LA COMMUNITY BANK LIMITED

ANNUAL REPORT
& FINANCIAL STATEMENTS
2023

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FINANCIAL STATEMENTS FOR THE YEAR ENDED
31 DECEMBER, 2023

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NOTICE OF 36TH ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the 36th Annual General Meeting (AGM) of the LA COMMUNITY BANK LIMITED will be held at Ebenezer Presbyterian Hall, Osu Accra on THURSDAY, 1ST AUGUST, 2024 at 10:00am for the following purposes;

AGENDA:

ORDINARY RESOLUTIONS

1. To receive and consider the Financial Statement for the year ended 31st December, 2023, together with the Report of the Directors and Auidtors thereon.

2. To re-elect two (2) Directors – Mr. Seth Nii Sodjah Quao and Mr. David Emmanuel Anang Oddoye who are retiring by rotation, and have offered themselves for re-election.

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

Dated, 3rd day of July, 2024

FITNAT ADJETEY ESQ
For: **IURIS CONSULT**
SECRETARY

NOTES:

1. A copy of the Financial Statements for the year ended 31st December, 2023 together with the Reports of the Directors and Auditors will be circulated electronically and published on the Bank's Website www.lacommunitybank.com/site/investor-relations/annual -report

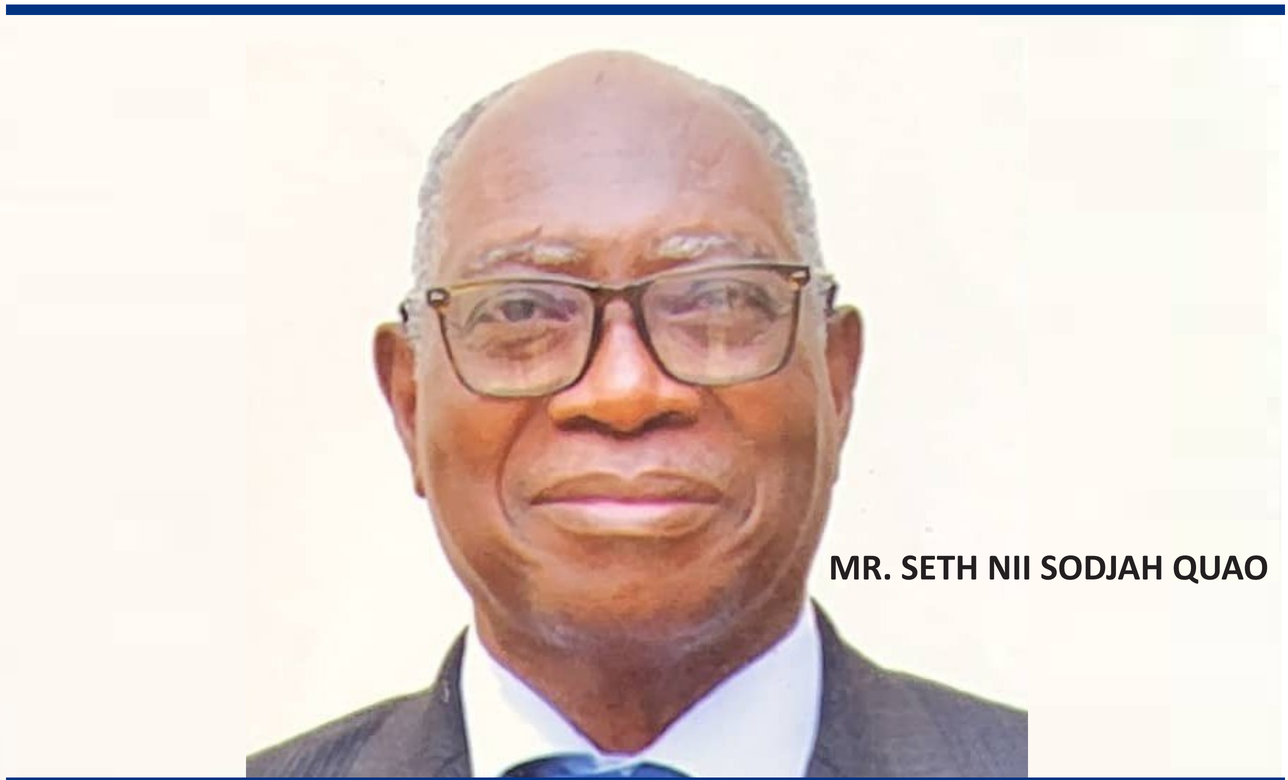
   All shareholders are encouraged to visit the website and print copies for their study and necessary action.

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

CORPORATE INFORMATION FOR THE YEAR ENDED 31 DECEMBER, 2023

Board of Directors	Capacity
Mr. Seth Nii Sodjah Quao	Chairman
Mr. David E.A. Oddoye	Vice Chairman
Dr. (Mrs.) Matilda Pappoe	Member
Mrs. Rosalyn Darkwa	Member (resigned, July 6,2023)
Mr. Kennedy Effah	Member
Mr. Isaac Nsiah Odoi	Member
Mrs. Lovelace Adjei-Aku	Member (appointed, October 9, 2023)
Mrs. Betty Ashiokai Aryee	Member (appointed, December 12, 2023)
Secretary	Mr. L.S.N. Akuetteh (resigned, June 30,2023) Iuris Consult (appointed, July 1, 2023) 9-11 Mama Markwei Street, Martey Tsuru East Airport, Accra P.O. Box 6798 Cantonments, Accra
Solicitor	Nsiah Akuetteh & Co (resigned, June 30, 2023) Larry Adjetey, Esq (appointed, July 1, 2023) Law Trust Company No. 43 Castle Road Adabraka, Accra
Registered office and principal place of business	No. G224/1 Lami Jwahe Post Office Box LA 499 La - Accra Tel: 0303-969393 E-mail: info@lacommunitybank.com Website: www.lacommunitybank.com
Independent auditor	UHY Voscon Chartered Accountants 2nd Floor, Cocoshe House, Opposite Silver Star Tower Agostinho Neto Close Airport Residential Area Accra- Ghana Phone +233 30 2683 430/4 Email: Info@uhyvoscon-gh.com Web: www.uhyvoscon-gh.com GA: -057-1475
Bankers	ARB Apex Bank PLC ABSA Bank Ghana PLC Zenith Bank Ghana PLC
Company registration number	Cs023832018
Tax Identification Number (TIN)	C000518536X

PROFILE OF DIRECTORS STANDING FOR RE-ELECTION



MR. SETH NII SODJAH QUAO

Mr Seth Nii Sodjah Quao is a Chartered Accountant with over thirty eight years post qualification experince in Ghanaian Industry . He also has considerable experience in audit assurance services and forensic audit .

He had his professional training with Coopers & Lybrand , now Pricewaterhouse Coopers (PWC) .

Mr Quao was employed by Crocodile Matchets (Ghana) Limited , manufaturers of matchetes and other hand tools , as an Accountant . By dint of hard work, he was promoted to the position of Company Secretary/Accountant and eventually the General Manager, a position he held until he decided to go on early retirement .

While an employee of Crocodile Matchets (Ghana) Limited , he was the liaison between the Company and the Association Of Ghana Industries (AGI) . He served on various Committees of AGI. Mr Quao was eventually elected on to the National Council of the Association Of Ghana Industries, first as Sector Chairman, Metals & Building Products and later as Tema Regional Chairman .

Mr Quao later joined Benning Anang & Partners, a firm Chartered Accountants as a Partner ,Currently he is the Managing Proprietor of Quao Consult , a firm of Chartered Accountants based in Tema .

He is a director of Afariwaa Estates Limited and serves on the Governing Council Of Trinity Theological Seminary .

MR. DAVID EMMANUEL ANANG ODDOYE

Mr. David E. A. Oddoye is a Fellow, Institute of Chartered Accountants (Ghana), having worked for over 37years in both Private practice and Industry. He holds an Executive Master's Degree in Business Administration (EMBA), Finance Option, 2011, from the University of Ghana Business School.

Mr. David Oddoye started his professional career at Tettey Ussher and Partners, where he specialised in the audit of Small and Medium Size organization (SMES).

He later joined Peat Marwick Cassleton Elliot & Co, (now KPMG) in 1981. There he learned to audit large organisations and he was part of the audit team which audited organisations liked Pioneer Tobacco Company Limited, Cementation International, British construction and Barclays Bank, Ghana Limited.

