# TWO DECADES OF DEDICATION

A Legacy of Leadership.

Join us in celebrating decades of unwavering commitment to excellence.

Discover how *Dr. Anthony Aubynn* has inspired countless individuals and made a lasting impact on our community.

# 2023 ANNUAL REPORT

AMENFIMAN RURAL BANK PLC

SAVINGS | INVESTMENTS | LOANS | MONEY TRANSFER

AMENFIMAN ruralbank

AMENFIMAN RURAL BANK PLC

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# CORPORATE INFORMATION

## BOARD MEMBERS.
Dr. Anthony Aubynn
Mr. Moses Ampong
Lawyer Rosemary Obeng-Kwaah
Dr. Frederick Sarpong (*Appointed on 15/12/2023*)
Mr. Justice Anthony Quaidoo (*Retired on 24/6/2023*)
Dr. Lucas Nana Wiredu Damoah
Mr. Edmund Afful
Mr. Michael Beekye

## SECRETARY.
Mr. Justice Anthony Quaidoo(*Retired on 24/6/2023*)
Lawyer Rosemary Obeng-Kwaah (*Appointed on 1/7/2023*)

## MANAGEMENT.
Dr. Alexander Asmah
Mr. Evans Aikins
Mr.Patrick Darkwa
Mr. Charles Kwame Damoah
Mr. Ebenezer Ankapong
Mr. Anthony Kwaw Adu-Broni
Mr. Richard Owusu Mensah Jnr
Paul Obrako Sarpong
Mad. Rita Aidoo
Mad. Lydia Oduro

## AUDITORS.
Richard Owusu - Afriyie & Associates
Chartered Accountants & Business Advisors
P.O.Box AH 9139 Ahinsan- Kumasi

## SOLICITORS.
Nyanfeku Chambers
Shippers Council Roundabout
Takoradi

## PARTNER BANKS.
ARB Apex Bank PLC
CBG
GCB Bank
Republic Bank
Zenith Bank Gh. Ltd

## REGISTERED OFFICE.
Wassa Akropong
Box 14, Wassa Akropong, Western Region

# NOTICE OF ANNUAL GENERAL MEETING

*A shareholder of the bank who is entitled to attend and vote may appoint someone else (a proxy) to attend and vote on their behalf. The proxy does not need to be a shareholder of the bank.*

NOTICE IS HEREBY GIVEN THAT the 40th Annual General Meeting of the Amenfiman Rural Bank PLC will be held on **Saturday 28th September, 2024** at **10.00am** prompt at the Assembly Hall of the **Amenfiman Senior High School, Wasa Akropong**.

**AGENDA**

Ordinary Business

*By Ordinary Resolution*

1. To receive the reports of the Chairman of the Board of Directors for the year.
2. To receive and consider the report of the Directors for the year ended 31st December, 2023.
3. To receive and consider the Auditor's Report and approve the Financial Statements for the year ended 31st December,2023.
4. To declare a dividend.
5. To authorize the Directors to fix the remuneration of the Auditors.
6. To approve the remuneration of Directors.
7. To elect Directors in place of those retiring.

**Note:**

A shareholder of the bank entitled to attend and vote may appoint a proxy to attend and vote in his/her stead and such proxy need not be a shareholder of the Bank. The instrument appointing such a proxy must be deposited at the registered office of the Bank, P. O. Box 14, Wasa Akropong not less than forty-eight (48) hours before the appointed time of the meeting.

..........................................

**ROSEMARY OBENG-KWAAH ESQ.**
**(Secretary to Board)**

# BOARD OF DIRECTORS

**DR. TONI**
## AUBYNN
CHAIRMAN

**MR. MOSES AMPONG**
VICE CHAIRMAN

**DR. LUCAS N. W. DAMOAH**
DIRECTOR

**ROSEMARY OBENG-KWAAH ESQ**
DIRECTOR

**MR. EDMUND AFFUL**
DIRECTOR

**DR. FREDERICK Y.O. SARPONG**
DIRECTOR

**MR. MICHAEL BEEKYE**
DIRECTOR

# DIRECTOR'S PROFILES

## DR. ANTHONY KWESI AUBYNN ESQ

Dr. Anthony Kwesi Aubynn has over 20 years of senior management experience across the mining, oil and gas, and banking industries, where he has consistently demonstrated exceptional leadership and strategic acumen. His illustrious career includes roles such as Chief Executive Officer of the Ghana Minerals Commission and the Ghana Chamber of Mines, where he was instrumental in policy formulation and regulation. His leadership in Human Resources and Corporate Affairs spanned key positions at Tullow Ghana Limited, Goldfields Ghana Limited, and Abosso Goldfields Limited, further cementing his expertise in corporate governance and social development. He also served at the Ghana Cooperative Bank, marking the beginning of his expansive career in the banking sector.

Dr. Aubynn's influence extends beyond corporate leadership; he has chaired the Board of Investor Corp Mid-Tier Funds, advised on local content for the International Finance Corporation, and contributed as an expert on Artisanal Small-Scale Mining in West Africa with UNITAR. Currently, he serves on the Executive Council of the Ghana Football Association, showcasing his versatile leadership across different fields. Internationally, Dr. Aubynn's expertise in mining policy has been sought for projects in countries including Cameroon, Tanzania, Haiti, and the Republic of Congo.

Academically distinguished, Dr. Aubynn holds a PhD in International Development from the University of Tampere and was a PhD Fellow at the United Nations University, IAS, Tokyo. His diverse academic background includes a BA in Geography and Political Science from the University of Ghana, an MPhil in Development Geography, and a Master of Social Science in International Relations from the University of Oslo, among others. He also completed executive programs at Oxford University and Harvard University, specializing in Natural Resources and Development. A trained lawyer and a member of the Ghana Bar Association, Dr. Aubynn's academic and professional qualifications reflect his commitment to continuous learning and impactful leadership.

Dr. Aubynn joined the Board of Amenfiman Rural Bank PLC in 2004 and ascended to the role of Board Chairman in 2011. His leadership extends to his position as the Representative of the Western Region Chapter of the Association of Rural Banks. In 2020, Dr. Aubynn joined the Board of ARB Apex Bank PLC, where he was subsequently elected Chairman, underscoring his influential role in shaping Ghana's banking sector.

Dr. Aubynn's role in the transformation and progression of the Bank has been exceptional. His vision as a leader has been the background upon which the Board and management have used as a springboard to initiate the key strategies and programmes that have finally led to the Amenfiman Rural Bank that is seen today; a vibrant, secure and reliable financial institution that is impacting significantly to the well-being of its stakeholders and the country at large.

# DIRECTOR'S PROFILES

## MR. MICHAEL BEEKYE

Mr. Beekye is a seasoned professional teacher and a pastor of the Assemblies of God Church. He has tutored at various levels of education form the primary, junior high and currently Head of department at Amenfiman Senior High School. He is an accountant by expertise and experience, with extensive experience as an entrepreneur.

Pastor Michael has a Masters in Education Administration and a bachelor in accounting from the University of Cape Coast and the University of Education, Kumasi respectively. He is a professional teacher with Certificate A from Enchi Training College and an old boy of St. Augustines Secondary School. He recently graduated with a bachelor in theology for the Assemblies of God University of Theology and is currently pursing a Masters in Finance and Investment at the University of Mines and Technology, Tarkwa.

Mr. Beekye is very reliable when it comes to society developmental projects. He is currently a member of the building committee of Amenfi State University College. A secretary to the local council of churches Wassa Akropong. He is a board member and a member of Wassa Akropong Government Hospital Advisory Committee and Ghana Aids Commission board respectively. As an expert accountant, he served as the PTA Accountant for Kumasi Nursing Training College from 2012 to 2022. He joined the Board of Amenfiman Rural Bank Plc in June, 2022 and serve on the various sub-Board committees and on the bank's assignments.

## DR. LUCAS NANA WIREDU DAMOAH

Dr. Damoah is an accomplished engineer by training, with over 17 years of experience as an academic, engineer, and entrepreneur. He currently holds the position Senior Lecturer and a former head at the Department of Materials Science and Engineering at the University of Ghana. His career includes a stint as an Aluminum Cast House Development Engineer at SELEE Corporation, Hendersonville, North Carolina, USA.

Beyond academia, Dr. Damoah is an entrepreneur with interests in Construction and Real Estate, Materials Technology, and ICT. He holds a PhD from the Missouri University of Science and Technology, an MSc in Financial Risk Management from the University of Ghana Business School, an MSc in Light Metals Production from the Norwegian University of Science and Technology, and a BSc from Kwame Nkrumah University of Science and Technology.

Dr. Damoah is passionate about internal controls and effective risk management. His commitment to excellence is reflected in his participation in various conferences, workshops, and training programs on Banking, Risk Management, Governance, Cybersecurity, and Auditing, facilitated by industry experts and the Central Bank. He is also a member of the Institute of Directors (IoD) Ghana.

He joined the Board of Amenfiman Rural Bank Plc in June, 2020 and serves on the various sub-Board committees and on the bank's assignments.

# DIRECTOR'S PROFILES

## ROSEMARY OBENG-KWAAH ESQ

Lawyer Rosemary serves as the Managing Counsel of ST Legal Bureau PRUC, a law firm dedicated to offering Corporate Legal Advisory and Company Secretarial Services to corporate clients. She has established herself as a prominent figure in Corporate Legal Advisory, Compliance, Governance, and Company Secretarial Practice. Her expertise has made her a trusted advisor in the corporate legal landscape, known for her keen insight into regulatory matters and corporate governance.

Rosemary is a Director at Babcock MCS Ghana LTD, an active member of the Ghana Bar Association and the Institute of Directors (IoD). Rosemary's professional expertise includes advising investors, start-ups, and established companies on corporate compliance, particularly with the Companies Act, 2019 (Act 992) and other sector-specific regulations. She has been instrumental in various corporate transactions, including Company Structuring and Restructuring, Mergers and Acquisitions, Liquidations, External Board Evaluations, and Legal and Secretarial Due Diligence. Her broad legal practice spans multiple sectors, such as Banking and Finance, Telecommunications, Agriculture, Security, Shipping and Freight Forwarding, Tourism, Quarry, and Petroleum.

In July 2019, Rosemary joined the Board of Directors of Amenfiman Rural Bank Plc, and her strategic insights and deep understanding of legal frameworks continue to strengthen the governance and compliance standards of the Bank.

## MR. EDMUND AFFUL

Mr. Afful is a distinguished business executive and seasoned lead consultant, boasting over two decades of rich expertise and experience. His professional journey spans strategic planning, cutting-edge marketing in the Global Age, financial accounting, and management within the oil and gas sector, particularly in the upstream segment.

Academically, Mr. Afful holds a Master of Business Administration (MBA) in Oil and Gas Management from Coventry University, London, and is a certified member of the Chartered Institute of Marketing, UK. He also possesses a Higher National Diploma in Marketing from Takoradi Technical University and is an alumnus of Fijai Secondary School.

He has firmly established his presence in the business landscape of Ghana, particularly through Eddiekov Marketing Consult, his own venture based in Takoradi. Through this consultancy, he offers invaluable marketing and brand advisory services to senior executives and business leaders nationwide. His expert insights have also been a cornerstone for major oil and gas firms strategically positioned in the industrial hubs of Sekondi and Takoradi.

Mr. Afful's professional journey began in the 1990s as an account clerk at Amenfiman Rural Bank. He moved into education, teaching at the Junior High level before founding his consultancy business in 2005, where he has served as Lead Consultant and Managing Director ever since. Beyond his consultancy work, Edmund is skilled in graphic design and brand advertisement, and he played a pivotal role during the 2012 Olympic and Paralympic Games in London, where he led a dedicated team.

In June 2016, Mr. Afful joined the Board of Directors of Amenfiman Rural Bank Plc, contributing significantly to various sub-board committees and undertaking numerous assignments within the bank. His dynamic career reflects his passion and commitment to driving business success and supporting the growth of Ghana's industrial and financial sectors.

# DIRECTOR'S PROFILES

## DR. FREDERICK Y. O. SARPONG

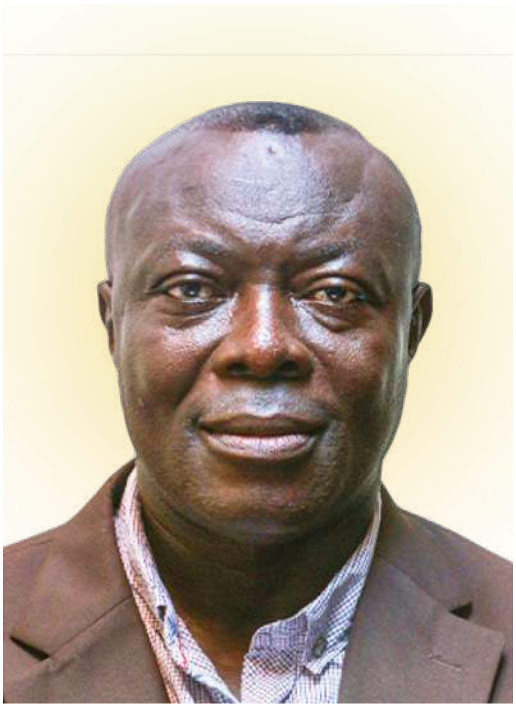
Dr. Sarpong is a specialist surgeon with over 25 years of experience and expertise in rural and urban general medical practice and administration. He has over the years climb the medical ladder from a medical house master to the medical superintendent in several government hospitals.

Dr. Sarpong graduated from the Rostov State University with a Doctor of Medicine, He then followed up to do his specialization in surgery in the same university. He had his GCE 'O' and 'A' level certificate during his time in Ghana Secondary technical School (GSTS). He also holds other qualifications including Graduate Diploma from both International Professional Managers Association (IPMA) and Chartered Institute of Administration, Ghana (CIAG).

As a Medical Superintendent from 1999 till date, he oversees the operational management, quality of care, compliance, leadership and communication channels of the municipal government hospital of Tarkwa and the whole municipality. He is also the Medical Director of El Shiva Clinic ltd at Bawdie-Dompim and a board member of Cocoa Clinic ltd. He was part of the team that drafted and constituted the STEMS (Sekondi-Takoradi Emergency Medical Services).

Dr. Sarpong joined the Board of Directors of Amenfiman Rural Plc in June 2023 and serve on the various sub-committees and on the bank's assignment.

## MR. MOSES AMPONG



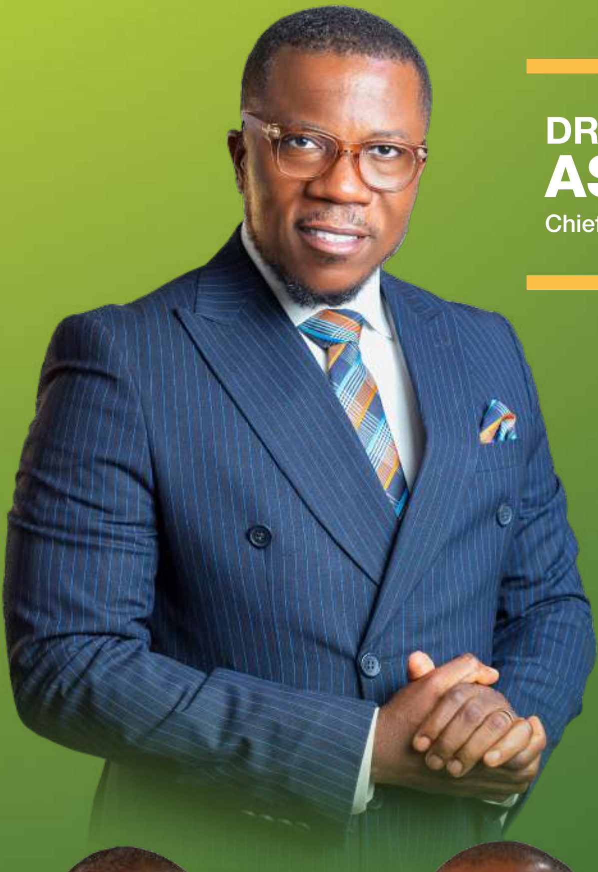
Mr. Ampong is a distinguished business leader with over two decades of extensive expertise and hands-on experience. His professional journey spans strategic planning, pioneering marketing in the Global Age, robust financial accounting, and effective management within the dynamic oil and gas sector, particularly in upstream operations.

Beyond his impressive professional credentials, Mr. Ampong is deeply connected to people both within and beyond the Bank's reach. Serving as Chairman of the Scholarship Committee and a member of the Projects and Credit Committees, his contributions to the Bank's growth are nothing short of exceptional.

Mr. Ampong's career began humbly in the 1990s as an account clerk at Amenfiman Rural Bank, and he rapidly ascended within the banking sector, including significant stints at Barclays Bank Ghana and international assignments that enriched his knowledge base. Returning with enriched experience, he has played a pivotal role in elevating his business to its current stature.

Joining Amenfiman Rural Bank PLC in 2007 as a Director, Mr. Ampong assumed the role of Vice Chairman in 2011, where his leadership in Credit Management and community engagement has shone with outstanding brilliance.

# MANAGEMENT TEAM



**DR. ALEXANDER**
## ASMAH
Chief Executive Officer

**MR. EVANS AIKINS**
Head: Finance & Operations

**MR. ANTHONY K. ADU-BRONI**
Head: HR/Administration

**MR. RICHARD O. MENSAH JNR**
Head, Risk and Rigor

**MR. PAUL OBRAKO SARPONG**
Head, Credit

**MR. PATRICK DARKWA**
Head: Microfinance

**MR. CHARLES K. DAMOAH**
Head, Branch Network

**MR. EBENEZER ANKAPONG**
Head, ITSM

**MAD. LYDIA ODURO**
Branch Manager

**MAD. RITA AIDOO**
Branch Manager

# MANAGEMENT TEAM'S PROFILES

## DR. ALEXANDER KWADWO ASMAH
### CHIEF EXECUTIVE OFFICER

Dr. Alexander Kwadwo Asmah is an experienced banker with specialty in retail and business banking and an expertise in the development and funding for MSMEs which he has leveraged to raise the bar in Ghana's rural and community banking industry. With over 20 years in banking and finance practice, Dr. Asmah is currently the Chief Executive Officer of Amenfiman Rural Bank and a Director at the African Corporate Training Institute.

