guidelines over the impairment loss for loans and advances recognised in the income statement under IFRS framework.

Statutory reserve

The statutory reserve represents amount set aside in accordance with Section 34 of the Banks and Specialised Deposit-Taking Institutions Act, 2016 (Act 930). The movement is included in the statement of changes in equity on page 17 and is non-distributable. The company set aside GH¢3,009,763 for the year ended 31 December 2022 (2021: GH¢3,248,912).

22. Interest income

	2022	2021
Investment securities	**3,983,912**	3,666,374
Loans and advances to customers	**49,483,782**	37,848,847
	53,467,694	41,515,221

23. Interest expense

	2022	2021
Customer deposits	**2,605,851**	2,206,393
Lease liabilities	**2,590,424**	240,204
Borrowings	**22,339,908**	15,182,919
	27,536,183	17,629,516

24. Fees and commission income

	2022	2021
Facility fees	**1,232,458**	1,705,126
Loan processing fees	**1,087,494**	1,707,176
Other fee charges	**2,069,247**	2,809,418
Commission income	**398,167**	332,364
	4,787,366	6,554,084

25. Other income

	2022	2021
Provision on impaired asset no longer required	**2,553,209**	-
Sundry income	**325,816**	161,726
	2,879,025	161,726

NOTES (continued)
(All amounts are in Ghana cedis unless otherwise stated)

26. Impairment on financial assets

	2022	2021
Impairment charge on loans and advances to customers (Note 9)	**1,043,229**	645,933
Impairment charge/(release) on investments (Note 8)	**268,380**	(341,970)
	1,311,609	303,963

27. Personnel expenses

Personnel expenses comprise:

	2022	2021
Wages and salaries	**5,692,577**	3,510,277
Employer pension contributions	**657,997**	435,922
Other staff related costs	**6,236,427**	5,185,960
	12,587,001	9,132,159

28. Depreciation and amortisation

	2022	2021
Depreciation expense of plant and equipment (Note 13)	**2,509,359**	2,640,300
Depreciation expense of right of use assets (Note 12)	**431,725**	70,633
Amortisation charge (Note 11)	**380,895**	335,858
	3,321,979	3,046,791

29. Operating expenses

	2022	2021
Operating expenses include:		
Directors emoluments	**960,454**	932,748
Auditors remuneration	**166,032**	104,640
Professional fees	**29,146**	244,563
Printing and stationery	**239,437**	489,803
Repairs and maintenance	**1,955,816**	1,493,576
Corporate social responsibilities	**799,584**	61,565
Administrative expenses	**4,443,259**	3,523,175
	8,593,728	6,850,070

30. National fiscal stabilisation levy

The National fiscal stabilisation levy is chargeable at 5% on the profit before tax of specified companies and institutions including non-bank financial institutions.

	At 1 January	Payments during the year	Charged to profit or loss	At 31 December
Year ended 31 December 2022	**199,254**	**(493,567)**	**389,179**	**94,866**
Year ended 31 December 2021	437,385	(801,558)	563,427	199,254

NOTES (continued)
(All amounts are in Ghana cedis unless otherwise stated)

31. Income tax expense

	2022	2021
Current income tax (Note 17)	**2,669,704**	4,376,502
Deferred income tax (Note 18)	**(1,294,824)**	(169,220)
	1,374,880	4,207,282

The tax on the Company's profit before tax differs from the theoretical amount that would arise using the statutory tax rate of 25% as follows:

Profit before tax	**7,783,585**	11,268,532
Tax using the domestic corporate tax rate of 25%	**1,945,896**	2,817,133
Tax effect of:		
Revisions to tax charged from 2016 to 2021	**-**	(588,496)
Recognition of previously unrecognized deferred taxes	**-**	-
Non-deductible expenses	**(571,016)**	1,978,645
	1,374,880	4,207,282

32. Contingent liabilities

There are no contingent liabilities at 31 December 2022 (2021: Nil).

33. Capital commitments

There were no significant capital commitments as at 31 December 2022 (2021; Nil).

34. Regulatory disclosures

Defaults in statutory liquidity and accompanying sanctions

	2022	2021
Defaults in statutory liquidity (number of times)	**-**	-
Sanctions (GH¢)	**-**	-

35. Events after the reporting period

The directors are not aware of any material events that have occurred between the date of the statement of financial position and the date the financial statements are approve that require disclosure in or adjustment to the financial statements.

APPENDIX

VALUE ADDED STATEMENT FOR THE YEAR ENDED 31 DECEMBER
(All amounts are in Ghana cedis unless otherwise stated)

	Note	2022	2021
Interest earned and other operating income		**58,255,060**	48,069,305
Direct cost of services and other costs		**(35,169,457)**	(23,546,838)
Value added by banking services		**23,085,603**	24,522,467
Non-banking income	25	**2,879,025**	161,726
Impairments	26	**(1,311,609)**	(303,963)
Value added		**24,653,019**	24,380,230
Distributed as follows:			
To employees			
Directors (without executive)	29	**(960,454)**	(932,748)
Executive director	27	**(836,243)**	(853,762)
Other employees	27	**(11,750,758)**	(8,278,397)
		11,105,564	14,315,323
To Government			
Income tax and national fiscal stabilisation levy	31	**(1,764,059)**	(4,770,709)
To providers of capital			
Dividends to shareholders		**(4,500,000)**	-
To expansion and growth			
Depreciation and amortisation	28	**(3,321,979)**	(3,046,791)
Retained earnings		**1,519,526**	6,497,823