Mr. David Oddoye has also worked with several companies in industry, and held key position at Gihoc Meat Products Company; Ghana Primewood Company Limited; BMK Company Limited, Tarkoradi and Japan Motors Trading Company AS Group Chief Accountant.

In 2012 he retired from Japan Motors Trading Company as Group Chief Accountant. He then founded his own Auditing Firm called DOFAC services.

DOFAC Services has done Audit and Assurance work for some organizations like Accra Street Academy; Run Ghana Limited; Audit for Japan Motors and Silver Automobile companies.

FIVE-YEAR FINANCIAL SUMMARY AND FINANCIAL HIGHLIGHTS

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

Five-year financial summary	2023	2022	2021	2020	2019
Interest income	11,734,666	9,847,942	11,401,844	10,208,944	7,191,152
Interest expense	(909,715)	(1,521,936)	(3,233,060)	(2,881,824)	(1,022,142)
Net interest income	10,824,951	8,326,006	8,168,784	7,327,120	6,169,010
Net fees and commission income	1,057,846	902,265	596,536	565,835	633,781
Other operating income	32,790	69,001	129,094	80,836	220,725
Total operating expense	(9,786,530)	(7,917,076)	(11,654,811)	(7,394,741)	(9,658,015)
Profit/(loss) before tax	2,129,057	1,380,196	(2,760,396)	579,050	(2,436,287)
Income tax expense	(835,199)	(166,834)	800,618	(42,254)	646,293
Profit/(loss) after tax	1,293,858	1,213,362	(1,959,778)	536,796	(1,789,994)
Total assets	85,262,888	75,909,752	74,394,494	83,063,060	53,927,125
Equity	5,405,694	4,245,147	2,889,695	4,846,973	4,270,394
Total liabilities	79,857,194	71,664,606	71,504,799	78,216,088	49,646,731
Total equity and liabilities	85,262,888	75,909,752	74,394,494	83,063,060	53,927,125

Financial highlights	2023	2022	Percentage change (%)
Interest income	11,734,666	9,847,942	19
Interest expense	(909,715)	(1,521,936)	40
Net Interest Income	10,824,951	8,326,006	30
Net Commission and fees	1,057,846	902,265	17
Other operating income	32,790	69,001	(52)
Total operating expense	(9,786,530)	(7,917,076)	(23.61)
Profit before tax	2,129,057	1,380,196	54
Income tax expense	(835,199)	(166,834)	400.62
Profit/(loss) after tax	1,293,858	1,213,362	7
Total assets	85,262,888	75,909,752	12
Equity	5,405,694	4,245,147	27
Total liabilities	79,857,194	71,664,606	11.43
Total equity and liabilities	85,262,888	75,909,752	12

CHAIRMAN'S STATEMENT

Distinguished shareholders, Ladies and Gentlemen, It gives me great pleasure to welcome you all to the 36th Annual General Meeting of your Bank. To begin with, let me thank you for the confidence reposed in, and the support extended to the Bank. I extend a warm and heartfelt welcome to each and every one of you. It is a privilege to have you here today as we come together to reflect on our journey, celebrate our achievements, and chart the course for the future of La Community Bank. Your presence here not only signifies your support, but also serves as a testament to the strong bonds that unite us in our shared commitment to enhancing the lives of those in our care. Thank you for your presence, and we look forward to a meaningful and productive gathering ahead.

I am honoured to have remained in the role of Chairman of the La Community Bank Board of Directors. During this challenging period of recovery, all of our directors wholeheartedly contributed their efforts to steer us through these trying times. The financial statement reveals a noteworthy transformation, despite the hurdles we encountered.

ECONOMIC OUTLOOK

Following the macroeconomic crises experienced in 2022, Ghana witnessed some improvements in its economic conditions throughout 2023. However, persistent challenges remain, notably characterized by elevated inflation, subdued growth, and substantial pressure on public finances and debt sustainability. In response, the Government embarked on a comprehensive debt restructuring, a significant fiscal consolidation program, and the implementation of reforms to foster economic stability and resilience. The Government' stabilization efforts are being supported by an Extended Credit Facility (ECF) program of the IMF for approximately $3 billion.

The crisis has taken a toll on the pace of economic growth which decelerated to an estimated 2.9% in 2023 and is projected to remain weak in 2024.
Year-on-year inflation fell from 53.4% in January 2023 to 23.2% in December 2023, reflecting more stable exchange rates and the effects of monetary policy tightening in 2022-23.

Growth is expected to remain weak in 2024 at 2.8 % as the ongoing fiscal consolidation, high inflation rates, elevated interest rates, and lingering macroeconomic uncertainties are all projected to dampen private consumption and investment.
However, growth will gradually rebound to its long-term potential of approximately 5% by 2026 as prevailing conditions stabilize.

OPERATING PERFORMANCE

Ladies and Gentlemen, despite the hard economic conditions and the continuous biting effects of Domestic Debt Exchange Program, the Bank's total operating income increased by 28.16% from GHS9.2 million in 2022 to GHS11.9million in 2023, this was achieved through various strategies approved by the Board and implemented by Management to improve on the performance of the Bank.

High inflation within the year resulted in general price hikes resulting in a 23.61% increase in operating expenditure from GHS7.9 million in 2022 to GHS9.7 million in 2023.

Your Bank recorded profit before tax of GHS2.1million in 2023 compared to GHS1.3 million in 2022. After consideration of taxes, the profit after tax stood at GHS1.29 million compared to the after tax of GHS1.21 million in 2022.

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

The Domestic Debt Exchange Program resulted in total impairment costs to our Bank of Ghs 2,432,586. This would be amortised over a 4- year period, starting from 2023, for Ghs 608,146 each year.

STATEMENT OF FINANCIAL POSITION

Ladies and gentlemen, during the year under review, Loans and Advances to Customers increased by 64.24% from GHS6.7 million in 2022 to GHS11million in 2023 due to new strategic directions implemented by the Board and management.

Total deposits increased by 18.92% from GHS65 million in 2022 to GHS77 million in 2023.

Total assets and Equity increased by 12.32% and 27.34% respectively.

Distinguished Shareholders, at this point I would like to take the opportunity to encourage all shareholders to increase their stake in the Bank, despite the current challenge for the future of your Bank is bright.

APPROPRIATION / DIVIDEND

Though your Bank made a modest profit in 2023, the Board is unable to seek approval for payment of Dividends in order to plough back this Profit into the business for better returns in the near future as the economy gradually recovers and business operations grows.

CORPORATE SOCIAL RESPONSIBILITY

Distinguished Shareholders, Ladies and Gentlemen, your Bank had always supported the worthy and noble cause of providing scholarships and bursaries to brilliant but needy students deserving of the Bank's financial support.

However due to the economic and financial challenges of the year 2023, your Bank was not able to undertake any Corporate Social Responsibility. We hope that, if things improve the Bank presence will be felt in the Community.

OUTLOOK FOR THE YEAR 2024

We remain optimistic about the prospect of the economy and therefore expect a robust rate of growth in 2024. We will ensure this new strategy taps into the opportunities in the market and creates sustainable growth.

We will continue to deepen our relationships with our customers and offer them superior customer service through the right technology and innovate products and services while maintaining our focus on minimizing and diversifying risk, as well as improving productivity and efficiency. The Bank is well placed to meet all the regulatory requirements to ensure we remain a strong institution operating in a strengthened industry.

RETIREMENT OF DIRECTOR

Distinguished Shareholders, Ladies and Gentlemen, I wish to take this opportunity to inform you that Dr. Mrs. Matilda Pappoe will be retiring at the close of this meeting.

I would like to thank her very profoundly for the invaluable service she rendered to your bank over the years. It is my hope and prayer that she will take a good rest and enjoy her retirement.

CONCLUSION

Ladies and Gentlemen, I am grateful to all Directors on the Board and Management for their cooperation and support in managing the affairs of the Bank. I thank you all for attending this meeting. May the Almighty God keep you all safe and healthy as we thank Him most sincerely for His Grace and Mercy over our lives and our banking business.

God Bless us all.