Before joining Amenfiman, he worked with Barclays Bank Ghana (now ABSA Bank) as Operations Manager – where he was exposed to global best practices in financial services delivery. He had earlier served in various capacities at Amenfiman Rural Bank, including Head of Banking Operations, Finance and Administration and Human Resource.

Dr. Asmah holds a Doctor of Business Administration (DBA) with emphasis in Global Business and Leadership from the California Intercontinental University, USA, an International Executive Master of Business Administration in Banking and Finance from Paris Graduate School of Management, Paris, France and a Bachelor of Commerce (B. Com Hons) from the University of Cape Coast, Ghana. He also has a certificate in Business Strategy from Harvard Business School, Harvard University, USA.

Dr. Asmah has participated in several international programs in management and leadership, including an Executive Management Program on Innovation Management at IESE Business School, New York, USA; Executive Management Program on Global Markets at Harvard Business School, Boston, USA, Microfinance Strategy and Policy Formulation in London, UK; Banking Strategies at Galilee International Management Institute, Israel; and a fellowship program on Corporate Governance for Boards and CEOs of Microfinance Institutions in Africa by African Board Fellowship, Cape Town, South Africa.

Dr. Asmah is a fellow of the Chartered Institute of Credit Management Ghana (FCICMG) and a member of the Institute of Directors (MIoD) Ghana. Dr. Asmah has won several awards with Amenfiman Rural Bank including being ranked No. 17 in the prestigious Ghana Club100 companies list and No.1 in the rural Bank category. He was voted Ghana's Most Respected CEO in 2021 and Africa's Most Respected CEO in 2022 in the rural and micro banking category. He has special interest in MSME development and very passionate about mentoring, coaching and developing talent.

# MANAGEMENT TEAM'S PROFILES

## MR. EVANS AIKINS

### HEAD, FINANCE AND OPERATIONS

Evans Aikins has over 20 years rich experience in banking spanning from Accounts Officer, Branch Operations, Branch Management, Internal Audit, Human Resource, Sales and Marketing Management.

Evans holds an Executive MBA in Banking and Finance from Paris Graduate School of Management, a bachelor's degree in Commerce from the university of Cape Coast and a higher national Diploma in Accountancy from the Takoradi Technical University.

He is a Chartered Banker and also a professional member of the Chartered Institute of Credit Management Ghana and has experiences on Leadership, Digital Transformation, Fraud Risk Management, Business Continuity Management and Electronic Financial Analysis Surveillance and many more.

Evans was recognized international by the World Confederation of Businesses in 2016 and 2017 respectively in Excellence in Business Leadership and Quality Management.

## MR. ANTHONY KWAW ADU-BRONI

### HEAD, HUMAN RESOURCE

Anthony Kwaw Adu-Broni possesses a strong background in banking, lecturing, and consulting, which he leverages to collaborate with senior management in conducting strategic HR planning to support corporate goals.

He holds a Master of Business Administration in Strategic Management and Business Consulting from KNUST Business School and master's degree in human resources development from University of Cape Coast and a bachelor's degree in social sciences (Economics and Geography) from the same university. Anthony's professional membership includes Society for Human Resource Management (SHRM), Institute of Directors Ghana IoD-Ghana.

His career and professional experience spans over two decades in multiple industries: Senior Disaster Control Officer, NADMO; Customer Advisor, Contact Centre Agent, Learning and Development Advisor at Barclays Bank (now Absa Bank).

# MANAGEMENT TEAM'S PROFILES

## MR. RICHARD OWUSU MENSAH JNR

**HEAD, RISK**

Richard Owusu Mensah is a seasoned professional with over 15 years rich experience in banking spanning from accounts, Microfinance Operations and Risk and Compliance.

He has a Master's Degree in Strategic Management and Leadership from Valley View University, a Bachelor's Degree in Accounting from the University of Education, Winneba, and a Higher National Diploma (HND) in Accountancy from Kumasi Technical University.

Richard is dedicated to his professional development and is currently a student member of the Association of Chartered Certified Accountants (ACCA), UK.

Known for his strong conceptual thinking, Richard possesses an analytical mindset that drives innovative solutions within his role. He balances independence with a consultative approach, functioning effectively both autonomously and as a collaborative team player.

## MR. PATRICK DARKWA

**HEAD, MICROFINANCE**

Mr. Patrick Darkwa's career at Amenfiman Rural Bank PLC began in 2010 as a Branch Operations Officer. His relentless drive and exceptional capabilities led him to quickly rise through the ranks, first as Head of Credit, now as the Head of Microfinance.

Patrick's holds a Bachelor of Commerce degree from the University of Cape Coast and is a Fellow of the Institute of Chartered Accountants Ghana. He is proficient in Corporate Governance, Risk Management, and Leadership training. These skills have enabled him to navigate the evolving challenges of the banking sector with a forward-thinking approach.

Patrick's professional affiliations further underscore his dedication to continuous learning and his commitment to advancing the standards of the banking profession. He is an active member of the Institute of Chartered Accountants Ghana and the Institute of Directors Ghana, where he engages with fellow professionals to promote best practices in corporate governance and management.

# MANAGEMENT TEAM'S PROFILES

## MR. CHARLES KWAME DAMOAH

**HEAD, BRANCH NETWORK**

Charles Kwame Damoah joined Amenfiman Rural Bank Ltd in 2012 and is currently the Head of Branch Network who is responsible for the business performance of the bank and supervision of the branch network of the bank.

Charles Kwame Damoah holds a Bachelor's degree in Management Studies (BMs, UCC), Higher National Diploma in Marketing Management (HND Marketing, C – Poly), and Masters of Arts in Human Resource Management (MA HRM, UCC).

His strongest ambition is to drive the bank to become a household name in terms of business development, customer relations, and as well projects it as the most preferred bank in the midst of fierce competition.

He strongly believes in Christian virtues of fairness, respect, humility, discipline and integrity; and has a strong purpose to live them. He is very passionate about community life and enjoys so much when people are living together peacefully.

## MR. EBENEZER ANKAPONG

**HEAD, IT SYSTEMS MANAGEMENT**

The Head of Information Technology Support Management (ITSM) joined the service of the Bank in September 2005 as a systems administrator.

Mr. Ebenezer Ankapong holds a Master of Science degree in Management Information Systems from the University of Coventry, United Kingdom. He also holds professional certification in Microsoft Certified Systems Engineer and Cisco Certified Network Associate.

As a management member, ensures that all IT related issues are completed and advices on new projects providing understanding on topics such as ATMs, WAN setup and Core Banking issue resolution etc.

He believes in the necessity to acquire skill and competences to drive the business and department towards competing within the digital world as the Bank's customers are technologically dependent.

# MANAGEMENT TEAM'S PROFILES

## MR. PAUL OBRAKO SARPONG

**HEAD, CREDIT**

Mr. Paul Obrako Sarpong joined Amenfiman Rural Bank PLC in 2021 and rose to Operations Manager and subsequently as Head of Credit.

He holds a Bachelor of Commerce from the University of Cape Coast, and a Master of Business Administration in Finance. He is a professional Banker with the Chartered Institute of Bankers Ghana. Mr. Sarpong also holds four certifications thus; Business Ethics in Banking, Effective Customer Service, Monitoring of Advances and Management of Problem loans and Marketing and customer service.

Paul is a result oriented and performance driven man who is determined to use great initiative to develop effective and efficient solutions to solve problems. He is a great team player who offers effective support in credit management of the bank.

# REPORT OF CHAIRMAN
## to the Members of Amenfiman Rural Bank PLC

**INTRODUCTION**

Distinguished Shareholders, Fellow Board Members, Nananom, ARB Apex Bank and ARB-Ghana, Our Business Partners, Management and Staff of Amenfiman Rural Bank, Friends of the Media, Ladies and Gentlemen, it is with great pleasure that I welcome all of you to the 40th Annual General Meeting of the Amenfiman Rural Bank PLC. I am pleased to present the Annual Report comprising the Financial Statements of Amenfiman Rural Bank PLC for the year ended 31st December 2023.

**REVIEW OF GHANA'S MACROECONOMIC ENVIRONMENT**

Ghana's economy for the year 2022 and 2023 reflected a complex landscape characterized by significant challenges, including high inflation, debt issues, and a struggling currency, but also efforts to stabilize and reform the economy. The economy experienced a 2.9 per cent growth in 2023, which is lower than the 3.8 per cent recorded in 2022. Inflation remained a significant challenge throughout 2023, from the 2022 peak value of 54.10 percent, with year-on-year rate reducing to 23.20% at the end of 2023.

The Domestic Debt Exchange programme (DDEP) affected public confidence in the financial sector and increased the pressures on financial institutions within the country. Additionally, the global economic recovery from the COVID-19 pandemic continued to impact international trade and investment, gradually reshaping economic activities in Ghana.

Overall, 2023 has been a year of navigating complex economic dynamics, with Ghana's economy demonstrating both resilience and adaptability in the face of evolving global and domestic challenges. In the midst of the economic challenges, our Bank positioned itself as the Bank of Choice for the Micro Small and Medium Enterprise by supporting micro and small businesses on the path to recovery.

**GHANA'S BANKING INDUSTRY PERFORMANCE HIGHLIGHTS FOR 2023**

Ghana's banking sector navigated a landscape marked by significant opportunities and considerable challenges, showcasing a dynamic evolution in performance and strategic focus in 2023. Banks demonstrated notable resilience by fortifying capital positions and enhancing asset quality. This was evident as banks leveraged opportunities to reinforce financial stability and service delivery capabilities.

Total assets of Ghana's banking sector surged by 15% in 2023, reaching a remarkable GHS 175 billion, up from GHS 152 billion in 2022. This robust growth was driven by a significant increase in deposits, which climbed by 14% to GHS 120 billion, compared with GH¢105 billion the previous year. These figures highlight the sector's expanding role in mobilizing savings and supporting economic growth.

Profitability of banks saw a notable improvement as the sector recorded GH¢8.3billion cedis in profit from a loss of GH¢6.6billion in 2022. The average Return on Equity (ROE) increased to 18%, up from 16% in 2022. This positive trend was fuelled by higher net interest income and effective cost management strategies, reflecting enhanced operational efficiency and financial performance.

The sector faced a slight uptick in non-performing loans, which increased to 17.2% in 2023 from 16.8% in 2022. This rise underscores ongoing challenges in credit risk management and loan recovery processes. Banks have prioritized strategies to address these issues, focusing on improving recovery processes and managing credit risks more effectively.

Banks in Ghana have aggressively invested in digital infrastructure, enhancing mobile and internet banking platforms. The acceleration of digital banking adoption was driven by the need for more convenient and efficient financial services. Partnerships with fintech providers facilitated seamless transactions and improved customer experiences, aligning with global trends in financial technology.

The Bank of Ghana introduced several regulatory measures aimed at fortifying the sector's stability and resilience. Key regulatory updates included enhanced guidelines on capital adequacy, risk management, and consumer protection. Compliance with these regulations was critical in maintaining confidence and stability within the banking system.

The sector went through significant adaptations to meet challenges such as rising non-performing loans and inflationary pressures in 2023. This resulted in the achievement of significant growth and advancements, driven by strategic investments and regulatory enhancements.

**PERFORMANCE OF RURAL & COMMUNITY BANKS**

The performance of Ghana's rural banking industry has been closely intertwined with the broader economic conditions and challenges faced by the country. Rural Banks continue to play a crucial role in providing financial services to underserved communities, fostering financial inclusion, and supporting local economic activities. The sector's stability was partly due to its focus on community-based banking and its adaptability to the evolving economic landscape.

In 2023 Rural banks benefited from the recovery in key economic sectors such as agriculture and services, which are integral to rural economies. The sector's ability to facilitate agricultural financing and support local businesses has contributed positively to its growth and operational performance. Efforts to enhance revenue collection and manage public debt influenced overall economic stability, indirectly affecting the rural banking sector's operational environment. Rural banks had to navigate these fiscal challenges while striving to maintain their lending and service delivery.

Global fluctuations in commodity prices, particularly for cocoa and gold, had a direct impact on rural economies and subsequently on rural banks. The sector's performance was closely tied to the global recovery from the COVID-19 pandemic, influencing trade and investment patterns in rural areas.

Rural banks recorded a steady increase in assets, reflecting our ongoing role in rural economic development. Total assets of rural banks grew by approximately 18% year-on-year. Loan disbursements by Rural banks increased by 12% in 2023, driven by higher demand for agricultural and microfinance products. The deposit base of rural banks saw a growth of 15% over the year, indicating increased trust and participation from rural communities despite economic challenges.

In sum, the performance of Ghana's rural banking sector in 2023 has been influenced by a complex interplay of economic conditions, including GDP growth, inflation, currency depreciation, and global trends. The sector's ability to adapt and contribute to rural economic development has been a testament to its resilience and importance in Ghana's financial landscape.

**BUSINESS OPERATING RESULTS FOR 2023: AMENFIMAN RURAL BANK**

Amenfiman Rural Bank PLC begun 2023 with a total asset size of GH¢637million. There was a strong commitment from Board and Management of the Bank to diversify assets of the Bank and maintain good performance. With focus and determination, management was composed to achieve the key indicators including liquidity, earning assets, loan quality, and return on equity. The total assets of the Bank's grew by 38% to close GH¢876million at the close of 2023.

The Board continued the implementation of its growth strategy with emphasis on Micro, Small and Medium Enterprise. Significant gains were made in this regard with a total disbursement of GH¢300million during the year under review. The loan portfolio of the Bank stood at a gross value of GH¢228million from the previous year's position of GH¢173million representing a 32% increase in the Bank's gross loan portfolio. In line with developmental strategy of the country, the Board is focussing on funding the MSME sector with special attention to women and youth-led businesses in the coming years.

To further diversify the Bank's portfolio, the Bank has enhanced delivery of loans to its susu and microfinance clients which are programmes that aid in people empowerment and poverty alleviation.

Total assets grew by 38% which is GH¢239 million, driven by increases in loans and advances and investments in government securities. Deposits saw a significant increase from GH¢557million to GH¢769million with the increasing exceeding GH¢200 million, a testament to the trust and confidence our customers place in us. The growth of 32% in the Bank's lending for 2023 reflecting our commitment to supporting local businesses and individual borrowers and the Bank remains focused on offering greater assistance in the future.

**OPERATING INCOME REVIEW**

Distinguished Shareholders, the business operating environment was quite volatile and uncertain at the start of the year in view of the DDEP, however, the bank successfuly managed its credit risk which allowed it to grow its income from Loans and Advances. Total operating income from the year 2023 went up by 37% from GH¢98 million in 2022 to GH¢135million. The Bank demonstrated strong growth in operating income throughout the year under review.

Overall, interest income was the major contributor to operating revenue contributing 43% of income. Other sources of income came from investments and services.

**PROFITABILITY REVIEW**

Ladies and Gentlemen, in the year 2023, Amenfiman Rural Bank PLC not only elevated its service offerings but also achieved remarkable strides in profitability, outshining many of its counterparts in Ghana's banking sector. Our net operating profit before tax surged by an impressive 127%, soaring to GH¢24 million from GH¢10.70 million in 2022. Additionally, our Return on Equity rose to 13.6% in 2023, up from 13.3% the previous year, underscoring our adept utilization of shareholder equity to drive substantial profit growth.

Our profit margin experienced a robust and encouraging increase, propelled by our strategic emphasis on meticulous cost management and a deliberate shift towards high-margin products. While the average return on equity for the Ghanaian banking sector hovered around 15% in 2023, Amenfiman Rural Bank PLC achieved a remarkable return on equity of 23.03%, far surpassing our 2022 performance of 15.23%.

This impressive figure reflects not only the growth in both shareholder funds and profit before tax but also highlights our exceptional ability to enhance these financial metrics. Our strategic focus and operational excellence have allowed us to significantly outperform industry averages, demonstrating our commitment to delivering outstanding value to our stakeholders.

## DEPOSIT REVIEW

The Bank recorded extraordinary growth in deposits during the year under review, a testament to the strong trust and confidence our customers have in our brand. Total deposits surged to GH¢768 million in 2023, from GH¢557 million in 2022, representing a 37.97% growth.

This was achieved on the back of exceptional service delivery, the loyalty of our customers to do more with us and the dedication of our trained employees to reach out to the unbanked and the underbanked to capture them into the inclusion plan. Additionally, the opening of new agencies and mobilization centers contributed to the growth.

Distinguished Shareholders, on the back of the growth recorded in 2023, the Board challenged management to an ambitious plan to achieve a Ghc1 billion deposit by end of 2024, however, I am very happy to inform the members that our Bank achieved a Ghc1 billion deposit at the end of July, 2024. This achievement is historic and unprecedented in the Rural Banking industry in Ghana and further cements Amenfiman's leadership in the industry. I wish to use the occasion to congratulate our hardworking employees and to thank our esteem customers for their loyalty.

Today, our vision to become the bank of choice for the MSME is largely achieved and Amenfiman has become a household name, and a comprehensive one stop shop for financial services, including insurance.

## TOTAL ASSET REVIEW

The Bank's strong growth in deposits, loans, revenue reflected in more than Ghc876 million balance sheet size at the end of the year 2023. The strong asset growth is a reflection of the strong leadership, effective management, and committed employees. I am happy that our strategic plan is very much on course exceeding our plan targets way ahead of budgets. The Bank's total assets increased from GH¢637 million in 2022 to GH¢876 million in 2023, a growth of 38%, driven by loan disbursements, investments and deposits. The Bank's credit portfolio saw significant increase, reflecting the focus on expanding credit facilities to support local businesses.