Chairman

DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS
STATEMENT OF DIRECTORS' RESPONSIBILITIES

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

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

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

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

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

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

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

By the order of the Board:

Name of Director SETH NII SODJAH QUAYE	**Name of Director** David E A Coldey
Signature	**Signature**
Date 30/04/2024	**Date** 30/04/2024

REPORT OF DIRECTORS TO THE MEMBERS OF LA COMMUNITY BANK LIMITED

The Directors are pleased to present their report together with the audited financial statements for the year ended 31st December 2023, which disclose the statement of the affairs of La Community Bank Limited (the "Bank").

Financial results

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

	2023	2022
Profit before tax for the year	2,129,057	1,380,196
from which is deducted income tax expense of	(835,199)	(166,834)
giving profit after tax of	1,293,858	1,213,362
to which is added balance on retained earnings account brought forward	(1,216,794)	(2,128,732)
Prior year adjustment	(133,310)	(71,903)
Leaving a balance before statutory and other transfers of	(56,246)	(987,273)
From which the following transfers were made:		
Transfer to statutory reserve	(161,732)	(151,670)
Other movement of:		
Regulatory credit risk reserve	(216,557)	(77,850)
	(434,535)	**(1,216,794)**

Dividend

The Directors do not recommend the payment of dividend (2022: Nil)

Auditors

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

Auditor's remuneration

The audit fee payable for the year under review is GHS 60,950, inclusive of taxes.(2022: GHS 47,541)

Stated Capital and Capital Adequacy Ratio (CAR)

The Stated Capital of the Bank at the end of the reporting year was GHS 2,075,305 and deposit for shares of GHS 260,620. The Bank met the minimum capital requirement, and the 10% minimum capital adequacy ratio. The Capital Adequacy Ratio was 12.23% as at 31st December, 2023.

Principal activities

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

Appointment, retirement and re-election of Board Members

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

Board of Directors	Position	Qualification/Profession	Date appointed
Mr. Seth Nii Sodjah Quao	Chairman	Chartered Accountant	20/11/2020
Mr. David E. A. Oddoye	Vice-Chairman	Chartered Accountant	26/09/2017
Dr. Mrs. Matilda E. Pappoe	Member	Retired Lecturer/ Consultant	05/06/2014
Mr. Kennedy Wiafe Effah	Member	Banker/ Lawyer	23/10/2021
Mr. Isaac Nsiah Odoi	Member	Banker/ Lawyer	20/12/2022
Mrs. Lovelace Adjei - Aku	Member	Banker/Sales Consultant	09/10/2023
Mrs. Betty Ashiokai Aryee	Member	Chartered Banker(FCIB)	12/12/2023

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

Corporate Governance Certification
During the year, as part of regulatory requirements for director certification, modular training sessions organised by the National Banking College were held for the Board on various corporate governance topics.

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

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

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

Corporate social responsibilities
There was no corporate social responsibility during the year under review.

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

Approval of financial statements
The financial statements for the year set out on pages 28 to 67, which have been prepared on a going concern basis, were approved by the Board of Directors and signed on their behalf by:

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

By the order of the Board:

Name of Director SETH NII SOBIAH OWUO	Name of Director David E A Coldey
Signature	Signature
Date 30/04/2024	Date 30/04/2024

CORPORATE GOVERNANCE (CG) REPORT

Overview

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

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

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

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

Board composition

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

The Board for the 2023 reporting year was diverse, with a good mix of experience and skills with a Board size of seven
(7) members. The areas of expertise of the directors are as follows:

Board of Directors	Position	Qualification/Profession	Date appointed
Mr. Seth Nii Sodjah Quao	Chairman	Chartered Accountant	20/11/2020
Mr. David E. A. Oddoye	Vice Chairman	Chartered Accountant	26/09/2017
Dr. Mrs. Matilda E. Pappoe	Member	Lecturer/ Consultant	05/06/2014
Mrs. Rosalyn Darkwa*	Member	Corporate Executive	20/11/2020
Mr. Kennedy Wiafe Effah	Member	Banker/ Lawyer	23/10/2021
Mr. Isaac Nsiah Odoi	Member	Banker/ Lawyer	20/12/2022
Mrs. Lovelace Adjei-Aku	Member	Banker/Sales Consultant	06/07/2023
Mrs. Betty Ashiokai Aryee	Member	Chartered Banker(FCIB)	12/12/2023

Resignation

Mrs. Rosalyn Darkwa resigned during the reporting year on 6th July, 2023.

Role of the Chairman/Chairperson and the Chief Executive Officer

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

Professional development and training activities

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

Frequency of Board meetings and attendance

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

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

Meeting attendance

Members	Board meetings (5)	Percentage of attendance (%)	Ad hoc meetings (4)
Mr. Seth Nii Sodjah Quao	5	100	4
Mr. David E. A. Oddoye	5	100	3
Dr. Mrs. Matilda E. Pappoe	5	100	4
Mrs. Rosalyn Darkwa*	-	-	1
Mr. Kennedy Wiafe Effah	4	80	2
Mr. Isaac Nsiah Odoi	5	100	3
Mrs. Lovelace Adjei-Aku**	1	20	1
Mrs. Betty Ashiokai Aryee**	-	-	-

**Board member resigned during the year*

***Board member joined during the year*

Board Sub-Committees

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

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

Overview of Board sub-committees

Executive Committee (EC)

Membership

The committee shall comprise the Board Chair, the Board Vice-Chair and may include at least one other voting Board Director. The members during the year under review were Mr. Seth Nii Sodjah Quao (Chairman), Mr. David Emmanuel Annan Oddoye. (Vice Chairman) and Dr. Mrs. Matilda E. Pappoe (Member).

Duties

The duties of the above committee are as follows:

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

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

Audit, Risk & Compliance Committee

Membership

The members, including the Chairman of the Committee, shall be appointed by the Board. The Committee shall comprise at least three independent non-executive directors of the Bank. The members during the year were Mr. David Oddoye (Chairman), Mr. Kennedy Wiafe Effah (member) and Mrs. Rosalyn Darkwa (member).

Duties

The duties of the above committee are as follows:

- Develop strategic goals which set the context for risk management and control activities throughout the Bank.
- Review the design, completeness and effectiveness of the risk management framework relative to the Bank's activities.
- Monitor the management of significant risks to the Bank's business objectives and satisfying itself that less significant risks are also being actively managed.
- Review significant breaches, or potential breaches of regulations and the steps taken to ensure that the underlying root causes of any regulatory control failures are being addressed.
- Ensuring that the Bank has in place a designated Compliance function which is adequately staffed by appropriately trained and competent persons with sufficient authority to perform their role.

- Establish and maintain a culture of compliance awareness and promote the adoption of appropriate ethical and compliance standards.
- Ensure that both Directors and Staffs are duly trained at least twice per year as required by Section 41(1a) of the Anti-Money Laundering (Amendment) Act, 2014 (Act 874).
- Review significant accounting and reporting issues, including complex or unusual transactions, and understand their impact on the financial statement.
- Consider the effectiveness of the Bank's internal control systems, including information technology security and control.
- Review with Management and the Head of Internal Audit the internal audit charter, activities, staffing, and organizational structure of the internal audit function.
- Review the effectiveness of the system for monitoring compliance with laws and regulations and the results of management's investigation and follow-up

Frequency of meetings

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

Members	Meetings(9)	Percentage of attendance (%)	Ad hoc meetings
Mr. David Oddoye	9	100	N/A
Mr. Kennedy Wiafe Effah	9	100	N/A
Mrs. Rosalyn Darkwa*	1	11	N/A

**Board member resigned during the year*

Human Resource Committee (HRC)

Membership

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

Duties

The duties of the above Committee are as follows:

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

Frequency of meetings

The Committee shall meet every quarter in a year.