## STATED CAPITAL REVIEW

Distinguished Shareholders, in 2023, the Bank achieved substantial progress in strengthening its capital base to support the growth plan whiles adhering to regulatory requirements. Stated capital rose from GH¢9.67 million to GH¢10.5 million in 2023 representing 8.60%. This growth in capital has further strengthened the capital base of the Bank making it strong and robust to pursue its strategic programs.

| Year | Stated Capital (GHS) | Growth (%) |
|---|---|---|
| 2022 | 8.50 million | 26.31% |
| 2023 | 9.67 million | 13.79% |

Plans are in place to further increase our stated capital through additional shareholder investments and possibly a public offering. The Board and Management of the Bank has adopted a proactive and strategic approach to capital management, ensuring that Amenfiman Rural Bank remains a robust and reliable institution for our customers and shareholders.

## PROPOSED DIVIDEND

Distinguished Shareholders, in recognition of our solid financial performance in 2023 and our commitment to delivering value to our shareholders, the Board is pleased to propose a dividend of GH¢0.07 per share for 2023 representing a return of 35% on the current share value. This reflects the Bank's strong profitability, financial stability and its consistent with our dividend policy set by the board to protect the investments of its members and to consistently pay dividends.

## AWARDS AND OTHER ACHIEVEMENTS FOR THE BANK

Fellow Directors and Distinguished Shareholders, 2023 was a remarkable year for Amenfiman Rural Bank in terms of recognition and accomplishments. The Bank was recognized by several local and international organizations for the achievements made in the areas of funding of Micro, Small and Medium Enterprises and the progress in the financial inclusion. The following awards were received during the year under review;

**Pacesetters in Banking Services:** Amenfiman Rural Bank PLC was honored as a pacesetter at the Jubilant Stewards of Africa Industry awards in Tanzania 2023, recognizing our outstanding performance in financial inclusion, service and community engagements.

**Rural Bank Brand of the year:** Amenfiman Rural Bank PLC was awarded the Rural Bank Brand of the year at the Ghana West Africa Business Excellence Awards which emphasises the Bank's position as the leader within the Rural Banking industry of Ghana. The Bank was also recognized similarly at the World Confederation of Businesses awards where the Bank's contributions to communities within Ghana was recognized.

The presence of the Brand was further emphasised at the Ghana club 100 awards where Amenfiman Rural Bank PLC was awarded among the first 50 of all the elite firms within the country. In addition, some official members of the bank received significant recognition for their outstanding performance

**Most Outstanding CEO & Financial Inclusion Award:** Dr. Asmah also received the Steller Performance CEO's award in 2023 for his contribution to driving the financial inclusion agenda of the country. He also received an award from Corporate Ghana CEO Trade and Industry Award as the most outstanding CEO within the Rural Banking industry which highlights his role in driving innovation and transformation within the bank.

| Award/Recognition | Recipient | Organization |
|---|---|---|
| Byzz Pinnacle | Amenfiman Rural Bank PLC | World Confederation of Business (World COB) |
| Pacesetters in Banking Services | Amenfiman Rural Bank PLC | Jubilant Stewards of Africa Industry Leadership awards |
| Rural Bank Brand of the year | Amenfiman Rural Bank PLC | Ghana West Africa Business Excellence Awards |
| Ghana Club 100 | Amenfiman Rural Bank PLC | Ghana Investment Promotion Centre |
| Most Outstanding CEO | Amenfiman Rural Bank PLC | Corporate Ghana CEO Trade and Industry Award |
| Financial Inclusion Award | Amenfiman Rural Bank PLC | Stellar Performance CEO Awards |

## CORPORATE SOCIAL RESPONSIBILITY (CSR) INITIATIVES

| AREAS OF SUPPORT | BRIEF NARRATION | BENEFICIARY COMMUNITIES/ INSTITUTIONS AND INDIVIDUALS | AMOUNT GHC |
|---|---|---|---|
| Health, water and Sanitation | I. Donation made to support the renovation of Abesewa Gyaman CHIP compound. | Abesewa Gyaman CHIP compound. | 8,000.00 |
| Education | I. Amenfi state university project.<br>II. Renovation of Wasa Ashireso basic schools.<br>iv. Donation for payment of school fees Mr Desmond Asante. | Wasa Akropong,Wasa Ashireso and Desmond Asante. | 183,450.00 |
| Security | ii. Donation to support police station project at Bawdie. | Bawdie police station | 32,933.44 |
| Agriculture | Donation to support Farmers Day celebration | Amenfi East, Amenfi West, Amenfi central, Prestea Huni Valley, Tarkwa Nsuaem, Aowin Suaman, Atwima Kwanwoma, Suame, Upper Denkyira East, Bibiani Awiaso, Bekwai and Sefwi Wiaso Municipal | 74,800.00 |
| Other social needs | i. Donation of cement to support dressmakers' association hostel project.<br>ii. Donation to support other social celebrations | | 43,500.00 |
| **TOTAL** | | | **342,683.44** |

# REPORT OF CHAIRMAN
## to the Members of Amenfiman Rural Bank PLC

Ladies and Gentlemen, esteemed shareholders and distinguished guests, as we celebrate the bank's achievements it is also important to reflect on the Bank's contribution to the society and areas within which it has been able to achieve this outstanding performance.

In the year 2023, a total of GH¢342,683.44 was spent on corporate social responsibilities. In line with the Bank's strategy and social development agenda, the largest portion of this expenditure went to education where a total of GH¢183,450.00 was spent on bursaries, the Amenfi University project and renovation of basic schools within the Bank's catchment.

**DIRECTORS**

Fellow directors and distinguished shareholders, it is with a heavy heart that I inform you that the Bank's vice Chairman, Mr. Moses Ampong who has tirelessly served the bank for the past 17 years was deceased in the month of May 2024. Also, after his illustrious service and transformative leadership to the bank for over one and have decades, the tenure of the Chairman, Dr. Anthony Kwesi Aubynn will expire in May 2025 in line with Bank of Ghana G corporate governance directive for RCBs. Two vacancies will be filled at this meeting for both the deceased director and the retiring director. Dr. Aubynn has led the efforts in the transformational growth, development and achievements that we currently ascribe to the Bank. Dr. Aubynn will go down in the history of this great Bank as one of the great transformational leaders of the banks. He would be sorely missed. He would continue in his service as a shareholder of the Bank as he vacates his position on the board from May 2025. Today marks his last day as the Chairman of AGM.

To fill these vacancies, the directors have vetted all the applicants and in line with the requirements of the corporate governance directive for RCBs, we are happy to present the following candidates for elections.

**GOODBYE AND LOOKING FORWARD**

Distinguished shareholders, there is a saying that all good things must come to an end; whatever goes up must come down. It is with mix feelings to announce that this is my last AGM with you not only as the Board Chairman but also a board member of this Bank. I am super excited and proud that after a great transformational journey with you for close to a decade and half as your Chairman, it is now time to bow out, sit back, relax and be one of the 'grandfathers' of undoubtedly the greatest rural bank of all times in Ghana. By Bank of Bank of Ghana directives, my term on the Board ends finally in May 2025, possibly prior to our next AGM. But my journey with you has indeed been that of supersonic transformation, building on the extraordinary foundation laid down by my predecessors, such as Nana Kojo Nuamah, Mr, PKK Damoah (all of blessed memory), and Capt (rtd) Quaah Affull. It bears reiterating that I took over the leadership of this Bank when the banks deposit was approximately GH¢15m, total asset GH¢19m and profit GH¢388,000. Our bank had only eight (8) branches four (4) of which were in serious distress and were earmarked for possible closure. The staff strength was only 74. The Apex Bank EMU report described our bank as "weak."

Today our Amenfiman Rural Bank is the undisputable leader of the rural banking industry in Ghana, recognized both locally in Ghana and internationally. Today, the total deposit is now excess of Gh1.2 billion, by far the largest in the industry. Our total is asset is also more than Ghc1.3 billion; Profit is close to Ghc60 million. Again, from a small branch network mostly in the Western Region, we now have 21 branches with 100% branch viability. Today, your bank has given jobs to more than 550 Ghanaians with about 85% being indigenes of Wassa Amenfi. Virtually all the indicators, as recognized by the Bank of Ghana and the Apex Bank in its recent EMU report are excellent. These are extraordinary achievement whose efforts I am proud to have led. The Bank presently has Four branch premises of its own: the Nkosuofie at Asankragua, Manso Amenfi new Branch, the Bodea Banch, and the Adepafie at Sefwi Dwenase are all the Banks own properties. These are in addition to the beautiful Head office premises and the Dunkwa Branch which we gratefully inherited. About two months ago, sod was cut by Tetrete Okumaoh Sakyim II, the Wassa Amenfihene, to commence the construction of a state-of-the-art branch at Wassa Amenfi.

My dear Shareholders, distinguished ladies and gentlemen, I do not claim these unprecedented successes as feat chalked me alone. Far from that. These are the results of the individual and collective efforts of all of us, the Board, past and present, Management past and present, the Staff, past and present and you the Shareholders and customers. The Greatest Book of all times, the **Bible**, says, if *God does not build the mansion, what can human being do?* I am humbled to have only provided the leadership. God has been gracious with us, and perhaps, disproportionately blessed our little efforts.

Ladies and Gentlemen, as I bow out as your Chairman, let me leave you with this assurance: your bank, our bank is in great shape. The bank is on the path growth and very much on course with its strategic plans. I forecast an even stronger growth in 2024 and beyond and we are already witnessing signs of unprecedented achievements in the year 2024. The Board will remain focused on its mandates to provide leadership and direction to Management to continue with the prudent management of the Bank.

As the Bank grows in size, the Board and Management will continue to pursue innovation programmes to sustain and improve efficiencies that would enable the Bank grow its income and maintain same or even reduce further the level of expenditure as recorded in the year 2023. To this end, we foresee your bank becoming highly profitable in the new year, impacting more into the lives of customers and the society at large.

The Board has directed Management to take appropriate steps to upgrade the Kejetia mobilization office in Kumasi into a fully fledged branch and we are hopeful to see this vision materialized in the early part of 2024 as it would improve access to our customers. The Bank has multiple deposit and loan campaigns scheduled for the new year which promises to be exciting both to the Bank and to its customers. The Bank is still positioning itself to drive financial inclusion and digital banking further in the new year.

The Board and Management of Amenfiman Rural Bank PLC would continue to strive for excellence in all areas of operations as we believe that together everyone achieves more.

**ACKNOWLEDGMENT**

Fellow shareholders, Nananom, Ladies and Gentlemen, I wish on behalf of the Board of Directors of the Amenfiman Rural Bank PLC to express my profound gratitude first to my colleagues on the board, past and present (Capt Rtd Fred Quaah-Afull, Mr. Odeifuor Boa-Amponsem, Mr. Asiedu, Madam Oduro, My Lord Justice George Buadi; Mr. A. J. Quaidoo, and those who God called has called to Himself: Lawyer Eustace Kwesi Haizel, Madam Agartha Cudjoe Mr. Morgan Setordjie and Mr. Moses Ampong (aka Adurowura). I also want to thank our esteemed shareholders and clients, past and present, and indeed all of you who have remained loyal and held the Amenfiman brand high on this journey to the place of jubilation.

Finally, we are very grateful to our hardworking Management Team, our untiring staff, a dynamic, young and vibrant team who have over the years borne, and continue to carry, the responsibility of translating the mission and vision of this great bank into material outcome for all to see.

We thank you for your support and God Bless us all.


**SAVINGS | INVESTMENTS | LOANS | MONEY TRANSFER**

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# CORPORATE GOVERNANCE OVERVIEW

Amenfiman Rural Banks PLC operates in accordance with the principles and practices on corporate governance guided by the Corporate Governance Directive of 2021 for Rural and Community Banks, Corporate Governance Disclosures Directives for Banks, Savings and Loans, Finance Houses and Financial Holding Companies issued the Bank of Ghana in May 2022, and the Fit and Proper Persons Directive 2019 issued by the Bank of Ghana, as well as the Code of Best Practices in Corporate Governance.

The objectives of the bank's corporate governance and its disclosures are to:

i. adopt sound corporate governance principles and best practices to enable it undertake its licensed business in a sustainable manner;
ii. promote the interest of depositors and other stakeholders by enhancing corporate performance and accountability of the bank;
iii. promote and maintain public trust and confidence in the bank by prescribing sound corporate governance standards which are critical to the proper functioning of the bank;
iv. maximise shareholders' value and interest.
v. enhance transparency and market discipline;
vi. enhance the accountability of the bank to its stakeholders; and
vii. assess the effectiveness of bank's Corporate Governance practices and their risk profiles;

These objectives have been articulated in a number of corporate documents, including the bank's regulations, a board charter, rules of procedures for boards, a code of conduct for directors and rules of business ethics for staff.

**The Board of Directors**

The Board is responsible for setting the bank's strategic direction, leading and controlling the bank and monitoring activities of the executive management. As of 31 December 2023, the Board of Directors of Amenfiman Rural Bank PLC consisted of Seven (7) Non-Executive Directors. This is in compliance with sections 19 to 21 of the Corporate Governance Directive of 2021. The Board members have wide experience and in-depth knowledge in management, industry, technology and financial markets which enables them to make informed decisions and valuable contributions to the bank's progress. The Board met Seven (5) times during the year, which met the minimum required number of meetings to be held by the Board per section 32 of the Corporate Governance Directive of 2021.

# CORPORATE GOVERNANCE OVERVIEW

**Schedule of Board Meetings Held in 2023**
Attendance at the meetings are as follows:

| MEMBER | MEETINGS ATTENDED |
|---|---|
| Dr. Toni Aubynn | 5/5 |
| Mr. Moses Ampong | 4/5 |
| Mr. Justice Anthony Quaidoo | 5/5 |
| Lawyer Rosemary Obeng-Kwaah | 5/5 |
| Dr. Lucas Nana Wiredu Damoah | 5/5 |
| Mr. Edmund Afful | 5/5 |
| Mr. Michael Beekye | 5/5 |

The Board has overall responsibility for the bank, including approving and overseeing the implementation of the strategic objectives, risk strategy, corporate governance and corporate values. According to section 15 of the Fit and Proper Directive; the Board is responsible for appointing and providing oversight of senior management and ensures a well-structured and rigorous selection process in line with the fit and proper directive is in place.

**The Board and its Committees**

The Board is accountable for the long-term success of the bank and it is responsible for ensuring leadership, approving strategy, and ensuring that the bank is suitably resourced to achieve its strategic aspirations. In doing so, the Board considers its responsibilities to, and the impact of its decisions on its stakeholders including shareholders, employees, customers, suppliers, the environment and the communities the bank operates in.

The Board also delegates certain responsibilities to its committees to ensure its independent oversight. In addition, the Board also delegates authority for the operational management of the bank to the Chief Executive Officer and Management in respect of matters which are necessary for the day to day running of the bank.

The Board remains very diverse with a distinctive mixture of backgrounds, experience and skills. Risk and governance, shareholder and stakeholder relationships, strategy and budget, financial performance oversight, business development and people were some of the key activities the Board focused its time on during the year as it provided guidance to Management in steering the bank. The Board met regularly throughout the year.

## Board Roles and Key Responsibilities

### Board of Directors
The Board ensures the success of the bank by setting the strategic direction, establish the risk appetite and continuously monitor and improve the bank's performance so as to protect depositors' interest and enhance shareholders' value.

### Chairman
The Chairman is responsible for leading the Board and its overall effectiveness and governance, promoting a high standard of integrity and ensuring effective communication between the board, management, shareholders and other stakeholders.

### Chief Executive Officer
The Chief Executive Officer is responsible for managing all aspects of the bank's businesses, developing strategies in conjunction with the chairman and the Board and leading its implementation.

### Board Committees
The Board made a conscious decision to delegate a broader range of issues to the Board Committees, namely Audit and Finance, Credit/Risk and Compliance, and IT Steering, Corporate Social Responsibility/Project and Governance and HR. The linkages between the Committees and the Board are critical for the smooth running of the bank. The Board duly received minutes and updates from each of the Committee's meetings throughout the reporting period. The bank has an effective mechanism in place to ensure that there are no gaps or unnecessary duplication between the remit of each committee.

### Audit Committee
The Committee is appointed by the Board for the purpose of assisting it in assessing; the adequacy and effectiveness of the controls over financial reporting; the qualifications, independence and performance of the company's external auditors; the effectiveness, independence and overall performance of the company's Internal Audit; the adequacy and effectiveness of risk management framework and practices; the adequacy and effectiveness of the company's management recommendations regarding material risks related to the performance of the strategic and material activities of the company; and the adequacy and effectiveness of the company's compliance with legal and regulatory requirements and those concerning the company's responsibilities over the execution of operational activities as related to monetary policy.

### Schedule of Audit and Finance Committee's Meetings Held in 2023
Attendance at the meeting is as follows:

| MEMBER | MEETINGS ATTENDED |
|---|---|
| Mr. Anthony Justice Quaidoo (Chairman) | 2/4 |
| Mr. Michael Beekye | 3/4 |
| Dr. Lucas Nana Wiredu Damoah | 4/4 |

**Credit/Risk and Compliance Committee**

**Credit Committee**

The Credit Committee has oversight responsibilities on behalf of the board for the approval of credit facilities for the company. The role of this committee includes but are not limited to the following: considering and approving specific loans above the Head of Credit's authority limit, as determined by the Board from time to time; reviewing Management Credit Committee's authority level as and when deemed necessary and recommending new levels to the Board for consideration; conducting quarterly review of credits granted by the company to ensure compliance with the company's internal control systems and credit approval procedures; reviewing the company's internal control procedures in relation to credit risk assets and ensuring that they are sufficient to safeguard the quality of the company's risk assets.

**Risk and Compliance Committee**

The Risk and Compliance Committee is mandated to review and approve the company's risk policies; set a risk appetite or tolerance and strategy including Anti-Money Laundering/Counter Financing of Terrorism (AML/CFT) within which management is required to develop business strategy or plans, objectives and targets for achievement. The Committee is to advise the Board on the recommended risk strategy or appetite within which its business is to be conducted. Again, the Committee oversees and advises the Board on the current risk exposures of the Company and future risk strategy.

**Schedule of Credit/Risk and Compliance Committee's Meetings Held in 2023**

Attendance at the meeting is as follows:

| MEMBER | MEETINGS ATTENDED |
|---|---|
| Dr. Lucas Nana Wiredu Damoah | 4/4 |
| Mr. Moses Ampong, | 3/4 |
| Lawyer Rosemary Obeng-Kwaah | 4/4 |
| Mr. Michael Beekye | 4/4 |

**Code of Conduct**

As part of the company's corporate governance practice, management has communicated the principles of the company's code of conduct to all employees. The code of conduct provides a basic framework and guidance for behaviours and business conduct. The code of conduct also serves as a reference point in all aspects of employee's working relationships with other employees, customers, suppliers, government officials, regulators, joint venture partners, competitors and the broader community.

### Recruitment, Induction and Training of New Directors

Individuals selected to be members of the Board have an appropriate diversity of skills and come from backgrounds necessary to provide the needed direction for the company. All new Directors to the Board are provided with a letter of appointment stating clearly the terms which shall govern their appointment after all the necessary regulatory approvals have been received with respect to the changes. The term of the directors is governed by the Bank of Ghana corporate governance directives, which limits the maximum period of service for the chairperson to six years and other members to nine years. New board members participate in a comprehensive induction program covering the company's financial, strategic, operational and risk management overviews to enable them effectively discharge their duties and responsibilities.

### Board Qualifications and Composition

In accordance with sections 19 to 21 of the Directive, all Board members are qualified for the position and remain qualified through training, for their positions. They have a clear understanding of their role in corporate governance and are able to exercise sound and objective judgement about the affairs of the company. They also possess, individually and collectively, appropriate experience, competencies and personal qualities, including professionalism and integrity. There is one (1) female Director on the Board; and that there are not more than two (2) Directors serving on the Board that are related persons.

### Remuneration Structure

Directors receive fixed fees for serving on the Board and its sub-committees in line with approval from shareholders at the annual general meeting. The Board members' remuneration is approved by the shareholders.

### Board Performance Evaluation

The Board hereby certifies that it has complied with sections 45 and 46 of the Corporate Governance of 2021 on board evaluation

### Business Strategy

In the year under review the Board approved and monitored the overall business strategy of the company, taking into account the long-term financial interest of the company, its exposure to risk, and its ability to manage risk effectively. This was in line with section 13 of the Directive.

### Risk Management and Internal Controls

The Board has put an effective internal control system in accordance with the Directive and has a risk management in place. The Key Management Personnel holding these roles have sufficient authority, stature, independence, resources and access to the board.

Internal controls have been designed to ensure that each key risk has a policy, process or other measure, as well as a control to ensure that such policy, process or other measure is being applied and work as intended. In accordance with section 50 of the Directive, the company also has an Internal Auditor who has no involvement in the day-to-day activities and business line responsibilities of the company. He has the professional competence to collect, analyse financial information as well as evaluate audit evidence and communicate with the stakeholders of the internal audit function.

He possesses sufficient knowledge of auditing techniques and methodologies and reports directly to the Audit Committee and has direct access to the board. The Board recognizes the importance of external auditors as vital to the corporate governance process and engaged during the year, the services of Richard Owusu-Afriyie & Associates, Chartered Accountants; an independent, competent and qualified external auditor, to undertake this function.

**Key Management Oversight**

In accordance with section 49 of the Directive, the Board ensures that, the activities of Key Management Personnel are consistent with the business strategy and policies approved by the Board, including the risk tolerance/appetite. The Board has established a management structure that promotes accountability and transparency and oversees the implementation of appropriate systems for managing risks-both financial and non-financial to which the company is exposed. The company has engaged skilled and competent staff and provides training and development opportunities to sustain the delivery of short and long-term business objectives and the risk management framework that protects the reputation of the company.

**Policy for Succession - Management and the Current Talent Pool for Key Management Personnel**

Sections 16 and 17 of the Directive, directs the company to continue to pursue a robust talent and succession management process, knowing that our success is hinged on our ability to attract and retain the best talent in the industry, whilst maintaining a bench strength that ensures seamless leadership continuity. The company promotes a culture of regularly reviewing and refreshing the succession pipeline to align with the fluid nature of the current talent landscape. Business Unit Heads have been empowered to own the succession management process end-to-end in their respective businesses. Executive Management's sponsorship and oversight of the process has ensured accountability from Business Heads across the company.

Our succession planning process prioritizes all critical roles at all levels in the organization; to ensure business and leadership continuity.

**Corporate Culture and Values**

The company has established a corporate culture and values that promote and reinforces norms for responsible and ethical behaviour in terms of the company's risk awareness, risk-taking and risk management in accordance with section 14 of the Directive. This is achieved by the company through its board members setting and adhering to corporate values for itself. Key management and employees also create expectations that business should be conducted in a legal and ethical manner at all times. The corporate values, professional standards it sets together with supporting policies and appropriate sanctions for unacceptable behaviour are communicated to all employees.

**Related Party Transactions**

The Board has in place policies and procedures to ensure that all related party transactions are carried out at arm's length in accordance with the Directive and in accordance with the Banks and Specialized Deposit-Taking Institutions Act, 2016 (Act 930). This is intended to ensure that there is no favourable treatment given to a related party. Therefore, in any connected transactions the company ensures all the necessary approvals are obtained prior to the execution of the transaction.

### Separation of Powers

There is clearly in place a division of responsibilities between the positions of the Board Chair and the Chief Executive Officer in accordance with section 17 of the Directive.

### Conflict of Interest

The company's directors have a statutory duty not to place themselves in a position which gives rise to a real or substantial possibility of conflict of interest or duty in relation to any matter which is, or is likely to be brought, before the board. There was no conflict of interest.

### Anti-Money Laundering

The company has established an anti-money laundering system in compliance with the requirements of the Anti-Money Laundering (Amendment) Act 2020 (Act 1044). These include due diligence for opening new accounts, customer identification, monitoring of high-risk accounts, record keeping and training of staff on money laundering which assist in reducing regulatory and reputational risk to its business.

### Compliance Declaration

The Board declares that the company has complied with the requirement of section 13 of the Corporate Governance Directive.

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# REPORT OF DIRECTORS
## to the Members of Amenfiman Rural Bank PLC

**Directors' Responsibilities and Approval**

The Directors are required in terms of the Companies Act, 2019 (Act 992) to maintain adequate accounting records and are responsible for the content and integrity of the annual financial statements and related financial information included in this report. It is their responsibility to ensure that the annual financial statements fairly present the state of affairs of the Bank as at the end of the financial year and the results of its operations and cash flows for the period then ended, in conformity with International Financial Reporting Standards. The external auditors are engaged to express an independent opinion on the annual financial statements.

The annual financial statements are prepared in accordance with International Financial Reporting Standards and are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

The Directors acknowledge that they are ultimately responsible for the system of internal financial control established by the Bank and place considerable importance on maintaining a strong control environment. To enable the Directors to meet these responsibilities, the Board of Directors set standards for internal control aimed at reducing the risk of error or loss in a cost-effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the Bank and all employees are required to maintain the highest ethical standards in ensuring the Bank's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the Bank is on identifying, assessing, managing and monitoring all known forms of risk across the Bank. While operating risk cannot be fully eliminated, the Bank endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behavior are applied and managed within predetermined procedures and constraints.

The Directors are of the opinion, based on the information and explanations given by management that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the annual financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or loss.

The Directors have reviewed the Bank's cash flow forecast for the year to December 31, 2024 and, in light of this review and the current financial position, they are satisfied that the Bank has or had access to adequate resources to continue in operational existence for the foreseeable future. The external auditors are responsible for independently auditing and reporting on the Bank's annual financial statements. The annual financial statements have been examined by the Bank's external auditors and their report is presented on **pages 10 to 15**.

The annual financial statements set out on pages 16 to 62, which have been prepared on the going concern basis, were approved by the Board of Directors on **April 26, 2024** and were signed on their behalf by:

The annual financial statements set out on pages 14 to 61, which have been prepared on the going concern basis, were approved by the Board of Directors on April 26, 2023 and were signed on their behalf by:

# REPORT OF DIRECTORS
## to the Members of Amenfiman Rural Bank PLC

Dr. Anthony Aubynn

Rosemary Obeng Kwaah Esq

Approval of financial statements

The directors have pleasure in presenting the audited financial statements of the Bank for the year ended 31st December 2022.

**Incorporation**

The Bank was incorporated on May 13, 1980 and re-registered on July 20, 2018. The Bank was granted a license to operate as a rural bank by the Bank of Ghana in accordance with the Banks and specialized Deposit Taking Institutions Act 2016, (Act 930).

The Bank is domiciled in Ghana where it is incorporated as a Limited liability by shares under the Companies Act, 2019 (Act 992). The address of the registered office is set out on page 2.

**Nature of Business**

The principal activity of the bank is to provide full banking services as a banking financial institution. The Bank was licensed to operate as a Deposit-Taking Bank Financial Institution regulated by the Bank of Ghana under the Banking Act, 2004 (Act 673), (as repealed by the Banks and Specialized Deposit Taking Institutions Act, 2016 (Act 930)).

There have been no material changes to the nature of the Bank's business from the prior year.

**Review of financial results and activities**

The annual report and financial statements have been prepared in accordance with International Financial Reporting Standards, the requirements of the Companies Act, 2019 (Act 992) and in manner required by the Banks and Specialised Deposit-Taking Institutions Act, 2016 (Act 930). The accounting policies have been applied consistently compared to the prior year.

The Bank recorded a Net Profit after tax for the year ended December 31, 2023 of GHS 16,802,293 This represented a significant improvement from a profit-making position of GHS 8,376,278 for the prior year.

The Bank's net income increased by 36.92% from GHS 98,241,202 in the prior year to GHS 134,511,376 for the year ended December 31, 2023.

The Bank generated GHS 187,769,638 from operating activities as against GHS 166,401,120 generated from operating activities for the year ended December 31, 2022.

| | 2023 GH¢ | 2022 GH¢ |
|---|---|---|
| Profit before tax | 24,419,539 | 10,712,714 |
| From which is added / (deducted): | | |
| A provision for estimated income tax expense | (6,817,116) | (4,823,846) |
| Growth and Sustainability Levy | (1,220,977) | - |
| Deferred Tax Credit | 420,847 | 2,487,409 |
| Making a profit after tax of | 16,802,293 | 8,376,277 |
| Transfer to : | | |
| Statutory Reserves Fund | (2,100,287) | (1,047,035) |
| Community Development Fund | (840,115) | (418,814) |
| Staff Fund | (840,115) | (418,814) |
| Scholarship Fund | (840,115) | (418,814) |
| Building Fund | - | 2,862,894 |
| Univeristy Project Fund | (1,176,160) | (586,339) |
| Anniversary Fund | - | - |
| | 11,005,501 | 8,349,355 |
| which is to be added to the surplus brought forward of | 30,244 257 | 23,013,545 |
| Credit Risk Reserve | (86,692) | (123,937) |
| Divident Paid | - | (2,070,007) |
| Fund Utilization | 489,084 | 1,075,301 |
| resulting in a balance to be carried forward on the | | |
| Retained Earnings account as at 31st December | **41,652,150** | **30,244,257** |

The full results of the year are set out in the attached financial statements.

**Stated Capital**

The Bank's Stated Capital increased from GHS 8,502,503 at the end of the previous year to GHS 9,674,854 resulting in an increase of GHS 1,172,351 which represents 13.79%. The increase emanates from the sale of shares of 5,861,756 at GHp 20.00 per share which amounted to GHS 1,172,351. The number of shares also increased from 43,631,539 in 2022 to 49,492,795 in 2023 representing 13.43% from the previous year.

**Property, Plant and Equipment**

There was no change in the nature of property, plant and equipment of the bank or in the policy regarding their use. As at December 31, 2023, the bank's investment in property, plant and equipment amounted to GHS 22,364,454 (2022: GHS 18,281,295) of which GHS 7,125,783 (2022: GHS 5,862,700) was added in the current year. Disposal for the year under review amounted to GHS 292,415 (2022: GHS 14,687).

**Events after the reporting period**

Events subsequent to the Statement of Financial Position date are reflected in the financial statements only to the extent that they relate to the period under review and the effect is material. There were no subsequent events at the reporting date, 31st December 2023.

**Going concern**

The Directors believe that the Bank has adequate financial resources to continue in operation for the foreseeable future and accordingly the annual financial statements have been prepared on a going concern basis. The Directors have satisfied themselves that the Bank is in a sound financial position and that revenue from the assets under management would be enough to meet its foreseeable cash requirements. The Directors are not aware of any new material changes that may adversely impact the Bank. The Directors are also not aware of any material non compliance with statutory or regulatory requirements or of any pending changes to legislation which may affect the Bank.

**Litigation statement**

The Bank is not currently involved in any such claims or lawsuits, which individually or in the aggregate, are expected to have a material adverse effect on the business or its assets.

**Auditors**

The Auditors, Messrs Richard Owusu-Afriyie & Associates have served the maximum term of Six Years and are therefore due for the replacement in accordance with Section 139(5) of the Companies Act, 2019 (Act 992) and Section 81 (4) of the Banks and Specialized Deposit – Taking Institutions Act, Act 930.

**Corporate Social Responsibility**

The amount spent on Corporate Social Responsibility during the year by the Bank amounted to GHS 459,084 (2022: GHS 820,760).

**Audit Fee Payable**

Included in the general and administrative expenses is the agreed auditor's remuneration of GHS 100,000

**Capacity of Directors**

The Bank ensures that only fit and proper persons are appointed to the board after obtaining necessary approval from the regulator, Bank of Ghana.

**Corporate Governance**

The Board of Directors is committed to ensuring good corporate governance in line with Bank of Ghana directives as a means of determining the direction and performance of the Bank. To this end, the Bank aims to comply with best practices in corporate governance.

**Anti – Money Laundering**

The Bank has established an anti-money laundering system in compliance with the requirements of Ghana's Anti-Money Laundering Act, 2020 (Act 1044) and Anti – Terrorism Act, 2008 (Act 762), and the Regulations made under these enactments. These include due diligence for opening new accounts, customer identification, monitory of high-risk accounts, record keeping and training of staff on money laundering which assist in reducing regulatory and reputational risk to its business

**Dividend**

The Directors do not recommend the payment of dividends for the year 2023 (2022: Nil).

**State of Affairs**

The Directors consider the state of the Bank's affairs to be satisfactory.

**Directors' Interest in Contract**

The directors have no interest in contracts entered into by the Bank.

# REPORT OF DIRECTORS
## to the Members of Amenfiman Rural Bank PLC

**Directors**
The Directors who held office during the year were as follows:

| S/N | NAME OF DIRECTOR | DESIGNATION | SHAREHOLDINGS |
|---|---|---|---|
| 1 | Dr. Toni Aubynn | Chairman | 409,244 |
| 2 | Mr. Moses Ampong | Vice Chairman | 166,422 |
| 3 | Dr Frederick Yaw Sarpong | Member | 135,809 |
| 4 | Dr. Lucas Nana Wiredu Damoah | Member | 155,653 |
| 5 | Mr. Edmund Afful | Member | 55,308 |
| 6 | Lawyer Rosemary Obeng-Kwaah | Member | 47,000 |
| 7 | Michael Beekye | Member | 67,796 |

**Directors' Interest in Contract**
The directors have no interest in contracts entered into by the Bank.

**Acknowledgements**
Thanks, and appreciation are extended to all of our Shareholders, Staff, and Customers for their continued support for the Bank.

**Approval of Financial Statements**
The financial statements of Amenfiman Rural Bank PLC were approved by the Board of Directors on 26th April, 2024 and signed on their behalf by:

**Dr. Anthony Aubynn**

**Rosemary Obeng Kwaah Esq**

# INDEPENDENT AUDITORS REPORTon the Financial Statements for the year ended 31st December, 2023

**Opinion**

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Bank as at 31st December, 2023, and of its financial performance, changes in equity and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) and in the manner required by the Companies Act 2019 (Act 992) and the Banks and Specialized Deposit-Taking Institutions Act, 2016 Act 930.

**What we have audited**

We have audited the financial statements of Amenfiman Rural Bank PLC for the year ended 31st December, 2023.

The financial statements comprise:

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

**Basis for Opinion**

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

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

We are independent of the Bank in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) (the Code) issued by the International Ethics Standards Board for Accountants (IESBA) and we have fulfilled our other ethical responsibilities in accordance with the Code.

**Key Audit Matters**

The Bank has invested Non- Pledged Trading Assets with various fund managers. The investments with Black Shield Fund Management and Mcottley Capital totaling GHS 24,525,697 have matured as at 31st December 2023 but repayments have not yet been received. The total value of these investments has however been validated by the Receiver. Due to the significant judgment that is applied by management in determining whether an impairment loss has occurred and in estimating the expected amount and timing of future cash flows, we considered this to be a key audit matter.

**Impairment of Non – Pledged Trading Assets**

The Bank has invested Non- Pledged Trading Assets with various fund managers. The investments with Black Shield Fund Management and Mcottley Capital totaling GHS 24,525,697 have matured as at 31st December 2022 but repayments have not yet been received. The total value of these investments has however been validated by the Receiver. Due to the significant judgment that is applied by management in determining whether an impairment loss has occurred and in estimating the expected amount and timing of future cash flows, we considered this to be a key audit matter.