Members	Meetings (1)	Percentage of attendance (%)	Ad hoc meetings
Dr. (Mrs.) Matilda Pappoe	1	100	N/A
Mr. Isaac Odoi	1	100	N/A
Mr. David E.A. Oddoye	1	100	N/A

Credit and Investment Committee

Membership

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

Duties

The duties of the above Committee are as follows:

- Facilitate the effective management of credit risk by the bank.
- Review credit risk management policies, underwriting guidelines and standard proposals on the recommendation of the Management Credit Committee (MCC) for the Board's approval.
- Regularly review credit risk strategies and portfolio quality.
- Review new credit products and processes for the Board's approval
- Review credit authorization limit and make recommendation to the Board
- Review proposed changes to this credit policy document on the recommendation of the Management Credit Committee (MCC) for Board approval.
- May review credit facility requests and proposals for the Board's approval
- Review credit risk reports on a periodic basis
- Review and approve credit facilities within its limit
- Ensure the Bank has satisfactory and system in place for liquidity risk management including the identification, measurement, mitigation and monitoring of liquidity risk.
- Set liquidity risk tolerable limits to guide management in its operations.
- Ensure Bank has a functioning and effective Management Information System in place to facilitate data management analysis, forecasting, tracking and reporting on liquidity management.
- Approve broad strategies developed to guide the management of broad market and business-related risks.
- Ensure interest rate risk and its caused are identified, measured, mitigated and monitored.
- Approve the introduction of new products and ensure that all uncertainties inherent in new products are outlined and measures put in place to address the envisaged uncertainties.
- Carry out a review of all product features and ensure these are in alignment with Bank mission, needs of target market and a review of profitability of the product.
- Ensure periodic review of the measures for mitigating interest rate risks and confirm relevance and continuous appropriateness.

Frequency of meetings

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

Members	Meetings (6)	Percentage of attendance (%)	Ad hoc meetings
Mr. Kennedy Wiafe Effah	6	100	N/A
Mrs. Rosalyn Darkwa*	2	33	N/A
Mr. Isaac Odoi	5	83	N/A
Mrs. Lovelace Adjei Aku**	1	17	N/A

**Board member resigned during the year*
*** Board member joined during the year*

Officers of the Bank

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

Officers	Capacity (31st December, 2023)
Peter Vanderpuije	Chief Executive Officer
Kenneth Owusu-Twumasi	Human Resource Manager
Deborah Anang	Ag. Finance Manager
Isaac Asante Adentwi	Internal Auditor (Appointed, July 7, 2023)
Emmanuel Plange	Risk and Compliance Manager
Jacobina Lydia Vanderpuye	Branch Manager, La
Benjamin Tamatey	Branch Manager, Teshie
Gifty Winful	Branch Manager, Madina

By order of the Board of Directors

Name of Director: SETH NII SOBTAH QUATO

Signature:

Date: 30/04/2024

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

Report on the audited financial statements

Opinion

In our opinion, La Community Bank Limited has kept proper accounting records and the financial statements are in agreement with the records in all material respects and report in the prescribed manner, information required by the Companies Act, 2019 (Act 992), and the Banks and Specialized Deposit-Taking Institutions Act, 2016 (Act 930). The financial statements give a true and fair view of the financial position of the Bank as at 31 December, 2023, and of its financial performance and statement of cash flow for the year then ended and are drawn up in accordance with the International Financial Reporting Standards, issued by the International Accounting Standards Board (IASB).

What we have audited

We have audited the accompanying financial statements of the La Community Bank Limited for the year ended 31st December, 2023

The financial statements comprise:

- statement of comprehensive income for the year then ended;
- statement of financial position as at 31st December, 2023;
- statement of changes in equity for the year ended;
- statement of cash flows for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies.

Basis for opinion

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

Independence

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

Report on the audited financial statements(continued)

Key Audit Matters

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

Key Audit Matters	How our audit addressed the key audit matter
Loan loss provision	**Our procedures included:**
The Bank has adopted IFRS 9 – Financial Instruments, which requires the measurement of expected credit loss allowance for financial assets at amortised cost and fair value through other comprehensive income. The Bank reviews its loans and advances for impairment at the end of each reporting period. There are significant judgements made in the following areas in applying IFRS 9 – Financial Instruments. These include; -Determining the staging of financial assets of the Bank which includes establishing groups of similar financial assets. -Determining criteria for significant increase in credit risk -Determination of the probability of default (PD) and Loss Given Default (LGD), which includes establishing the relative weightings of forward-looking scenarios for each type of loan and the associated Expected Credit Loss (ECL). Due to the significant judgements that are applied by management in determining whether an impairment loss has occurred we considered this to be a key audit matter. The Bank is also required to compute loan provision in accordance with the Bank of Ghana (BOG) prudential guidelines. There is the risk of inappropriate classification of loans and advances in accordance with BOG's guidelines that results in inaccurate loan impairment computations. The Bank is also required to make transfers from income surplus to regulatory credit risk reserve based on the excesses of IFRS impairment and Bank of Ghana provision. The disclosures relating to impairment of loans and advances to customers, which are included in notes to the financial statements, are considered important to the users of the financial statements given the level of judgement and estimation involved.	We evaluated the design and tested the implementation and operating effectiveness of the key controls over the computation of impairment loss. In evaluating the design of controls, we considered the appropriateness of the control, the nature and significance of the risk, competence and authority of person(s) performing the control, frequency and consistency with which the control is performed. In performing operating effectiveness of controls, we selected a sample of transactions based on the control frequency to determine whether the control operated during the year. We performed an evaluation of management's key assumptions over the expected credit loss model (ECL), including the probability of default and the Loss Given Default. We assessed management's staging of its financial assets in the ECL module and tested facilities to ensure they have been included in the correct stage. We tested the underlying calibration data behind the determination of the probability of default by agreeing same to underlying supporting documentation. We further assessed as appropriate the cassifications of the Bank's loans and advances in accordance with Bank of Ghana, prudential guidelines and the transfer of any excess provision over the IFRS computed provisions to the regulatory credit Risk Reserve. We found that the assumptions used by management were comparable with historical performance and have been assessed as reasonable.

Other Information
The Directors are responsible for the other information. The other information comprises the Report of the Directors, including the Board Chairman's statement which we obtained prior to the date of this auditor's report. The other information does not include the financial statements, and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. Based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, if we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

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

Auditor's responsibilities for the audit of the financial statements
The objectives of our audit are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatements, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.
As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional skepticism
throughout the planning and performance of the audit. We also:

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

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

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

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

- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and based on the evidence obtained, whether a material uncertainty exists relating to events or conditions that may cast significant doubt on the Bank's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Bank to cease to continue as a going concern.

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

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

- We also provide a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards. From the matters communicated with the Audit Committee and the Directors, we determine those matters that were of most significance in the audit of the financial statements of the current year and are therefore the key audit matters. We describe these matters in our auditor's

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

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

Other matter paragraph

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

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

1. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
2. In our opinion proper books of account have been kept by the Bank, so far as appears from our examination of those books; and
3. The statement of financial position and statement of comprehensive income of the Bank are in agreement with the books of account.

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

1. The accounts give a true and fair view of the state of affairs of the Bank and its results of operations for the year under review;

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

3. The Bank's transactions were within its powers;

4. In our opinion, the Bank has generally complied with the provisions of the Anti-Money Laundering Act, 2020 (Act 1044), the Anti-Terrorism Act, 2008 (Act 762) and the regulations enactments; and

5. The Bank has generally complied with the provisions in the Banks and Specialized Deposit-Taking Institutions Act, 2016 (Act 930).

*The engagement partner on the audit resulting in this independent auditor's report is **Daniel Adewu (ICAG/P/1734)***

Signed by: UHY Voscon

For and on behalf of:

UHY Voscon (ICAG/F/2024/086)
Chartered Accountants
P. O. Box LA 476, La, Accra
2nd Floor, Cocoshe House
Opposite Silver Star Tower
Agostinho Neto Close Airport
Residential Area Accra - Ghana.
Phone +233 30 2683 430 / 4
Email: info@uhyvoscon-gh.com
Web: www.uhyvoscon-gh.com
GA:-057-1475

Date 30th April, 2024

Statement of comprehensive income — for the year ended 31 December

	Note	2023	2022
Interest income	3	11,734,666	9,847,942
Interest expense	4	(909,715)	(1,521,936)
Net interest income		**10,824,951**	**8,326,006**
Fees and commission income	5	1,477,371	1,173,909
Fees and commission expense	6	(419,525)	(271,644)
Net fees and commission income		**1,057,846**	**902,265**
Other Income	7	32,790	69,001
Operating income		**11,915,587**	**9,297,272**
Operating expenses			
Impairment loss on financial assets	8	(860,598)	2,029
Personnel expenses	9	(5,460,412)	(4,833,963)
Directors remuneration		(224,450)	(301,890)
Depreciation and amortization		(354,468)	(434,312)
Finance cost on lease liability	24	(5,418)	(15,982)
Other operating expenses	10	(2,881,184)	(2,332,958)
Total operating expense		**(9,786,530)**	**(7,917,076)**
Profit before Income Tax		**2,129,057**	**1,380,196**
Taxation	11.1	(835,199)	(166,834)
Profit after tax attributable to equity holders		**1,293,858**	**1,213,362**
Other comprehensive income			
Movement in fair value reserves		-	(20,007)
Related tax		-	5,002
Total comprehensive income		**1,293,858**	**1,198,357**
Earnings per share:			
Basic		6.81	6.48
Diluted*		6.81	6.48