**Impairment of Loans and advances to customers**

The Bank continues to adopt IFRS 9–'Financial instruments', which requires the measurement of expected credit loss allowance for financial assets measured at amortized 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 areas in applying IFRS 9-Financial Instruments. These include:

- Determining the stage of the financial assets and establishing groups of similar financial assets;
- Determining criteria for significant increase in credit risk;
- Determining the Probability of Default (PD) and Loss Given Default (LGD) and Expected Credit Loss (ECL) for each type of loan.

Due to the significant judgments 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 required to compute loan provision in accordance with 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 retained earnings to regulatory credit risk reserve based on the excess of BOG provision over IFRS impairment. The disclosures relating to impairment of loans and advances to customers are considered important to users of the financial statements given the level of judgement and estimation involved.

**How our audit addressed the Key Audit Matters**

**Loan and Advances**

We evaluated the design and tested the implementation of operating effectiveness of the key controls over the computation of impairment loss provisions. In evaluating the design of controls, we considered the appropriateness of the controls considering the nature and significance of the risk, competence and authority of person(s) performing the control, frequency and consistency with which the control is performed. In performing operating effectiveness of controls, we selected a sample of transactions based on the control frequency to determine whether the control operated throughout the year.

We performed an evaluation of management's key assumptions over the expected credit loss model (ECL), including the probability of default (PD) and the loss given default (LGD). We challenged the management's staging of financial assets in the ECL module and tested facilities to ensure they have been included in the correct stage. We tested the underlying data behind the determination of the probability of default by agreeing same to underlying supporting documentation. We found that the assumptions used by management were comparable with historical performance and have been assessed as reasonable.

We further tested the disclosures to ensure that the required disclosures under IFRS 9 have been appropriately disclosed.

We further assessed as appropriate the classification of the Bank's loans and advances impairment provision in accordance with Bank of Ghana prudential guidelines and the transfer of any excess provision over the IFRS computed provision to the regulatory Credit Risk Reserve account.

**Non- Pledged Trading Assets**

We challenged the management's staging of the impaired non- pledged trading assets in the ECL module and tested facilities to ensure they have been included in the correct stage. We found that the assumptions used by management in estimating the expected amount and timing of future cash flows of the matured investments based on the assurance from the government and other discount houses involved to be fair and reasonable.

**Other Information**

The directors are responsible for the other information. The other information comprises the Report of the Directors, Chairman's Statement, Corporate Governance Report and Shareholders' Information but does not include the financial statements and our auditors report thereon, which we obtained prior to the date of this auditor's report and the Chairman's Statement, which are expected to be made available to us after that date.

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

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

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

When we read the Chairman's Statement, if we conclude that there is material misstatement therein, we are expected to communicate with those charged with governance.

**Responsibilities of the Directors for the Financial Statements**

The directors are responsible for the preparation and fair presentation of the financial statements that give a true and fair view in accordance with International Financial Reporting Standards (IFRS), and in the manner required by the Companies Act, 2019 (Act 992) and the Banks and Specialized Deposit Taking Institutions Act, 2016, (Act 930), and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

**Auditor's Responsibilities for the Audit of the Financial Statements**

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Bank's internal control;
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by directors;
- Conclude on the appropriateness of directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Bank's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Bank to cease to continue as a going concern;
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation; and

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

## Report on Other Legal and Regulatory Requirements

***Companies Act, 2019 (Act 992)***

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

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

ii. In our opinion proper accounting records have been kept by the Bank so far as appears from our examination of those records, and

iii. The Statement of Financial Position and Statement of Comprehensive Income of the Bank are in agreement with the accounting records.

iv. The financial statements give a true and fair view of the state of affairs of the Bank and its results for the year under review

v. We are independent of the Bank in accordance with section 143 of the Companies Act, 2019 (Act 992)

**Banks and Specialised Deposit-Taking Act, 2016 (Act 930)**

The Banks and Specialized Deposit Taking Institutions Act, 2016, Act 930, require that we state certain matters in our report.

We hereby state that:

1. The financial statements give a true and fair view of the state of affairs of the Bank and its results 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 are within its powers.
4. 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 made under these enactments.
5. The Bank has generally complied with the provisions of the Banks and Specialized Deposit-Taking Institutions Act,2016 (Act 930)

The engagement partner on the audit resulting in this independent auditor's opinion is Dr. Richard Owusu – Afriyie (ICAG/P/1144).

Richard Owusu-Afriyie

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**RICHARD OWUSU-AFRIYIE & ASSOCIATES: (ICAG/F/2023/084)**
**Chartered Accountants**
**House of Grace, Adum, Kumasi**

**29th April, 2024**

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GHS 1 BILLION
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# STATEMENT OF COMPREHENSIVE INCOME
## as at 31st December, 2023

| | NOTES | 2023 GH¢ | 2022 GH¢ |
|---|---|---|---|
| Interest Income | (7) | 153,129,686 | 106,418,867 |
| Interest Expense | (8) | (26,074,144) | (19,823,319) |
| Net Interest Income | | 127,055,542 | 86,595,549 |
| Commissions and Fees | (9) | 4,082,269 | 5,460,270 |
| Other Operating Income | (10) | 3,373,565 | 6,185,383 |
| Operating Income | | 134,511,376 | 98,241,202 |
| Impairment charge on Financial Assets | (11) | (2,313,563) | (8,878,937) |
| Specific Bad Debt | (11a) | (10,475,669) | (7,379,514) |
| Personnel Cost | (12) | (55,435,319) | (38,788,393) |
| Depreciation and Amortisation | (13) | (3,422,091) | (3,104,383) |
| Interest on Borrowings and Finance Cost | (14) | (621,818) | (690,269) |
| Other Operating Expenses | (15) | (37,823,377) | (28,686,991) |
| **Net Operating Profit Before Taxation** | | 24,419,539 | 10,712,715 |
| Deferred Tax Credit | (16i) | 420,847 | 2,487,409 |
| Growth and Sustainability Levy | (16i) | (1,220,977) | - |
| Income Tax Expense | (16i) | (6,817,116) | (4,823,846) |
| Profit for the year | | 16,802,293 | 8,376,278 |
| Other Comprehensive Income | | - | - |
| **Total Comprehensive Income for the year** | | 16,802,293 | 8,376,278 |

# STATEMENT OF FINANCIAL POSITION
## as at 31st December, 2023

| ASSETS | NOTES | 2023 GH¢ | 2022 GH¢ |
|---|---|---|---|
| Cash and Balances with ARB Apex Bank | (17) | 157,136,837 | 171,909,021 |
| Due from Other Banks | (18) | 13,605,803 | 2,079,446 |
| Non - Pledged Trading Assets | (19) | 456,636,767 | 275,009,184 |
| Loans and Advances | (20) | 207,472,899 | 154,384,675 |
| Other Assets Accounts | (21) | 9,322,299 | 6,982,430 |
| Investments - (Long Term) | (22) | 301,671 | 244,152 |
| Deferred Tax Assets | (16 v) | 6,023,051 | 5,409,770 |
| Intangible Assets | (23) | 237,908 | 273,569 |
| Right of Use Assets | (24) | 3,272,694 | 2,495,561 |
| Property, Plant & Equipment | (25) | 22,364,454 | 18,281,295 |
| **TOTAL ASSETS** | | 876,374,383 | 637,069,103 |

| LIABILITIES | | | |
|---|---|---|---|
| Deposits and Current Accounts | (26) | 768,738,823 | 557,173,164 |
| Interest Payable and Other Liabilities | (27) | 26,549,573 | 15,916,415 |
| Due to Other Financial Institution | (28) | 3,181,818 | 5,000,000 |
| Current Corporate Tax Liabilities | (16 iii) | 3,071,108 | 2,313,542 |
| Deferred Tax Liability | (16 v) | 1,859,015 | 1,666,581 |
| Other Liabilities | | 13 | 13 |
| **TOTAL LIABILITIES** | | 803,400,350 | 582,069,715 |

# STATEMENT OF FINANCIAL POSITION
## as at 31st December, 2023

| SHAREHOLDERS FUNDS | NOTES | 2023 GH¢ | 2022 GH¢ |
|---|---|---|---|
| Stated Capital | (29) | 9,674,854 | 8,502,503 |
| Statutory Reserve Fund | (30) | 12,084,249 | 9,983,962 |
| Credit Risk Reserve | (31) | 301,035 | 214,343 |
| Retained Earnings | (32) | 41,652,150 | 30,244,257 |
| Development Fund | (33) | 1,289,306 | 618,675 |
| Staff Fund | (34) | 1,423,024 | 602,909 |
| Building Fund | (35) | - | - |
| Scholarship Fund | (36) | 2,186,781 | 1,356,666 |
| University Project Fund | (37) | 1,473,621 | 587,061 |
| Impaired Investment Fund | (38) | 2,889,013 | 2,889,013 |
| **TOTAL SHAREHOLDER FUNDS** | | 72,974,033 | 54,999,389 |

| | 2023 | 2022 |
|---|---|---|
| **TOTAL SHAREHOLDERS FUNDS AND LIABILITIES** | **876,374,383** | **637,069,103** |

The Financial Statements were approved by the Board on: 29th April, 2024 and were signed on their behalf by:

**Dr. Anthony Aubynn** | **Rosemary Obeng Kwaah Esq**

# STATEMENT OF CASHFLOW
## as at 31st December, 2023

| CASH FLOWS FROM OPERATING ACTIVITIES | 2023 GH¢ | 2022 GH¢ |
|---|---|---|
| Net Profit Before Taxation | 24,419,539 | 10,712,715 |
| Depreciation Charge for the year | 3,386,430 | 3,068,722 |
| Amortisation-Software | 35,661 | 35,661 |
| Loss on Disposal | 71,840 | - |
| Transfer of CWIP /Non- Cash Movement | 365,970 | 597,981 |
| Impairment charge on Financial Assets | 2,313,563 | 8,878,937 |
| **Profit before Changes in Working Capital** | 30,593,003 | 23,294,016 |

**CHANGES IN OPERATING ASSETS AND LIABILITIES**

| | | |
|---|---|---|
| Changes in Loans & Advances to Customers | (55,401,787) | (7,963,966) |
| Changes in Other Assets Accounts | (2,339,869) | (5,598,721) |
| Changes in Customers Deposits | 211,565,659 | 155,373,862 |
| Changes in Interest Payable and Other Liabilities | 10,633,159 | 5,771,539 |
| | 195,050,165 | 170,876,730 |
| Tax Paid | (7,280,527) | (4,475,610) |
| **Net Cash from Operating Activities** | 187,769,638 | 166,401,120 |

**CASH FLOWS FROM INVESTING ACTIVITIES**

| | | |
|---|---|---|
| Purchase of Property & Equipment & Right of Use Assets | (7,076,874) | (3,462,280) |
| Increase in Capital Work -in-Progress Expenditure | (1,657,658) | (2,734,776) |
| Changes in Non -Pledged Trading Assets | (181,627,583) | (28,231,411) |
| Changes in Long term Investment | (57,519) | - |
| Proceeds from Disposal | 50,000 | - |
| **Net Cash Used in Investing Activities** | **(190,369,634)** | **(34,428,467)** |

# STATEMENT OF CASHFLOW
## as at 31st December, 2023

| CASH FLOWS FROM FINANCING ACTIVITIES | 2023 GH¢ | 2022 GH¢ |
|---|---|---|
| Proceeds from issue of Shares | 1,172,351 | 1,771,164 |
| Dividend Paid | - | (2,070,007) |
| Loan Received | - | 5,000,000 |
| Repayment of Loan | (1,818,182) | (15,000,000) |
| **Net cash Used in Financing Activities** | **(645,831)** | (10,298,843) |
| | | |
| **Net Increase /(Decrease) in Cash and Cash Equivalents** | **(3,245,827)** | 121,673,809 |
| **Cash and Cash Equivalents at Start** | **173,988,467** | 52,314,658 |
| **Cash and Cash Equivalents at Close** | **170,742,640** | 173,988,467 |

| ANALYSIS OF CASH AND CASH EQUIVALENTS | 2023 GH¢ | 2022 GH¢ |
|---|---|---|
| Cash on Hand | 32,444,721 | 25,195,846 |
| Bank Balances with ARB Apex Bank - Current | 6,748,041 | 3,958,250 |
| - 5% Apex Deposit | 36,319,336 | 22,952,581 |
| ACOD | 18,000,000 | - |
| 91- Days Marketable Securities | 63,624,739 | 119,802,344 |
| **Balances with Other Banks** | 13,605,803 | 2,079,446 |
| | 170,742,640 | 173,988,467 |

# STATEMENT OF EQUITY CHANGES
## as at 31st December, 2023

| 2023 | STATED CAPITAL GHS | STATUTORY RESERVE FUND GHS | CREDIT RISK RESERVE GHS | RETAINED EARNINGS GHS |
|---|---|---|---|---|
| Balance as at 1 Jan | 8,502,503.00 | 9,983,961.80 | 214,343.00 | 30,244,257.26 |
| Profit for the Year | - | - | - | 16,802,292.62 |
| Share Purchases | 1,172,351.00 | - | - | - |
| Transfer to: | | | | |
| Statutory Reserve | - | 2,100,286.58 | - | (2,100,286.58) |
| Dividend | | | | - |
| Movement for the Year | - | | 86,692.00 | (3,783,197.38) |
| Building Funds Transfer | | | | - |
| Utilisation | | | | 489,084.00 |
| **Balance as at 31 Dec** | **9,674,854.00** | **12,084,249.38** | **301,035.00** | **41,652,149.93** |

| 2022 | STATED CAPITAL GHS | STATUTORY RESERVE FUND GHS | CREDIT RISK RESERVE GHS | RETAINED EARNINGS GHS |
|---|---|---|---|---|
| Balance as at 1 Jan | 6,731,339.00 | 8,936,926.80 | 90,406.00 | 23,013,545.26 |
| Profit for the Year | - | - | - | 8,376,277.00 |
| Share Purchases | 1,771,164.00 | - | - | - |
| Transfer to: | | | | |
| Statutory Reserve | - | 1,047,035.00 | - | (1,047,035.00) |
| Dividend | - | - | - | (2,070,007.00) |
| Movement for the Year | - | - | 123,937.00 | (1,966,718.00) |
| Building Funds Transfer | - | - | - | 2,862,894.00 |
| Utilisation | - | - | - | 1,075,301.00 |
| **Balance as at 31 Dec** | **8,502,503.00** | **9,983,961.80** | **214,343.00** | **30,244,257.26** |

# STATEMENT OF EQUITY CHANGES
## as at 31st December, 2023

| BUILDING FUND GHS | COMM DEVELOPMENT FUND GHS | SCHOLARSHIP GHS | OTHER FUNDS GHS | TOTAL GHS |
|---|---|---|---|---|
| - | 618,674.87 | 1,356,665.87 | 4,078,983.08 | **54,999,388.88** |
| - | - | - | - | **16,802,292.62** |
| - | - | - | - | **1,172,351.00** |
| | | | | |
| - | - | - | - | - |
| | | | | **-** |
| - | 840,114.63 | 840,114.63 | 2,016,276.11 | **-** |
| - | | | | |
| - | (169,484.00) | (10,000.00) | (309,600.00) | **-** |
| **-** | **1,289,306.50** | **2,186,781.50** | **5,785,659.19** | **72,974,033.50** |

| BUILDING FUND GHS | COMM DEVELOPMENT FUND GHS | SCHOLARSHIP GHS | OTHER FUNDS GHS | TOTAL GHS |
|---|---|---|---|---|
| 2,862,894.00 | 489,076.87 | 937,851.87 | 3,859,915.08 | **46,921,953.88** |
| - | - | - | - | **8,376,277.00** |
| - | - | - | - | **1,771,164.00** |
| | | | | **-** |
| - | - | - | - | - |
| - | - | - | - | **(2,070,007.00)** |
| - | 418,814.00 | 418,814.00 | 1,005,153.00 | **-** |
| (2,862,894.00) | - | - | - | - |
| - | (289,216.00) | - | (786,085.00) | **-** |
| **-** | **618,674.87** | **1,356,665.87** | **4,078,983.08** | **54,999,388.88** |

## 1. General Information

Amenfiman Rural Bank PLC is a Private Company incorporated and domiciled in Ghana. The Registered office is located at Wassa Akropong, Western Region. The Bank primarily is involved in rural banking.

Amenfiman Rural Bank PLC ("the Bank") is a Limited liability Bank incorporated under the Companies Act, 1963, Act 179, (now repealed and replaced by the Companies Act, 2019, Act 992) on 13th May, 1980, and re-registered on 20th July, 2018. The Bank is licensed by the Bank of Ghana (BOG) to receive deposits from and grant loans to customers and also provide any other service ancillary to financial services allowed by the regulator.

The address of its registered office is Unnumbered Bank Building, Old Town Junction, Amenfiman, Wassa Akropong and a Postal Address of P. O. Box 14, Wassa Akropong, Western Region, Ghana.

The Bank provides a wide range of services to a substantial and diversified client base that includes other financial institutions, businesses, government and public corporations and individuals.

## 2. Basis of Preparation of Financial Statements

### 2.1 Statement of Compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) and in the manner required by the Companies Act 2019, (Act 992) and the Banks and Specialized Deposit Taking Institutions Act, 2016, (Act 930).

### 2.2 Basis of Measurement

The financial statements have been prepared on a historical cost convention, except for the measurement of available-for-sale financial assets that are measured at fair value.

Historical cost is generally based on the fair value of consideration given in exchange for goods and services.