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

The notes on pages 32 to 67 are integral part of these financial statements

Statement of financial position			**as at 31 December**
		2023	**2022**
Assets	**Notes**		
Cash and cash equivalents	12	25,164,356	19,972,163
Investment securities-at amortised cost	13	41,013,396	41,289,671
Investment Securities – FVOCI	14	339,759	291,649
Loans and advances to customers	15	11,092,561	6,754,052
Other assets	16	952,883	731,441
Current tax asset	11.2	-	48,452
Deferred tax asset	11.3	2,600,227	2,590,679
Property, plant and equipment	17	3,194,099	3,308,114
Intangible asset	18	178,041	282,796
Right of use asset	19	727,566	640,733
Total assets		**85,262,888**	**75,909,752**
Equity			
Stated capital	20	2,075,305	2,075,305
Deposit for shares	21	260,620	260,620
Retained earnings		(434,535)	(1,216,794)
Revaluation reserve		243,115	243,115
Credit risk reserve		393,639	177,082
Statutory reserve fund		2,867,550	2,705,818
Total equity		**5,405,694**	**4,245,146**
Liabilities			
Customer deposits	22	77,473,876	65,148,986
Provisions	23	53,953	53,953
Taxation	11.2	45,431	-
Lease liability	24	98,628	93,210
Dividend payable	25	942,894	943,992
Other liabilities	26	1,242,412	5,424,465
Total liabilities		**79,857,194**	**71,664,606**
Total Equity and liabilities		**85,262,888**	**75,909,752**

The notes on pages 32 to 67 are integral part of these financial statements.
These financial statements were approved by the Board and signed on their behalf by:

Name of Director SETH NII SODJAH [illegible] **Name of Director** David. E A [illegible]

Signature...................... **Signature**......................

Date 30/04/2024 **Date** 30/04/2024

Statement of changes in equity For the year end 31 December, 2023	Note	Stated capital	Deposit for shares	Retained earnings	Statutory reserve	Revaluation reserve	Credit risk reserve	Total
Balance as at 1 January		2,075,305	260,620	(1,216,794)	2,705,818	243,115	177,082	4,245,146
Prior year adjustment				(133,310)				(133,310)
Balance as restated		2,075,305	260,620	(1,350,104)	2,705,818	243,115	177,082	4,111,837
Net profit				1,293,858				1,293,858
Transfer to credit reserve				(216,557)			216,557	-
Transfer to statutory reserve				(161,732)				
				161,732	-			
Balance at 31 December, 2023		**2,075,305**	**260,620**	**(434,535)**	**2,867,550**	**243,115**	**393,639**	**5,405,695**

For the year end 31 December, 2022	Note	Stated capital	Deposit for shares	Retained earnings	Statutory reserve	Revaluation reserve	Credit risk reserve	Total
Balance as at 1 January		2,075,305	26,620	(2,128,732)	2,554,148	263,122	99,232	2,889,695
Prior year adjustment		-	-	(71,903)	-	-	-	(71,903)
Balance as restated		2,075,305	26,620	(2,200,635)	2,554,148	263,122	99,232	2,817,792
Net profit				1,213,362				1,213,362
Fair value gains on investments						(20,007)		(20,007)
Deposit for Shares			234,000					234,000
Transfer to credit reserve				(77,850)			77,850	-
Transfer to statutory reserve				(151,670)				
				151,670	-			
Balance at 31 December, 2022		**2,075,305**	**260,620**	**(1,216,794)**	**2,705,818**	**243,115**	**177,082**	**4,245,146**

The notes on pages 32 to 67 are integral part of these financial statement

Statement of cash flows — for the year ended 31 December

	Notes	2023	2022
Cash generated from/ (used in) operations	27	**6,496,553**	**5,340,090**
Taxes paid	11.2	(750,863)	(388,123)
Net cash generated from operating activities		**5,745,690**	**4,951,967**
Cash flows from investing activities			
Acquisition of property, plant and equipment	17.1	(77,531)	(4,500)
Right of use	19.1	(145,000)	-
Investment securities	13,14	(329,868)	3,383,864
Acquisition of intangible assets	18.1	-	(5,000)
Proceeds from sale of property, plant and equipment		-	51,440
Net cash used in investing activities		**(552,399)**	**3,425,804**
Financing activities			
Proceeds from Deposit for shares		-	234,000
Dividend paid	25	(1,098)	(2,872)
Net Cash flow from financing activities		**(1,098)**	**231,128**
Net Increase/(decrease) in cash and cash equivalents		**5,192,193**	**8,608,899**
Balance at beginning		19,972,163	11,363,264
Cash and cash equivalents at 31 December	12	**25,164,356**	**19,972,163**
Analysis of cash and cash equivalents			
Cash on hand		1,177,189	839,488
Bank balances		15,073,524	7,001,661
Short term investment		8,913,707	12,131,014
		25,164,420	**19,972,163**
Allowance for ECL		(64)	-
At year end		**25,164,356**	**19,972,163**

The notes on pages 32 to 67 are integral part of these financial statements.

1.1 Reporting entity

La Community Bank Limited was incorporated on 6th November, 1986 under the Companies Act, 1963, (Act 179), repealed by Companies Act, 2019, (Act 992), and issued with certificate to commence business on 17th June, 1987.

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

1.2 Principal activity

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

2.1 Basis of preparation

2.1.1 Statement of compliance

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

2.1.2 Approval of the audited financial statements

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

2.1.3 Basis of presentation of the financial statements

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

2.1.4 Basis of measurement

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

2.1.5 Functional and presentation currency

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

2.1.6 Use of estimates and judgements

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

2.1.6.1 Going concern

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

2.1.6.2 Impairment losses on loans and advances

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

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

2.1.6.3 Deferred tax assets

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

2.1.6.4 Property, plant and equipment

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

2.2 Summary of significant accounting policies

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

2.3 Foreign currency transactions

Assets and liabilities expressed in foreign currencies are translated into Ghana cedi at the rates of exchange ruling at the reporting date. Transactions during the year are translated at the rates ruling at the dates of the transactions. Gains or losses on exchange if any are recognized in the statement of profit or loss.

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

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

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

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

2.4.1 Revenue recognition

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

2.4.1.1 Interest income

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

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

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

2.4.1.2 Fees and commission income

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

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

2.4.1.3 Dividend income

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

2.5 Interest expense

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

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

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

2.6 Administration, general and other operating expenses

These expenses are recognized when incurred not when paid.

2.7 Cash and cash equivalents

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

2.8 Financial assets and liabilities
2.8.1 Date of recognition

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

2.8.2 Initial measurement of financial instruments

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

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

2.8.2.1 Financial assets or financial liabilities held for trading

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

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

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

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

The designation eliminates or significantly reduces the inconsistent treatment that would otherwise arise from measuring the assets or liabilities or recognizing gains or losses on them on a different basis.
The assets and liabilities are part of the bank's financial assets, financial liabilities, or both which are managed and their performance evaluated on a fair value basis, in accordance with a documented risk management or investment strategy.

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

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

2.8.2.3 Held to maturity financial instruments

Held to maturity financial investments are non-derivative financial assets with fixed or determinable payments and fixed maturities, which the Bank has the intention and ability to hold to maturity.
After initial measurement, held to maturity financial investments are subsequently measured at amortized cost using the effective interest rate method (EIR), less impairment.