Fair value is the price that will be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or liability, the Bank takes into account the characteristics of the asset or liability if market participants will take those characteristics into account when pricing the asset or liability at the measurement date.

### 2.3 Functional and presentation currency

The financial statements are presented in Ghana cedi which is the Bank's functional and presentation currency. Except otherwise indicated, the financial information presented has been rounded off to the nearest one Ghana cedi.

**2.4 Use of estimates and Judgement**

The preparation of financial statements in conformity with IFRS required management to make judgement, estimates and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be under reasonable circumstances, the results of which form the basis of making the judgement about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Changes in assumptions may have a significant impact on the financial statements in the period the assumptions changed. Management believes that the underlying assumptions are appropriate. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 5.

**2.5 Income and Statement of cash flows**

The Bank has elected to present a single statement of profit or loss and other comprehensive income and presents its expenses by function of expense method.

The Bank reports cash flows from operating activities using the indirect method. Interest received is presented within operating cash flows; interest paid is presented within operating cash flows.

**3. Significant Accounting Policies**

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

**3.1 Revenue Recognition**

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Bank and the revenue can be reliably measured. The following specific recognition criteria apply in revenue recognition.

Revenue includes interest income, commissions and fees, gain on disposal of securities and financial advisory fees.

**a. Interest Income and Expenses**

Interest income and expense are recognised within “finance income” and “finance costs” in profit or loss using the effective interest rate method, except for borrowing costs relating to qualifying assets, which are capitalised as part of the cost of that asset.

The Bank has chosen to capitalise borrowing costs on all qualifying assets irrespective of whether they are measured at fair value or not.

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts throughout the expected life of the financial instrument, or a shorter period where appropriate, to the net carrying amount of the financial asset or financial liability. When calculating the effective interest rate, the Bank estimates cash flows considering all contractual terms of the financial instrument (for example, pre-payment options) but does not consider future credit losses. The calculation includes all fees and points paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums or discounts.

**b. Fees and Commission**

Fees and commission are generally recognized on accrual basis. Fees and commission fee including advisory fees, transfer commission, facility and processing fees and syndication fees are recognised as the related services are performed. Fees and commission arising from negotiating or participating in a transaction on behalf of a third party are recognised upon completion of the underlying transaction.

**c. Other income**

Other incomes are recognised as and when they are earned.

**d. Dividends income**

Revenue is recognised when the Bank's right to receive the payment is established (provided that it is probable that the economic benefits will flow to the Bank and the amount of income can be measured reliably)

**e. Right of Use**

Payments for office rent are recognised in profit or loss on a straight-line basis over the term of the lease after discounting it over the lease period. Contingent lease payments are accounted for by revising the minimum lease payments over the remaining term of the lease when the lease adjustment is confirmed.

### 3.2 General and administrative expenses

Expenses include legal, accounting, auditing and other fees. They are recognised in profit or loss in the period in which they are incurred (on an accruals basis).

### 3.3 Employee Benefits

The Bank contributes to two defined contribution schemes (Social Security Fund and Provident Fund) on monthly basis on behalf of employees and the last month outstanding contribution is included in creditors and accruals.

**i. Social Security and National Insurance Trust (SSNIT)**

Under a National Deferred Benefits Pension Scheme, the Bank contributes 13% of employees' basic salary in addition to 5.5% deduction from employees' basic salary to SSNIT for employee pensions.

**ii. Provident Fund**

The Bank has a provident fund scheme for all employees who have completed probation with the Bank. Employees contribute 5% of their basic salary to the fund whilst the Bank contributes 12.5%. The obligation under the plan is PLC to the relevant contribution and these are settled on due dates.

**iii. Termination Benefits**

Termination benefits are recognised as an expense when the Bank is demonstrably committed, without realistic possibility of withdrawal, to a formal detailed plan to terminate employment before the normal retirement date.

**iv. Short-term benefits**

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

A provision is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Bank has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

### 3.4 Cash and cash equivalents

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

Cash and cash equivalents are carried at amortised 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.

### 3.5 Intangible Assets

**i. Initial recognition**

Intangible assets that are acquired by the Bank and have finite useful lives are measured at cost less accumulated amortization and accumulated impairment charges.

**ii. Subsequent measurement**

Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including internally generated goodwill, is written off in profit or loss as incurred.

**iii. Amortisation**

Intangible assets are amortised on a straight-line basis in profit or loss over their estimated useful lives, from the date they are available for use.

The annual amortisation rate for the current and comparative years is as follows:

- computer software licenses: 33.33%

### 3.6 Property, Plant and Equipment (PPE)

All property, plant and equipment (PPE) is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items and where applicable borrowing costs.

Cost of an item of PPE includes its purchase price and any direct attributable costs. Cost includes the cost of replacing part of an existing PPE at the time that cost is incurred if the recognition criteria are met; and excludes the costs of day-to-day servicing of an item of PPE.

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

*Depreciation*

Depreciation, based on a component approach, is calculated using the straight-line method to allocate the cost over the assets' estimated useful lives as follows:

| ASSETS | RATE (%) |
|---|---|
| Office Furniture and Equipment | 20 |
| Building | 5 |
| Temporal Structure | 20 |
| Office Equipment | 20 |
| Motor Vehicles | 33.33 |
| Computers | 20 |
| Generator | 25 |
| Safe, Lawn and Mower | 15 |
| Leasehold Property | 2 |
| Solar Energy | 20 |
| Lawn Mower | 25 |

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at least at each financial year end.

An asset's carrying amount is written down immediately to its recoverable amount if its carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with carrying amount and are included in the statement of profit or loss.

### 3.7 Trading Assets and Liabilities

Trading assets and liabilities are those assets and liabilities that the Bank acquires or incurs principally for the purpose of selling or repurchasing in the near term, or holds as part of a portfolio that is managed together for short-term profit or position taking.

Trading assets and liabilities are initially recognised and subsequently measured at fair value in the statement of financial position with transaction costs taken directly to profit or loss. All changes in fair value are recognised as part of net trading income in profit or loss. Trading assets and liabilities are not reclassified subsequent to their initial recognition.

### 3.8 Financial Instruments

#### *3.8.1 Initial recognition and subsequent measurement*

**i. Recognition**

Financial assets and liabilities, with the exception of loans and advances to customers and balances due to customers, are initially recognised on the trade date, i.e. the date that the bank becomes a party to the contractual provisions of the instrument. This includes regular way trades: purchases or sales of financial assets that require delivery of assets within the time frame generally established by regulation or convention in the marketplace. Services provided to customers on credit are recognised when the service is provided to the customers. The bank recognises due to customer balances when payment reaches the bank.

**ii. Initial measurement of financial instruments**

The classification of financial instruments at initial recognition depends on their purpose and characteristics and the management's intention when acquiring them. All financial instruments are measured initially at their fair value plus transaction cost, except in the case of financial assets and liabilities recorded at fair value through profit or loss.

**iii. Amortised cost measurement**

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

**iv. Fair value measurement**

The determination of fair values of financial assets and financial liabilities is based on quoted market prices or dealer price quotations for financial instruments traded in active markets. For all other financial markets or for all other financial instruments fair value is determined by using valuation techniques. Valuation techniques include net present value techniques, the discounted cash flow method, comparison to similar instruments for which market observable prices exist and valuation models. Income and expenses are presented on a net basis only when permitted by the accounting standards, or for gains and losses arising from similar transactions.

**v. Offsetting**

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

### 3.8.2 Financial assets or financial liabilities held for trading

The bank classifies financial assets or financial liabilities as held for trading when they have been purchased or issued primarily for short term profit making through trading activities or form part of a portfolio of financial instruments that are managed together for which there is evidence of a recent pattern of short-term profit taking. Held for trading assets and liabilities are recorded and measured in the statement of financial position at a fair value. Changes in fair value are recognised in net trading income, interest and dividend income or expense is recorded in net trading income according to the terms of the contract, or when the right to payment has been established.

Included in this classification are debt securities, equities, short positions and customer balances that have been acquired principally for the purpose of selling or repurchasing in the near term.

### 3.8.3 The effective interest rate method

The effective interest rate (EIR) is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate a shorter period, to the net carrying amount of the financial asset or financial liability. The amortised cost of the financial asset or financial liability is adjusted if the bank revises its estimates of payment or receipts.

The adjusted amortised cost is calculated based on the original or latest re estimated EIR and the change in is recorded as ‘interest and similar income’ for financial assets and ‘for financial assets’ and ‘Interest and similar expense’ for financial liabilities. The accounting policies for the EIR method vary by instruments.

### 3.8.4 Available-for-sale- financial investments

Available-for-sale investments include equity and debt securities. Equity investments classified as available-for-sale are those which are neither classified as held for trading nor designated at Fair Value through Profit or Loss (FVPL). Debt securities in this category are intended to be held for an indefinite period of this time and may be sold in response to needs for liquidity or in response to changes in market conditions.

The bank has not designated any loans or receivables as available-for sale. After initial measurement, available-for-sale financial investments are subsequently measured at fair value.

Gains and losses are recognised directly in OCI in the available-for-sale reserve. When the investment is disposed of, the cumulative gain or loss previously recognised in equity is recognised in the income statement, in other operating income. Where the bank holds more than one investment in the same security, they are deemed to be disposed of on a first-in-first-out basis.

Interest earned whilst holding available-for-sale financial investments is reported as interest income using the EIR which takes into account any discount/premium and qualifying transaction cost that are an integral part of the instrument's yield.

Dividends earned whilst holding available-for-sale financial investments are recognised in the income statements other operating income when the right of the payment has been established. The losses arising from impairment of such investments are recognised in the income statement in 'impairment losses on financial investments' and removed from the available-for-sale reserve.

### 3.8.5 Held-to-maturity financial investments

Held-to-maturity financial investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the bank has the intention and ability to hold to maturity. After initial measurement, held-to-maturity financial investments are subsequently amortised cost using the EIR less impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees that are an integral part of the EIR. The amortisation is included in interest and similar income in the income statement. The losses arising from impairment of such investments are recognised in the income statement within credit loss expense.

If the bank were to sell or reclassify more than an insignificant amount of held-to-maturity investments before maturity (other in certain specific circumstances), the entire category would be tainted and would have to 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.

### 3.8.6 Financial assets and 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 upon initial recognition. Management may only designate an instrument at FVPL upon initial recognition when one of the following criteria are met, and designation is determined on an instrument-by-instrument basis:
The designation eliminates, or significantly reduces, the inconsistent treatment that would otherwise arise from measuring the assets or liabilities or recognising gains or losses on them on a different basis or

The assets and liabilities are part of a group of 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 or

The financial instrument contains one or more embedded derivatives, unless they do not significantly modify the cash flows that would otherwise be required by the contract, or it is clear with little or no analysis when a similar instrument is first considered that separation of the embedded derivative (s) is prohibited.

Financial assets and financial liabilities at FVPL are recorded in the statement of financial position at fair value. Changes in fair value are recognised in net gain or loss on financial assets and liabilities designated at FVPL. Interest earned or incurred is accrued in interest income or interest expense, respectively, integral part of instrument, while dividend income is recorded in other operating income when the right to the payment has been established.

**i. Designation at fair value through profit or loss**

The Bank has designated financial assets and liabilities at fair value through profit or loss when either:

- the assets or liabilities are managed, evaluated and reported internally on a fair value basis;
- the designation eliminated or significantly reduces an accounting mismatch which would otherwise arise or;
- the asset or liability contains an embedded derivative that significantly modifies the cash flows would otherwise be required under the contract.

The notes set out the amount of each class of financial asset or lability that has been designated at fair value through profit or loss. A description of the basis for each designation is set out in the note for the relevant asset or liability class.

### 3.8.7 Reclassification of financial assets

For a financial asset reclassified out of the available-for-sale category, any previous gain or loss on that asset that has been recognised in equity is amortised to profit or loss over the remaining life of the investment, using the EIR. Any difference between the new amortised cost and the expected cash flows is also amortised over the remaining life of the asset using the EIR. If the asset is subsequently determined to be impaired, then the amount recorded in equity is recycled to the income statement.

In rare circumstances, the bank may reclassify a non-derivative trading asset out of the held for trading category and into the investments and receivables category if it meets the definition of investments and receivables and the bank has the intention and ability to hold financial asset for the foreseeable future or until cash receipts as a result of increased recoverability of those cash receipts, the effect of that increase is recognised as an adjustment to the EIR from the date of the change in estimate. Reclassification is at the election of management and is determined on an instrument-by-instrument basis. The bank does not reclassify any financial instrument into the FVPL category after initial recognition.

### 3.8.8 De-recognition of financial assets and financial liabilities

**i. Financial assets**

A financial asset (or, where applicable a part of financial asset or part of a group of similar financial assets) is derecognised when the rights to receive cash flows from the asset have expired. The bank also derecognises the assets if it has both transferred the asset, and the transfer qualifies for de-recognition.

The bank will transfer the asset if and only if, either: The bank has transferred its contractual rights to receive cash flows from the asset or

It retains the rights to the cash flows but has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass through' arrangement.

Pass-through arrangements are transactions when the bank retains the contractual rights to receive the cash flows of a financial asset (the 'original asset'), but assumes a contractual obligation to pay those cash flows to one or more entities (the 'eventual recipients'), when all of the following three conditions are met:

The bank has no obligation to pay amounts to the eventual recipients unless it has collected equivalent amounts from the original asset, excluding short-term advances by the entity with the right to full recovery of the amount lent plus accrued interest at market rates.

The bank cannot sell or pledge the original asset other than as security to the eventual recipients for the obligation to pay them cash flows.

The bank has to remit any cash flows it collects on behalf of the eventual recipients without material delay. In addition, the bank is not entitling to reinvest such cash flows, except for investments in cash or cash equivalents during the short settlement period from the collection date to the date of required remittance to the eventual recipients, and interest earned on such investments is passed to the eventual recipients.

***A transfer only qualifies for de-recognition if either:***

In relation to the above, the bank considers the control to be transferred if, and only if, the transferee has the practical ability to sell the asset in its entirety to an unrelated third party and is able to exercise that ability unilaterally and without needing to impose additional restrictions on the transfer.

When the bank has transferred its rights to receive cash flows from an asset or has entered into pass-through arrangement and has neither transferred nor retained substantially all of the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the bank continuing involvement in it. In that case, the bank also recognises 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 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.

If continuing involvement takes the form of a written or purchased option (or both) on the transferred asset, bank's continuing involvement is the amount of the transferred asset that the Bank may repurchase. However, in the case of a written put option on an asset that is measured at fair value, the extent of the entity's continuing involvement is limited to the lower of the fair value of the transferred asset and the option exercise price.

The bank also recognises a financial asset, in particular, a when sales are made to customer when the terms and conditions have been renegotiated to the extent that it substantially became a new receivable, with the difference recognised as impairment in the income statement.

**ii. Financial liabilities**

A financial liability is derecognised when the obligation under the liability is discharged, 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. The difference between the carrying value of the original financial liability and the consideration paid is recognised in profit or loss.

## 3.9 Impairment of Financial Assets

### 3.9.1 Identification and measurement of impairment

At each reporting date the Bank assesses whether there is objective evidence that financial assets not carried at fair value through profit or loss are impaired. Financial assets are impaired when objective evidence demonstrates that a loss event has occurred after the initial recognition of the asset and that loss event has an impact on the future cash flows on the asset that can be estimated reliably.

The Bank considers evidence of impairment at both an individual and collective level. All individual significant financial assets are assessed for specific impairment. All significant assets found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified. Assets that are not individually significant are then collectively assessed for impairment by grouping other financial assets (carried at amortised cost) with similar risk characteristics.

The Bank records an allowance for expected credit loss for all loans and loans receivables, and other debt instruments held at amortized cost, together with off balance sheet items (loan commitments and financial guarantee contracts). In this section, all referred to as 'financial instruments'. Equity instruments are not subject to impairment under IFRS 9.

### 3.9.2 Calculation of expected credit loss

ECLs are a probability-weighted average estimate of credit losses that reflects the time value of money. Upon initial recognition of the financial instruments in scope of the impairment policy, the Bank records a loss allowance equal to 12-month ECL, being the ECL that result from default events that are possible within the next twelve months. Subsequently, for those financial instruments that have experienced a significant increase in credit risk (SICR) since initial recognition, a loss allowance equal to lifetime ECL is recognized, arising from default events that are possible over the expected life of the instrument. The expected credit losses are weighted on the basis of three macroeconomic scenarios (adverse, basic and favorable).

For the purposes of calculating expected credit losses, the financial instruments are classified in three stages as follows:

- Stage 1: Stage 1 includes performing exposures that do not have significant increase in credit risk since initial recognition. Stage 1 also includes exposures for which credit risk has been improved and the exposure has been reclassified from Stages 2 or 3.
  In this stage expected credit losses are recognized based on the probability of default within the next 12 months.
- Stage 2: Stage 2 includes performing exposures for which there has been a significant increase in credit risk since initial recognition. Stage 2 also includes exposures for which the credit risk has improved, and the exposure has been reclassified from stage 3. In this stage, lifetime expected credit losses are recognized.
- Stage 3: Stage 3 includes non-performing / credit-impaired exposures. In this stage lifetime expected credit losses are recognized.

The Bank calculates impairment losses on a portfolio basis, except for financial assets that are credit-impaired in which case they are calculated on an individual basis. The Bank applies three main components to measure expected credit losses which are LGD, PD and EAD, and assigns general market scenarios for potential credit risk deterioration.

There can be transfers of exposures from one stage to another, depending on whether there is a change in the credit risk of that exposure. Probability of default is an estimate of the likelihood of default over a given time horizon.

The Bank uses information obtained from the Global Emerging Markets (GEMs) database in order to assign LGD to its loan asset classes. GEMs is an International Financial Institution (IFI) wide initiative designed to pool default and recovery rates experienced by IFIs in emerging markets. Treasury asset classes derive their PDs from the assigning rating agency. LGD is an estimate of the loss arising on default. The Bank uses information obtained from the GEMs database to assign LGDs to its lending asset classes, and treasury asset classes derive their LGDs from the assigning rating agency.

### 3.9.3 Basic parameters used for the calculation of expected credit loss

The calculation of expected credit losses is based on the following parameters:

- Probability of Default (PD) represents the probability that a debtor will default on his debt obligations either over the next twelve months or over the remaining maturity of his debt. In accordance with IFRS 9, the Bank uses non-discriminatory point-in-time PDs that adjust to macroeconomic assumptions using the Expected Credit Loss.
- Exposure at Default (EAD) is defined as the estimate of the exposure at a future default date, taking into account expected changes in the exposure after the reporting date, including repayments of principal and interest, and undrawn commitments based on the Bank's own experience.
- Loss Given Default (LGD) represents the extent of the loss that the Bank expects for exposures that are in default and is defined as the difference between the contractual cash flows and those that the Bank expects to collect, including collateral amounts.

LGD, which is usually expressed as a percentage of the EAD, varies according to the category of the counterparty, the category and priority of the claim, the existence of collateral and other credit enhancements.

The Bank assigns credit rating to each loan at inception based on the internal scorecard methodologies for Financial Institutions, Corporates or Project Finance and all loans are subject to annual credit review if rated to a category up to BB+, while all loans below that rating are subject to semi annual credit review. The credit rating is primary input to the PD which is calculated based on statistical model and incorporates macroeconomic projections.

The LGD estimates are according to values and determined estimates mainly by geography and by type of counterparty, with three main exposure classes: sovereign, public and private sectors.

In case of sovereign default of member countries, the Bank believes that its payment would remain uninterrupted, benefitting from its preferred creditor status resulting in no credit risk of impairment loss from sovereign exposures or loans guaranteed by sovereign.

The Bank calculates expected credit losses based on the weighted probability of three scenarios. More specifically the Bank uses a statistical model to produce forecasts of the possible evolution of macroeconomic variables (GDP and unemployment rate) that affect the level of expected credit losses of loans under a baseline and under alternative macroeconomic scenarios (adverse and favorable) and also assigns the cumulative probabilities associated with these scenarios. The baseline scenario is the most likely scenario and is in line with the Bank's information for strategic planning and budgeting purposes.

### 3.9.4 Significant increase in credit risk

At each reporting date, the Bank assesses whether the credit risk on a financial instrument has increased significantly since initial recognition. When making the assessment, the Bank compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and considers reasonable and supportable information, that is available without undue cost or effort, that is indicative of significant increases in credit risk since initial recognition.

In order to determine whether there has been a significant increase in the credit risk since origination, and hence transition to Stage 2, a combination of quantitative and qualitative risk metrics are used.

All loans with at least a 3-notch downgrade in PD on the Bank's internal ratings scale since origination, all loans for which the contractual payments are overdue by between 31 and 90 days inclusive, as well as all loans placed on the 'watch list' are transitioned to Stage 2.

For financial guarantee contracts, the date the Bank becomes a party to the irrevocable commitment is considered to be the date of initial recognition for the purpose of assessing the financial instrument for impairment.

In assessing whether there has been a significant increase in credit risk since initial recognition of a financial guarantee contract, the Bank considers the risk that the specified debtor will default on the contract in line with the above determination for loans.

Generally, there will be a significant increase in credit risk before a financial asset becomes credit impaired or an actual default occurs. The assessment of significant increase in credit risk is key in transferring an exposure from Stage 1 to Stage 2 and the respective change in the ECL measurement from 12-month to lifetime ECL.

### 3.9.5 Credit-impaired

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit- impaired includes observable data about the following events:

- Significant financial difficulty of the issuer or the borrower;
- A breach of contract, such as a default or past due event;
- The lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;
- It is becoming probable that the borrower will enter Bankruptcy or other financial reorganization;
- The disappearance of an active market for that financial asset because of financial difficulties; or
- The purchase or origination of a financial asset at a deep discount that reflects the incurred credit losses.

It may not be possible to identify a single discrete event – instead, the combined effect of several events may have caused financial assets to become credit-impaired.

### 3.9.6 Definition of default

The definition of default used for determining the risk of a default occurring shall be applied consistently to all financial instruments unless information becomes available that demonstrates that another default definition is more appropriate for a particular financial instrument. A default is considered to have occurred when either of the following conditions had taken place.

**a. Qualitative**

Unlikeliness to Pay (UTP) criterion: the Bank considers that the obligor is unlikely to pay its credit obligations to the Bank without recourse by the Bank to actions such as realizing security. Below are some elements that are taken as indications of unlikeliness to pay

- The Bank puts the credit obligation on non-accrued status.
- The Bank recognizes a specific credit adjustment resulting from a significant perceived decline in credit quality subsequent to the institution taking on the exposure.
- The Bank has filed for the obligor's Bankruptcy or a similar order in respect of an obligor's credit obligation to the Bank, the parent undertaking or any of its subsidiaries.
- The obligor has sought or has been placed in Bankruptcy or similar protection where this would avoid or delay repayment of a credit obligation to the Bank, the parent undertaking or any of its subsidiaries.

**b. Quantitative**

Past due criterion: the exposure is past due more than 90 days on any credit obligation to the Bank.

Impairment losses for guarantees are recognized while a guarantee is in effect and the amounts are determined based on the level of utilization of the guarantee. The methodology is consistent to that of loan commitments, and such losses are included in 'Other liabilities.

Interest income is calculated on the gross carrying amount for financial assets in Stage 1 and 2. As the primary definition for credit-impaired financial assets moving to Stage 3, the Bank applies the definition of default, and interest income is calculated on the net carrying amount for these financial assets only.

If the amount of impairment subsequently decreases due to an event occurring after a write-down, the release (i.e. reverse) of the impairment is credited to the provision for impairment asset losses. Unwinding of the discount is treated as income and remaining provision is then reassessed.

### 3.9.7 Renegotiated financial assets.

When necessary, the Bank seeks to restructure a financial asset that may involve extending the payment arrangements and the agreement of new loan terms and conditions.
These are generally renegotiated in response to an adverse change in the financial condition of the borrower.

Modifications occur when the contractual cash flows of a financial asset are renegotiated or otherwise modified. Some modifications result in derecognition of the existing asset and recognition of a new asset with the difference recognized as a derecognition gain or loss, to the extent that an impairment loss has not already been recorded, while other modifications do not result in derecognition. Modifications that result in derecognition are considered to be substantial modifications. A significant or substantial change is defined when the customer enters into a new loan contract (i.e. completely new product and new pricing) that has a different interest rate type, loan amount, term period (temporary term extension is excluded), and/or customer (e.g. from single customer to joint or change in one of the joint customer names).

A distressed restructuring is an indication of unlikeliness to pay where this is likely to result in a diminished financial obligation caused by the material (change in the net present value of the asset by more than 10%) forgiveness, or postponement of either principal, interest or, where relevant fees. Distressed restructuring occurs when forbearance measures have been extended towards a debtor. Therefore, those forborne exposures where the forbearance measures are likely to result in a diminished financial obligation are classified as defaulted.

Restructured operations will be considered cured and normalized after two successful repayments (average of 6 months per repayment) and could therefore be subject to a Stage movement.
For loans that are modified the Bank recalculates the gross book value based on the revised cash flows on the financial asset and recognizes the profit or loss from the modification in income statement. The new gross book value is recalculated by discounting the modified cash flows at the original effective interest rate.

### 3.10 Impairment of non-financial assets

Assets that have an indefinite useful life - for example, goodwill - are not subject to amortisation and are tested annually for impairment. Assets that are subject to depreciation or amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash- generating units).

Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at each reporting date. Impairment losses on goodwill are not reversed.

### 3.11 Financial Liabilities

The bank recognizes a financial liability in its financial statements at the time of the arising from the item (that is, the day the transaction took place). Financial liabilities primarily include (a) borrowings and (b) other liabilities.

#### 3.11.1 Borrowings

Borrowing transactions which are amounts due to financial institutions and debts evidence by certificates, are recognized in the statement of financial position at the time the funds are transferred to the Bank. They are measured initially at the fair value of the funds transferred, less any transaction costs. They are subsequently measured at amortized cost unless they qualify for hedge accounting in which case the amortized cost is adjusted for the fair value movements attributable to the to the risks being hedged. Interest expense is accrued in the income statement within “Interest expense” using the effective interest rate method.

#### 3.11.2 Other liabilities

Other liabilities that are not derivatives or designated at FVTPL, are recorded at amortized cost. The amounts include accrued finance charges on borrowings and other accounts payable.

### 3.12 Loans and Advances

Loans and Advances are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and that the Bank does not intend to sell immediately or in the near term. When the Bank is the lessor in a lease agreement that transfers substantially all of the risks and rewards incidental to ownership of an asset to the lessee, the financial asset is recognised within loans and advances. When the Bank purchases a financial asset under a commitment to sell the asset (or a substantially similar asset) at a fixed price on a future date ("reverse repo or stock borrowing"), the financial asset is accounted for as a loan, and the underlying asset is not recognised in the Bank financial statements. Loans and advances are initially measured at fair value plus incremental direct transaction costs, and subsequently measured at their amortised cost using the effective interest method, except when the Bank chooses to carry the loans and advances at fair value through profit or loss as described in accounting policy.

### 3.13 Investment Securities

Investment securities are initially measured at fair value plus incremental direct transaction costs and subsequently accounted for depending on their classification as either hold-to-collect, hold-to-sell or hold-to-collect and sell.

#### i. Hold-to-collect

Hold-to-collect investments are non-derivative assets with fixed or determinable payments and fixed maturity that the Bank has the positive intent and ability to hold to collect, and which are not designated at hold to sell or hold to collect and sell. Hold-to-collect investments are carried at amortised cost using the effective interest method. It must be noted that IFRS 9 only considers fair value and amortised cost based on the business models for managing the financial asset and the contractual cash flow characteristics of the financial asset. Thus, all hold to collect assets is classified as amortised costs.

#### ii. Hold to sell

The Bank carries some investment securities at fair value, with fair value changes recognised immediately in profit or loss as described in the accounting policy.

#### iii. Hold to collect and sell

Hold to collect and sell investments is non-derivative investments that are not designated as another category of financial assets. Unquoted equity securities whose fair value cannot be reliably measured are carried at amortised cost. All other hold to collect and sell investments are varied at fair value.  Other fair value changes are recognised directly in equity until the investment is sold or impaired and the balance in equity is transferred to profit or loss.

### 3.14 Pre-payment

Pre-payments are carried at cost less any accumulated impairment losses.

### 3.15 Stated Capital

Shares are classified as equity when there is no obligation to transfer cash or other assets. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

### 3.16 Earnings Per Share

The Bank presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Bank by the number of shares existing as at 31st December. Diluted EPS is determined by the number of shares existing at the end of December.

### 3.17 Dividend

Dividend distribution to the Bank's shareholders is recognized as a liability in the Bank's financial statements in the period in which the dividends are declared. Dividend receivable from unquoted investments is recognised when the bank's right to receive the dividend is established.

### 3.18 Income Tax Expense

The income tax expense for the period comprises current and deferred tax. Tax is recognised in the statement of profit or loss, except to the extent that it relates to items recognised directly in other comprehensive income or equity - in which case, the tax is also recognised in other comprehensive income or equity.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the date of the statement of financial position in Ghana where the Bank operates. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation, and establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects either accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the date of the statement of financial position and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. The carrying value of the Bank's investment property is assumed to be realised by sale at the end of use. The capital gains tax rate applied is that which would apply on a direct sale of the property recorded in the statement of financial position regardless of whether the Bank would structure the sale via the disposal of the subsidiary holding the asset, to which a different tax rate may apply. The deferred tax is then calculated based on the respective temporary differences and tax consequences arising from recovery through sale.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries, except where the timing of the reversal of the temporary difference is controlled by the Bank and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

### 3.19 Provisions

Provisions for legal claims are recognised when:

- The Bank has a present legal or constructive obligation as a result of past events;
- It is probable that an outflow of resources will be required to settle the obligation; and
- The amount can be reliably estimated.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as finance cost.

Where the Bank, as lessee, is contractually required to restore a leased property to an agreed condition prior to release by a lessor, provision is made for such costs as they are identified.

### 3.20 Write-offs

According to the IFRS 9 (B5.4.9), the gross carrying amount of a financial asset may be directly reduced when there is no reasonable expectation of recovering the financial asset in its entirety or a portion of it. As such, the Bank may record a write-off of Stage 3 loans. The Bank may also, on an ad-hoc basis, examine the need for any further write-offs of Stage 2 loans if there is relevant evidence.

### 3.21 Write-backs

Recoveries (write-backs) of an asset, or part thereof, are credited to the income statement if previously written off.

### 3.22 Borrowings (Liabilities to Banks and Customers)

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortized cost using the effective interest method, any differences between proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings .Borrowings and other forms of financial liabilities shall be de-recognised from the books only when they are extinguished, that is when the obligation specified in the contract is discharged or cancelled or expired.

### 3.23 Foreign currency translation

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the profit or loss for the year.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents, unless they are capitalized, are presented net in the statement of profit or loss within finance costs and finance income respectively.

### 4. Quantitative Disclosure

| | 2023 % | 2022 % |
|---|---|---|
| Capital Adequacy Ratio | 15.14 | 13.27 |
| Non-Performing Loans | 5.46 | 10.31 |
| Loan Loss Provision Ratio | 9.32 | 10.96 |
| Liquid Ratio | 71.59 | 70.48 |

### 5. Critical accounting judgements and key sources of estimation uncertainties

Estimates and judgements are continually evaluated and are based on historical experience as adjusted for current market conditions and other factors. Estimates and assumptions are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

### 5.1 Critical accounting estimates and assumptions

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

**a. Income taxes**

Uncertainties exist with respect to the interpretation of complex tax regulations, changes in tax laws, and the amount and timing of future taxable income. Given the wide range of business relationships and the long-term nature and complexity of existing contractual agreements, differences arising between the actual results and the assumptions made, or future changes to such assumptions, could necessitate future adjustments to tax income and expense already recorded. The Bank establishes provisions, based on reasonable estimates, for possible consequences of audits by the tax authorities. The amount of such provisions is based on various factors, such as experience of previous tax audits and differing interpretations of tax regulations by the Bank and the tax authority.

Deferred tax assets are recognised for all unutilised capital allowances to the extent that it is probable that taxable profit will be available against which the capital allowances can be utilised. Significant management judgment is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits together with future tax planning strategies.

**b. Fair value of non-derivatives and other financial instruments**

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. The Bank uses its judgement to select a variety of methods and make assumptions that are mainly based on market conditions existing at the end of each reporting period.

### 5.2 Critical judgements in applying the Bank's accounting policies

In the process of applying the Bank's accounting policies, management has made the following judgments, which have the most significant effect on the amounts recognised in the financial statements:

**Useful economic life of property, plant and equipment**

To a large extent, the bank financial statements are based on estimates, judgements and models rather than exact depictions of reality. Providing relevant information about the Bank's Property, plant and equipment requires estimates and other judgements. This includes measuring the cost of an item of property, plant and equipment, including those that are self-constructed. The subsequent allocation of depreciation involves further judgements and estimates including:

- allocating the cost of the asset to particular major components;
- determining the most appropriate depreciation method;
- estimating useful life; and estimating residual value.

## 6. Credit Risk Reserve

The Credit risk is a non- distribution reserve and it represents the excess of total provisions for loans and advances determined in accordance with the Bank of Ghana prudential guidelines over the impairment loss for loans and advances under the IFRS framework. The Bank applies the general approach and calculates expected losses on all its instruments.

As at the reporting date, total provision for losses for loans and advances under Bank of Ghana provisioning criteria amount to GHS (2022: 19,213,410). This was above the impairment allowances for loans and advances recogniesed under the IFRS framework of GHS 21,312,630 (2022: 18,999,067).

The Board of Directors has overall responsibility for the establishment and oversight of the Bank's risk management framework. The Board has established the Audit, Finance and Credit Committees which responsible for developing and monitoring the Bank's management policies in their specified areas.