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

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

2.8.2.4 Loans and advances

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

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

2.9 Framework for impairment of financial assets

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

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

2.9.1 Impairment of financial assets

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

2.9.2 Impairment of financial assets carried at amortized cost

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

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

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

The interest income is recorded as part of 'Interest and similar income. Loans together with the associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realized or has been

transferred to the Bank. If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognized, the previously recognized impairment loss is increased or reduced by adjusting the allowance account. If a future write–off is later recovered, the recovery is credited to the 'Credit loss expense'

2.9.3 Impairment of available for sale investments

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

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

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

2.9.4 Impairments of assets and other non-financial assets

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

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

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

2.10 De-recognition of financial assets
2.10.1 Financial assets

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

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

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

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

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

2.10.2 Financial liabilities

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

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

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

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

2.11 Offsetting

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

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

2.12 Renegotiated loans

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

2.13 Fair value measurement

The Bank measures financial instruments, such as, available for sale financial assets at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

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

The principal or the most advantageous market must be accessible to by the Bank. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest. A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use. The Bank uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

2.14 Income tax expense

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

2.14.1 Current tax

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

2.14.2 Deferred tax expense

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

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

2.15 Provisions

Provisions are recognized when the Bank has:
- a present obligation (legal or constructive) as a result of a past event,
- and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation,
- And a reliable estimate can be made of the amount of the obligation.

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

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

2.15.1 Provision for restructuring/reorganization

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

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

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

2.16 Employee benefits
2.16.1 Short term employment benefits

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

2.16.2 Leave benefits

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

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

2.16.3 Social security contributions

A defined contribution plan is a pension plan under which the Bank pays fixed contributions into a separate entity. The Bank contributes to the defined contribution schemes (the Social Security Fund) on behalf of employees. This is a national pension scheme under which the Bank pays 13% of qualifying employees' basic monthly salaries to a state managed Social Security Fund for the benefit of the employees.
The Bank has no legal or constructive obligations to pay further contributions if the fund does hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior years.Payments to defined contribution retirement benefits plans are charged as an expense as they fall due.

2.16.4 Other employee benefits- Provident fund

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

2.16.5 Retirement benefits

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

2.17 Inventories

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

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

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

2.18 Share capital and equity

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

2.19 Borrowing cost

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

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

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

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

2.20 Related parties

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

2.21 Property, plant and equipment

The Bank recognizes an item of property, plant and equipment as an asset when it is probable that future economic benefits will flow to it, the amount meets the materiality threshold set by the Bank, and can be reliably measured. All property, plant and equipment are initially stated at cost. Cost includes amount incurred initially to acquire or construct an item of property, plant and equipment and expenditure that is directly attributable to the acquisition or construction of the asset.

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

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

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

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

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. The recoverable amount is the higher of the asset's fair value less costs to sell and value in use. No property and equipment were impaired as at 31 December 2023 (2022: nil).

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

2.22 Intangible assets

Software

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

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

2.23 Lease

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

2.23.1 Initial recognition

At the inception date, the Bank recognises a Right-of-Use Assets and a corresponding Lease Liability unless the lessee makes use of optional exemptions for short-term leases (12 months or less) and leases for which the underlying assets is of low value.

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

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

2.23.2 Subsequent measurement

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

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

2.25 Earnings per share

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

2.26 Regulatory disclosure

	2023	2022
Gross loans – GHC	11,705,672	7,064,598
Performing loans – GHC	10,978,818	6,737,158
Non-performing loans – GHC	726,854	327,440
Non-performing loan ratio (NPL %)	6.20	4.60
Loan loss provision ratio (%)	7.09	5.50
Ratio of 20 largest exposures to total credit (%)	41.90	30.79
Capital Adequacy Ratio (CAR %)	12.23	17.14

3. Interest income	2023	2022
Loans	3,374,975	1,099,573
Overdraft	165,160	165,160
Interest on investments (Fixed deposit and Gov't securities)	8,194,531	8,583,209
	11,734,666	**9,847,942**

4. Interest expense	2023	2022
Fixed deposit	648,980	1,101,765
Savings Account	260,735	420,171
	909,715	**1,521,936**

5. Fees and commission income	2023	2022
Brokerage fees	562,233	487,697
Clearing fees	32,145	20,424
Commission on turnover	342,087	236,158
Draft and transfers	3,995	5,252
Money transfers	54,785	31,470
Handling charges	168,400	127,263
Other fees and commission	313,726	265,645
	1,477,371	**1,173,909**

6. Fees and commission expense	2023	2022
Susu Collector's Commission*	419,525	271,644
	419,525	**271,644**
This represents payments to susu collectors.		

7. Other income	2023	2022
Interest on Clearing Accounts	5,282	12,312
Capital Grant Income	2,502	2,730
Bad Debt Recovery	8,000	-
Asset Disposal	-	51,440
Others	17,006	2,519
	32,790	**69,001**

8. Impairment loss on financial assets	2023	2022
Loans and advances to customers	302,565	24,414
Investment security*	558,033	(6,443)
Cash and cash equivalents	-	(20,000)
	860,598	**(2,029)**

*This is the impairment of DDEP bonds over a four-year period. The balance of GHC 1,824,441 remains to be written off.

9. Personnel expenses	2023	2022
Salaries and Wages	4,248,340	3,691,828
Employer's SSNIT contribution	339,550	292,634
Employer's provident fund contribution	51,948	40,508
Medical Cost	152,227	102,116
Other staff Cost	668,347	706,877
	5,460,412	**4,833,963**

10. Other Operating expenses	2023	2022
Advertising and marketing	46,960	94,454
Professional fees	5,936	53,513
Auditor's remuneration	60,950	47,541
Audit expense	1,180	1,716
Donations	19,500	17,718
Subscriptions/Periodicals	186,663	132,318
Rent and rates	57,593	114,064
Stationery and printing	151,172	123,285
Bank charges	60,203	36,074
Training	31,106	49,567
Insurance	284,966	314,266
Travelling	41,670	53,550
Repair and maintenance	852,379	525,189
Meetings	95,799	64,163
Utilities	379,964	250,800
Cleaning & sanitation	71,638	66,011
Security	138,376	120,329
Internet	130,963	128,287
Specie movement	39,526	17,320
Office expense	33,995	111,910
Registration	11,980	10,883
USSD transactional fees	176,996	-
Write-off	1,669	-
	2,881,184	**2,332,958**

11. Taxation 11.1 Income tax expenses	2023	2022
Current tax expense	738,295	355,465
Growth & sustainability levy	106,452	-
Deferred tax charge/ (credit)	(9,548)	(188,631)
	835,199	**166,834**

11.2 Current tax

Year of assessment	Balance at 01/01/2023	Adjustment	Payment	Charge for the year	Balance at 31/12/2023
2021	(15,794)	-	-	-	(15,794)
2022	(32,658)	-	-	-	(32,658)
2023	-	-	(625,864)	738,295	112,431
	(48,452)	-	(625,864)	738,295	63,979
Growth and sustainability levy					
	-	-	(125,000)	106,452	(18,548)
	-	-	(125,000)	106,452	(18,548)
Total	**(48,452)**	-	**(750,864)**	**844,747**	**45,431**

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

Growth and sustainability levy is 5% of profit before tax in accordance with the Growth and Sustainability Act, 2023 (Act 1095)

11.3 Deferred tax	**2023**	**2022**
Balance at year start	(2,590,679)	(2,402,048)
Charge to income statement	(9,548)	(188,631)
	(2,600,227)	**(2,590,679)**

Reconciliation of tax expense to product of accounting profit and applicable rate	**2023**	**2022**
Profit before taxation	**2,129,057**	**1,380,196**
Tax at applicable rate (25%)	532,264	345,049
Add (Deduct):		
Tax effect of non-deductible expenses	318,276	155,801
Tax effect of capital allowances	(112,245)	(145,385)
Growth & sustainability levy	106,452	-
Tax effect of origination and reversal of temporary difference	(9,548)	(188,631)
Tax expense	**835,199**	**166,834**
Effective tax rate	**39.23%**	**29.00%**

12. Cash and cash equivalents	2023	2022
Cash on hand	1,177,189	839,488
Balance with other local banks	15,073,524	7,001,661
Balance with ARB Apex bank	8,913,707	12,131,014
	25,164,420	19,972,163
Allowance for Expected Credit Loss (ECL)	(64)	-
	25,164,356	**19,972,163**

13. Investment security at amortised cost	202	2022
Fixed deposits	17,098,265	17,148,265
Government bonds	34,946,964	34,615,270
Gross carrying amount	**52,045,229**	**51,763,535**
Allowance for Expected Credit Loss (ECL)	(11,031,833)	(10,473,864)
	41,013,396	**41,289,671**

14. Investment in securities at FVOCI	2023	2022
Balance at 1 January	291,649	311,656
Addition	48,110	
Fair value gain/(loss)	(20,007)	
	339,759	**291,649**

15. Loans and advances to customers	2023	2022
Loans and advances to customers	**11,705,672**	7,064,598
Less allowance for impairment	(613,111)	(310,546)
Loans and advances to customers at amortised cost	**11,092,561**	**6,754,052**

15.1	Gross carrying allowance	ECL allowance	2023 Carrying amount	Gross carrying	ECL allowance	2022 Carrying amount
Term loans	8,108,545	(262,000)	7,846,545	5,465,744	(149,764)	5,315,980
Overdrafts	2,893,752	(325,553)	2,568,198	954,844	(134,194)	820,650
Staff loans	703,375	(25,558)	677,817	644,010	(26,588)	617,422
	11,705,672	**(613,111)**	**11,092,561**	**7,064,598**	**310,546**	**6,754,052**

16. Other assets	2023	2022
Prepayments	208,870	167,741
Office Account	27,953	11,573
Deferred Expense (Prepaid employee benefit)	255,337	249,748
Stationery Stock	200,821	99,294
Deferred CAGD Commission	229,770	203,065
Others	30,132	20
	952,883	731,441
Allowance for Impairment	-	-
	952,883	**731,441**

17.1. Property, plant and equipment 2023

Cost/valuation	1 January	Additions	Disposal	Adjustment	31 December
Land & Building	4,026,690	-	-	-	4,026,690
Furniture and Equipment	1,277,185	77,531	-	-	1,354,716
Computers	709,390	-	-	-	709,390
Motor vehicles	375,238	-	-	-	375,238
Capital work in progress	34,350	-	-	-	-
Total	**6,422,853**	**77,531**	**-**	**-**	**6,500,384**

Accumulated depreciation	1 January	Charge for the year	Disposal	Adjustment	31 December
Land & Building	858,796	114,367	-	-	973,163
Furniture and Equipment	1,176,120	72,961	-	-	1,249,081
Computers	704,585	4,218	-	-	708,803
Motor vehicles	375,238		-	-	375,238
Capital work in progress	-	-	-	-	-
Total	**3,144,739**	**191,546**	**-**	**-**	**3,306,285**

Carrying value:	
Land & Building	3,053,527
Furniture and equipment	105,635
Computers	587
Motor vehicles	-
Capital work in progress	34,350
31st December, 2023	**3,194,099**

17.2. Property and equipment 2022

Cost/valuation	1 January	Additions	Disposal	Adjustment	31 December
Land & Building	4,026,690	-	-	-	4,026,690
Furniture fittings	1,272,685	4,500	-	-	1,277,185
Computers	709,390	-	-	-	709,390
Motor vehicles	505,533	-	(130,295)	-	375,238
Capital work in progress	34,350	-	-	-	34,350
Total	**6,548,648**	**4,500**	**(130,295)**	**-**	**6,422,853**

Accumulated depreciation	1 January	Charge for the year	Disposal	Adjustment	31 December
Building	736,668	114,367	-	7,761	858,796
Furniture and Equipment	1,089,843	86,277	-	-	1,176,120
Computers	672,990	31,595	-	-	704,585
Motor vehicle	505,533	-	(130,295)	-	375,238
Capital work in progress	-	-	-	-	-
Total	**3,135,910**	**232,239**	**(130,295)**	**7,761**	**3,114,739**
Carrying value:					
Land & Building					3,167,894
Furniture and Equipment					101,065
Computers					4,805
Motor vehicles					-
Capital work in progress					34,350
31st December, 2022					**3,308,114**

18.1. Intangible asset

Cost/ valuation 2023	1 January	Additions	Disposal	31 December
Computer software	976,034	-	-	976,033
Accumulated amortization	**1 January**	**Charge**	**Disposal**	**31 December**
Computer software	693,238	104,754	-	797,992
Carrying value				
31st December, 2023				**178,04**

18.2. Intangible asset

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

19.1. Right of use asset

Cost/ valuation 2023	1 January	Additions	Disposal	31 December
Right of use asset	823,445	145,000	-	968,445
Accumulated depreciation	**1January**	**Charge**	**Disposal**	**31 December**
Right of use asset	182,710	58,169	-	240,879
Carrying value				
31st December, 2023				**727,566**

19.2. Right of use asset

Cost/ valuation 2022	1 January	Additions	Disposal	31 December
Right of use asset	823,443	-	-	823,443
Accumulated depreciation	**1January**	**Charge**	**Disposal**	**31 December**
Right of use asset	130,877	51,831	-	182,710
Carrying value				
31st December, 2022				**640,733**

20. Stated capital

	2023		2022	
	Number	**Amount**	**Number**	**Amount**
Authorised no. of shares of no par value	**25,000,000**		**25,000,000**	
Issued and fully paid				
Issued for cash consideration	18,729,813	2,075,305	18,729,813	2,075,305
	18,729,813	**2,075,305**	**18,729,813**	**2,075,305**

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

21. Deposit for shares

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

22. Customer Deposits	2023	2022
Savings accounts	41,354,944	36,278,221
Susu Deposit Account	12,092,672	9,890,897
Current Account Deposit	14,792,365	14,119,418
Fixed Deposit	9,233,895	4,860,450
	77,473,876	**65,148,986**

23. Provisions	2023	2022
La Community Development and Educational Fund (LACDF)		
La Township Development Fund	50,316	50,316
La Educational Fund	3,637	3,637
	53,953	**53,953**

23.1 Reconciliation of LACDF	2023	2022
Balance as at 1 January	53,953	53,953
Additional provisions during the year	-	-
Provision utilised during the year	-	-
	53,953	**53,953**

24. Lease liability	2023	2022
Balance at 1 January	93,210	77,228
Remeasurement of lease liability	-	-
Finance cost on lease liability	5,418	15,982
Lease payment	-	-
	98,628	**93,210**

25. Dividend payable	2023	2022
Balance as at 1st January	943,992	946,864
Declared during the year	-	-
Payment during the year	(1,098)	(2,872)
Balance at 31st December	**942,894**	**943,992**

26. Other liabilities	2023	2022
Bills payable	88,592	308,494
Deferred grant	-	2,502
Accrued expenses	719,493	691,574
Audit fees	60,950	47,857
Others	373,377	4,374,038*
	1,242,412	**5,424,465**

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

27. Cash generated from/ (used in) operations	2023	2022
Cash flows from operating activities:		
Profit	2,129,057	1,380,196
Adjustment for :		
Depreciation and amortization	354,468	434,312
Net Impairment loss on financial assets	860,598	(2,029)
Tax adjustment	-	205,398
Finance Cost on lease liability	5,418	15,982
Profit on disposal	-	(51,440)
Prior year adjustment	(133,310)	(71,903)

Cash inflow before changes in assets and liabilities	3,216,231	1,910,516
Changes in assets and liabilities		
Loans and advances	(4,641,074)	(3,419,463)
Other assets	(221,442)	6,692,550
Deposits from customers	12,324,890	(4,131,218)
Other liabilities	(4,182,052)	4,287,705
Cash generated from/ (used in) operations	**6,496,553**	**5,340,090**

28. Capital commitments

There were no outstanding capital commitments at 31st December 2023 (2022: Nil).

29. Contingencies

There were no contingent assets and liabilities or capital commitments at 31st December, 2023 (2022: Nil).

30. Legal confirmation

We have not received any response to the legal confirmation that was sent out for the year under review.

31. Related party disclosures

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

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

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

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

- A person identified in (a)(I) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).
- The entity, or any member of a group of which it is a part, provides key management personnel services to the reporting entity or to the parent of the reporting entity.

The following are deemed not to be related for the reporting purposes of La Community Bank Limited

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

Related party transactions

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

Disclosure

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

31.1 Transactions with Key Management Personnel (KMP)

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

Remuneration		
Details	**2023**	**2022**
Directors emoluments	254,450	301,890
Salaries and other benefits (KMP*)	569,467	474,299
	823,917	**776,189**

*2023 - KMP comprised of the CEO,, and Departmental Heads.
*2022 - KMP comprised of the CEO,, and Departmental Heads

Loans and advances

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

Details (2023)	At start of year	Addition	Payments	Write offs	At year end
Firms in which directors are related	-	-	-	-	-
Directors				-	-
- Officers	760,702	359,200	(507,834)		612,068
Other employees -	-	-	-	-	-
	760,702	**359,200**	**(507,834)**	**-**	**612,068**

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

32. Shareholding structure

32.1 Number of shares outstanding

Earnings and dividend per share are based on 18,729,813, (2022: 18,729,813) ordinary shares outstanding.'

32.2 Directors shareholding:

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

Directors' shareholding as at 31 December 2023

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

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

32.3 Key Management staff

Other than the Board of Directors shareholding as at 31/12/2023

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

Holder Number	Name	Number of shares	Percentage of shareholding
27296	Vanderpuye Jacobina L.*	4,404	0.0237
220146	Plange Emmanuel*	10,000	0.0539
220160	Pobee Edward Magrossis Nii Odoi	5,000	0.0270
220162	Addy Genevieve	5,000	0.0270
220197	Addo Thelma Addoley	5,000	0.0270
220139	Ansah Carol Rebecca	11,000	0.0593
220161	Tetteh Victoria	15,065	0.0812
220220	Ameyibor Vida Aku	2,000	0.0108
220013	Nortei-Assumeng Rebecca	6,410	0.0346
391860	Bonsu Doreen	500	0.0027
220148	Patterson Frederick Odoi	10,000	0.0539
391789	Vanderpuye Alfred N.A.	1,500	0.0081
391876	Tetteh Kingsley Nyanyo	600	0.0032
220210	Dowuona Nathaniel	2,000	0.0108
391782	Laryea Ransford	1,000	0.0054
Total employee shareholding		79,479	0.5256
Other than employee share holding		18,676,954	99.4744
Total shareholding		****18,756,433**	**100**

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

33. Financial risk management

Financial risk factors

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

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

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

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

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

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

33.1 Market risk

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

33.2 Interest rate risk

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

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

33.3 Credit risk

The Bank is exposed to credit risk, which is the risk that counterparty will be unable to pay amounts in full when they fall due. The Bank is exposed to counterparty risk on cash and cash equivalents, amounts due from financial institutions and other receivable balances. It is also exposed to other credit risks arising from investments in debt securities. The maximum exposure to credit risk before any credit enhancements at 31 December 2023 is the carrying amount of the financial assets as set out below:

	Notes	2023	2022
Balance with other banks		23,987,231	19,132,674
Investment securities at amortised cost		52,045,229	51,763,535
Loans and advances		11,705,672	7,064,598
		87,738,132	**77,960,807**

31 December, 2023	Stage 1	Stage 2	Stage 3	Total
Balance with other banks	25,164,420	-	-	25,164,420
Investment securities at amortised cost	41,621,543	-	10,423,687	52,045,230
Loans and advances	10,806,883	171,944	726,854	11,705,680
	77,592,845	171,944	11,150,540	**88,915,330**

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

33.4 Liquidity risk

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

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

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

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

Liquidity 2023	0 -3 months	4 – 6 months	7 – 12 months	Above 1 year	Total	Carrying amount
Assets						
Cash and cash equivalents	21,314,137	5,874	-	3,844,409	25,164,420	**25,164,420**
Investment at amortised cost	-	-	-	41,013,396	41,013,396	**41,013,396**
Loans and Advances	2,107,150	1,294,146	1,466,059	5,425,875	10,293,230	**10,293,230**
Other assets	58,085	104,731	104,139	685,928	952,883	
	952,883					
Total assets	**23,479,372**	**1,404,751**	**1,570,198**	**50,969,608**	**77,423,929**	**77,423,929**

Liabilities					Total	Carrying amount
Demand and savings	68,239,980	-	-	-	68,239,980	**68,239,980**
Time deposits	9,138,697	45,705	49,494	-	9,233,896	**9,233,896**
Other liabilities (dividend & bill)	1,031,486	-	-	-	1,031,486	**1,031,486**
Total liabilities	**78,410,163**	**45,705**	**49,494**	**-**	**78,505,362**	**78,505,362**
Net Liquidity gap (2023)						**(1,081,433)**
Net Liquidity gap (2022)						**8,288,992**

33.5 Capital risk management

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

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

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

34. Fair value estimation

Fair value hierarchy

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

- Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities. This level includes listed equity securities and debt instruments on exchanges (for example, The Ghana Stock Exchange).

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

- Level 3 – inputs for the asset or liability that are not based on observable market data (unobservable inputs). This level includes equity investments and debt instruments with significant unobservable components. This hierarchy requires the use of observation market data when available. The Bank considers relevant and observable market prices in its valuation when possible. The fair value of the Bank's financial assets and liabilities approximate the respective carrying amounts, due to the generally short years to maturity dates.

a) Fair value hierarchy

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

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

	Level 1	Level 2	Level 3	Total
2023				
Financial assets				
Investment securities at FVOCI	-		339,759	339,759
2022				
Financial assets				
Investment securities at FVOCI	-		291,649	291,649

35 Stated capital and reserves

35.1 Stated capital

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

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

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

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

35.2 Statutory reserve fund

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

Transfer to statutory reserve

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

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

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

The transfer required under subsection (1) shall be made:

- before the declaration of interim or final dividends, and
- after making provision for tax

(b) Reserves

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

(c) Retained earnings

The retained earnings of a Bank is the reserves as defined above less a mounts o f mon ey attr ibutabl e to

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

(d) Capital adequacy

Regulatory capital	2023	2022
Tier 1 capital	5,405,695	4,245,147
Tier 2 capital	243,115	243,115
Total regulatory capital	5,648,810	4,486,322
Adjusted capital base (a)	5,131,010	3,913,817
Adjusted asset base (b)	42,011,939	22,829,503
Capital adequacy ratio (a/b)	**12.21**	**17.14**
Capital surplus (adjusted capital base(a) less 10% of adjusted asset base(b)	**929,816**	**1,630,867**
	2023	**2022**
Capital adequacy by BoG	10%	10%
Capital adequacy of the Bank	**12.21%**	**17.14%**

36. Domestic debt exchange programme (DDEP)

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

During the year under review, the Bank exchanged its domestic for new bonds issued by the Republic under the Domestic Debt Exchange Programme.

37. Events after reporting date

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

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

37.1 Investment

As at the date of our report, there was a decision given by the Director General of the Securities and Exchange Commission on the dispute resolution between the Bank and National Trust Holding Company (NTHC) on the 7th March, 2024. It involved the dispute of the Bank's investment balance of GHC 5,133,755 by NTHC. The Security and Exchange Commission directed NTHC to pay the amount stated within 15 days of receiving the decision. However, NTHC has committed to paying GHC 100,000 for each quarter in 2024 per letter dated 19th April, 2024 received. The payment for the first quarter has been received.

38. Comparatives

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

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

39. Prior year adjustment

Adjustments have been made for USSD transactional cost for 2022 invoices of GHC 133,310 received during the year under review.

40. Value added statement	2023	2022
Interest and banking income	13,212,037	11,021,851
Direct cost	(1,329,240)	(1,785,819)
Value added by banking services	11,882,797	9,236,032
Non-banking income	32,790	69,001
Impairment	(860,598)	2,029
Value added	**11,054,989**	**9,307,062**
Distributed as follows		
To employees:		
Directors	(224,450)	(301,890)
Other employees	(5,460,412)	(4,833,963))
To Government:		
Income tax	(835,199)	(168,774)
Bank's expansion and growth:		
Depreciation and amortisation	(354,468)	(434,312)
Other operating cost	(2,886,602)	(2,356,701)
To retained earnings	**1,293,858**	**1,211,422**

41. Shareholders' information

41.1 Shareholding distribution as at 31 December, 2023

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

Total shares of 260,620, yet to be regularized with the Office of the Registrar of Companies were presented as deposit for shares in 2023.

41.2 Twenty largest Shareholders as at 31 December, 2023

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

Total shares of 260,620 yet to be regularised with the Office of the Registrar of Companies were presented as deposit for shares in 2023

NOTES

LA COMMUNITY BANK LIMITED