# NOTES TO THE FINANCIAL STATEMENTS
## for the year ended 31st December, 2023

| | | 2023 GHS | 2022 GHS |
|---|---|---|---|
| 7. | **INTEREST INCOME** | | |
| | Interest on Loans and Advances | 85,547,958 | 58,647,126 |
| | Interest on Investments | 67,581,728 | 47,771,741 |
| | | 153,129,686 | 106,418,867 |
| | | | |
| 8. | **INTEREST EXPENSE** | | |
| | Interest Paid on Savings | 10,486,779 | 8,306,933 |
| | Interest Paid on Fixed Deposit | 15,587,365 | 11,516,386 |
| | | 26,074,144 | 19,823,319 |
| | | | |
| 9. | **COMMISSIONS AND FEES** | | |
| | Commitment Fees and Commission Received | 4,082,269 | 5,460,270 |
| | | 4,082,269 | 5,460,270 |
| | | | |
| 10. | **OTHER OPERATING INCOME** | | |
| | Sundry Income | 3,373,565 | 6,185,383 |
| | | 3,373,565 | 6,185,383 |
| | | | |
| 11. | **NET IMPAIRMENT CHARGES ON FINANCIAL ASSETS** | | |
| | Loans and Advances | 2,313,563 | 8,878,937 |
| | Impairment of unvalidated Short Term Investment | - | - |
| | | 2,313,563 | 8,878,937 |
| | | | |
| 11a. | **SPECIFIC BAD DEBT** | | |
| | Bad Debt Written Off | 10,475,669 | 7,379,514 |
| | This represents loans and advances which were written off during the year after approval from Bank of Ghana | | |
| | | | |
| 12. | **PERSONNEL COST** | | |
| | Salaries and Wages | 35,734,100 | 28,095,842 |
| | Social Security Contribution | 2,781,437 | 2,114,792 |
| | Provident Fund Contribution | 1,434,447 | 1,058,958 |
| | Medical Expenses | 1,231,411 | 407,897 |
| | Staff Training Expenses | 1,328,235 | 853,656 |
| | Staff Gratuity | 20,000 | 254,541 |
| | Annual Bonus | 10,047,540 | 3,780,454 |
| | Funerals & Staff Welfare | 2,858,149 | 2,222,253 |
| | | 55,435,319 | 38,788,393 |

*The average number of persons employed by the Bank during the year ended 31 December 2023 was 479 ( 2022 :476 )*

# NOTES TO THE FINANCIAL STATEMENTS
## for the year ended 31st December, 2023

| | | 2023 GHS | 2022 GHS |
|---|---|---|---|
| **13.** | **DEPRECIATION & AMORTISATION** | | |
| | Depreciation of Property, Plant & Equipment | 2,554,814 | 2,402,608 |
| | Depreciation of Right of Use Assets | 831,616 | 666,114 |
| | Amortisation of Intangible Assets | 35,661 | 35,661 |
| | | 3,422,091 | 3,104,383 |
| | | | |
| **14.** | **INTEREST ON BORROWINGS AND FINANCE COST** | | |
| | Interest on Borrowings & Processiong Fees | 621,818 | 690,269 |
| | | 621,818 | 690,269 |
| | | | |
| **15.** | **OTHER OPERATING EXPENSES** | | |
| | Occupancy Cost | 8,348,169 | 5,447,614 |
| | General & Administrative Expenses | 29,475,208 | 23,239,377 |
| | | 37,823,377 | 28,686,991 |
| | | | |
| **15a.** | **GENERAL & ADMINISTRATIVE EXPENSES: include** | | |
| | Auditors Remuneration | 100,000 | 85,000 |
| | - Fees | 100,000 | 85,000 |
| | | | |
| **15b.** | **DIRECTORS EMOLUMENTS** | | |
| | Board Meetings Expense | 72,024 | 56,844 |
| | Directors Fees | 199,000 | 196,500 |
| | Directors Transportation | 360,155 | 258,597 |
| | Directors Sitting Expenses | 957,200 | 1,041,546 |
| | | 1,588,379 | 1,303,956 |
| | | | |
| **16.** | **INCOME TAX** | | |
| **i.** | **Income tax expense** | | |
| | The major tax expense components for the years ended 31 December 2023 and 2022 are: | | |
| | **Statement of profit or loss** | | |
| | Current income charge | 6,817,116 | 4,818,541 |
| | Deferred tax charge / (credit) | (420,847) | (2,518,393) |
| | Income tax reported in the statement of profit or loss | 6,396,269 | 2,300,148 |

| | | 2023 GHS | 2022 GHS |
|---|---|---|---|
| ii. | **Reconciliation of Effective Tax** | | |
| | The tax on the Bank's profit before tax differs from the theoretical amount that would | | |
| | arise using the statutory tax rate on the applicable profit as follows: | | |
| | **Accounting Profit before income tax** | **24,419,539** | 10,582,682 |
| | Statutory income tax rate of 25% (2022: 25%) | **6,104,885** | 2,645,671 |
| | Non- deductible expenses for tax purposes | **1,995,824** | 3,223,826 |
| | Effect on non-chargeable income | **(152,922)** | (134,347) |
| | Effect on capital allowance utilised | **(1,130,670)** | (916,609) |
| | Change in recognised temporary differences | **(420,847)** | (2,518,393) |
| | Income tax reported in the statement of profit or loss | **6,396,269** | 2,300,148 |
| | | | |
| | **Effective tax rate** | **26.19** | 21.74 |

**iii. CURRENT CORPORATE TAX ACCOUNT**

| Year of Assessment | Balance as at Jan 1 | (Over) / Under Prov. In Prior Years | Payments During the Year | Provision for the Year | Balance as at Dec 31 |
|---|---|---|---|---|---|
| | GHS | GHS | GHS | GHS | GHS |
| 2020 | (14,818) | - | (2,300,000) | 3,763,254 | 1,448,436 |
| 2021 | 1,448,436 | | (3,049,958) | 3,566,828 | 1,965,306 |
| 2022 | 1,965,306 | | (4,475,610) | 4,823,846 | 2,313,542 |
| **2023** | **2,313,542** | **-** | **(6,798,455)** | **6,817,116** | **2,332,203** |

**iv. GROWTH AND SUSTAINABILITY LEVY**

| Year of Assessment | Balance as at Jan 1 | (Over) / Under Prov. In Prior Years | Payments During the Year | Provision for the Year | Balance as at Dec 31 |
|---|---|---|---|---|---|
| | GHS | GHS | GHS | GHS | GHS |
| 2023 | - | - | (482,072) | 1,220,977 | 738,905 |
| | | | | | |
| **TOTAL** | **2,313,542** | **-** | **(7,280,527)** | **8,038,093** | **3,071,108** |

The tax computation ( Charge for the year) is subject to agreement with the Domestic Tax Revenue Division of GRA

| | | 2023<br>GHS | 2022<br>GHS |
|---|---|---|---|
| **v.** | **The movement on the deferred tax account is as follows:** | | |
| | Balance at January 1 | **(3,743,189)** | (1,255,780) |
| | **Origination / reversal of temporary differences:** | | |
| | recognised in the statement of profit or loss ( Note 16 i) | **(420,847)** | (2,487,409) |
| | **Balance at December 31** | **(4,164,036)** | (3,743,189) |
| | | | |
| **vi.** | **Recognised deferred tax liabilities and assets are as follows:** | | |
| | Deferred tax assets | **(6,023,051)** | (5,409,770) |
| | Deferred tax liability | **1,859,015** | 1,666,581 |
| | Net Deferred Tax Assets | **(4,164,036)** | (3,743,189) |
| | | | |
| **17.** | **CASH & BALANCES WITH ARB APEX BANK** | | |
| | Cash on Hand | **32,444,721** | 25,195,846 |
| | Balances with ARB Apex Bank - Current | **6,748,041** | 3,958,250 |
| | - 5% Apex Deposit | **36,319,336** | 22,952,581 |
| | 91 Days T. Bills | **63,624,739** | 119,802,344 |
| | ACOD | **18,000,000** | - |
| | | **157,136,837** | 171,909,021 |
| **18.** | **BALANCES WITH OTHER BANKS** | | |

The Balances held with ARB Apex Bank includes a mandatory 5% reserve deposit of GHS 36,319,336 (2022: GHS 22,952,581) which is not available for use in the Bank's day to day operations. Cash on Hand and Balances with ARB Apex Bank are non - interest bearing.

| | | | |
|---|---|---|---|
| | GCB Bank | **5,297,527** | 1,013,618 |
| | Zenith Bank and Other Banks | **8,308,276** | 1,065,828 |
| | | **13,605,803** | 2,079,446 |
| | | | |
| **19.** | **NON - PLEDGED TRADING ASSETS** | | |
| | These are made up of: | | |
| | Government Securities (T. Bills/Bonds) | **432,111,070** | 250,483,487 |
| | Money Placements with Discount Houses | **24,525,697** | 24,525,697 |
| | | **456,636,767** | 275,009,184 |

| | | 2023 GHS | 2022 GHS |
|---|---|---|---|
| 20. | **LOANS AND ADVANCES** | | |
| | **(a) Analysis by type of Product** | | |
| | Overdrafts | 28,259,937 | 14,325,893 |
| | Loans | 200,525,592 | 159,057,849 |
| | | 228,785,529 | 173,383,742 |
| | Less: Impairment charge | (21,312,630) | (18,999,067) |
| | | 207,472,899 | 154,384,675 |
| | | | |
| | **(b) Analysis by Business Segment** | | |
| | Agriculture | 3,894,570 | 5,402,412 |
| | Transport | 689,953 | 2,796,695 |
| | Trading | 149,284,470 | 104,056,960 |
| | Others | 74,916,536 | 61,127,675 |
| | | 228,785,529 | 173,383,742 |
| | Less: Impairment charge | (21,399,322) | (18,999,067) |
| | | 207,472,899 | 154,384,675 |
| | | | |
| | **(c) Analysis by Type of Customer** | | |
| | Individuals | 197,515,232 | 149,843,441 |
| | Private Enterprise | 31,270,297 | 23,540,301 |
| | | 228,785,529 | 173,383,742 |
| | Less: Impairment charge | (21,312,630) | (18,999,067) |
| | | 207,472,899 | 154,384,675 |
| | | | |
| | **(d) Impairment Charges /Allowances** | | |
| | **Individual allowances for impairment** | | |
| | Balance at 1 January | 18,999,067 | 10,120,130 |
| | Impairment Charge for the year: | 2,313,563 | 8,878,937 |
| | **Balance at 31 December** | 21,312,630 | 18,999,067 |
| | | | |
| | **(e) Bank of Ghana Provisions** | | |
| | Balance at 1 January | 19,213,410 | 10,210,536 |
| | Loan Impairment Charge | 2,400,255 | 9,002,874 |
| | | 21,613,665 | 19,213,410 |

| | | 2023 GHS | 2022 GHS |
|---|---|---|---|
| 21. | **OTHER ASSET ACCOUNTS** | | |
| | Interest and Commission Receivable | 8,049,888 | (1,255,780) |
| | Office Account | 741,751 | |
| | Stationery Stock | 530,660 | (2,487,409) |
| | | 9,322,299 | (3,743,189) |
| | | | |
| 22. | **INVESTMENTS (LONG-TERM)** | | |
| | WERBA Investmert | 115,293 | |
| | Shares in ARB APEX Bank Ltd. | 186,378 | |
| | | 301,671 | |
| | | | |
| | | | |
| 23. | **INTANGIBLE ASSETS COST** | | |
| | Balance as at 1 Jan | 386,611 | 386,611 |
| | Additions during the year | - | - |
| | Write -off | (30,000) | - |
| | **Balance as at 31 Dec** | 356,611 | 386,611 |
| | Amortisation | | |
| | Balance as at 1 Jan | 113,042 | 77,381 |
| | Charge during the year | 35,661 | 35,661 |
| | Write -off | (30,000) | - |
| | **Balance as at 31 Dec** | 118,703 | 113,042 |
| | **NET BOOK VALUE-31/12/22** | 237,908 | 273,569 |

This Intangible Assets relate to the purchase of T 24 Software User License and Microsoft Software products.

| | | 2023 GHS | 2022 GHS |
|---|---|---|---|
| 24. | **RIGHT OF USE ASSETS COST** | | |
| | Balance as at 1 Jan | 5,654,348 | 5,319,992 |
| | Additions during the year | 1,608,749 | 334,356 |
| | Balance as at 31 Dec | 7,263,097 | 5,654,348 |
| | | | |
| | **DEPRECIATION** | | |
| | Balance as at 1 Jan | 3,158,787 | 2,492,673 |
| | Charge for the year the year | 831,616 | 666,114 |
| | Balance as at 31 Dec | 3,990,403 | 3,158,787 |
| | Carry Value - 31 Dec. | 3,272,694 | 2,495,561 |

These relate to the lease of office buidlings for the banks branches across the Country. products.

# NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31st December, 2023

| 2023 COST | | Land & Building GHS | Motor Vehicle GHS | Office Furniture Equipment GHS | Computers & Accessories GHS |
|---|---|---|---|---|---|
| 25. | **PROPERTY, PLANT & EQUIPMENT** | | | | |
| | Balance as at 1/1/23 | 6,932,669 | 2,984,373 | 4,738,708 | 5,176,901 |
| | Additions during the year | 1,272,865 | 828,000 | 1,447,890 | 783,040 |
| | Transfer | 3,621,149 | - | - | |
| | Disposal/Write-Off | | (884,363.51) | (2,962,772.12) | (2,436,890.96) |
| | Balance as at 31/12/23 | **11,826,683** | **2,928,009.49** | **3,223,825.88** | **3,523,049.86** |
| | | | | | |
| | | | | | |
| | **DEPRECIATION** | | | | |
| | Balance as at 1/1/23 | 924,529 | 1,192,610 | 3,000,257 | 2,823,303 |
| | Charge for the year | 202,486 | 870,977 | 471,950 | 657,911 |
| | Disposal | | (884,363.51) | (2,962,772.12) | (2,436,890.96) |
| | Balance as at 31/12/23 | **1,127,015** | **1,179,222.57** | **509,434.64** | **1,044,322.80** |
| | | | | | |
| | **NET BOOK VALUE - 31/12/23** | **10,699,668** | **1,748,786** | **2,714,391** | **2,478,727** |

| 2022 COST | | Land & Building GHS | Motor Vehicle GHS | Office Furniture Equipment GHS | Computers & Accessories GHS |
|---|---|---|---|---|---|
| | | | | | |
| | Balance as at 1/1/23 | 5,482,286 | 1,707,453 | 3,753,784 | 4,442,901 |
| | Additions during the year | - | 1,276,920 | 984,924 | 704,000 |
| | Transfer | 1,457,670 | - | - | 30,000 |
| | Disposal/Write-Off | (7,287) | - | - | - |
| | Balance as at 31/12/23 | **6,932,669** | **2,984,373** | **4,738,708** | **5,176,901** |
| | | | | | |
| | | | | | |
| | **DEPRECIATION** | | | | |
| | Balance as at 1/1/23 | 791,687 | 621,796 | 2,445,343 | 2,060,333 |
| | Charge for the year | 140,129 | 570,814 | 554,914 | 762,971 |
| | Disposal | (7,287) | - | - | - |
| | Balance as at 31/12/23 | **924,529** | **1,192,610** | **3,000,257** | **2,823,303** |
| | | | | | |
| | **NET BOOK VALUE - 31/12/23** | **6,008,140** | **1,791,763** | **1,738,452** | **2,353,598** |

| | Safe & Lawn Mower GHS | Generator GHS | Temporal Structure GHS | Solar Energy GHS | Leasehold Property GHS | CWIP GHS | Total GHS |
|---|---|---|---|---|---|---|---|
| | | | | | | | |
| | 604,850 | 559,768 | 292,415 | 329,638 | 87,278 | 5,216,360 | 26,922,960 |
| | 455,062 | 681,268 | - | | | 1,657,658 | 7,125,783 |
| | - | - | | - | - | (3,987,119) | (365,970) |
| | (175,174.94) | (223,416.00) | (292,415) | - | - | - | (6,975,032.53) |
| | **884,737.06** | **1,017,620.00** | **-** | **329,638** | **87,278** | **2,886,899** | **26,707,740.29** |
| | | | | | | | |
| | | | | | | | |
| | | | | | | | |
| | 179,876 | 216,008 | 155,955 | 145,808 | 3,319 | - | 8,641,664.67 |
| | 177,414.86 | 91,781.47 | 14,620 | 65,928 | 1,746 | - | 2,554,813.53 |
| | (175,174.94) | (223,416.00) | (170,575) | - | - | - | (6,853,192.53) |
| | **182,116.03** | **84,372.72** | **-** | **211,736** | **5,065** | **-** | **4,343,285.88** |
| | | | | | | | |
| | **702,621** | **933,247** | | **117,902** | **82,213** | **2,886,899** | **22,364,454** |

| | Safe & Lawn Mower GHS | Generator GHS | Temporal Structure GHS | Solar Energy GHS | Leasehold Property GHS | CWIP GHS | Total GHS |
|---|---|---|---|---|---|---|---|
| | | | | | | | |
| | 450,170 | 559,768 | 292,415 | 329,638 | 87,278 | 4,566,583 | 21,672,276 |
| | 162,080 | - | - | - | - | 2,734,776 | 5,862,700 |
| | - | - | - | - | - | (2,084,999) | (597,329) |
| | (7,400) | - | - | - | - | - | (14,687) |
| | **604,850** | **559,768** | **292,415** | **329,638** | **87,278** | **5,216,360** | **26,922,960** |
| | | | | | | | |
| | | | | | | | |
| | | | | | | | |
| | 102,537 | 72,473 | 97,472 | 59,880 | 1,573 | - | 6,253,094 |
| | 84,089 | 143,535 | 58,483 | 85,928 | 1,746 | - | 2,402,608 |
| | (6,750) | - | - | - | - | - | (14,037) |
| | **179,876** | **216,008** | **155,955** | **145,808** | **3,319** | **-** | **8,641,665** |
| | | | | | | | |
| | **424,974** | **343,760** | **136,460** | **183,830** | **83,959** | **5,216,360** | **18,281,295** |

| | | 2023 GHS | 2022 GHS |
|---|---|---|---|
| 26 | **DEPOSITS AND CURRENT ACCOUNTS** | | |
| | **(a) Analysis by Type of Deposits** | | |
| | Current Accounts | **127,979,795** | 116,553,472 |
| | Savings Accounts | **503,686,744** | 358,778,458 |
| | Time Deposits | **137,068,448** | 80,032,919 |
| | Other Deposit | **3,836** | 1,808,315 |
| | | **768,738,823** | 557,173,164 |
| | **(b) Analysis by Type of Customer** | | |
| | Individuals | **501,083,763** | 338,923,261 |
| | Other Private Enterprises | **54,680,959** | 44,316,974 |
| | Public Enterprises | **15,379,268** | 16,062,386 |
| | Others | **197,594,833** | 157,870,543 |
| | | **768,738,823** | 557,173,164 |
| | | | |
| 27. | **INTEREST PAYABLE AND OTHER LIABILITIES** | | |
| | Interest and Bills Payable | **22,135,647** | 9,348,644 |
| | Inter-Agency Balaance | **4,128** | 35,333 |
| | Managed Funds | **-** | 140,640 |
| | Sundry Creditors | **4,272,899** | 6,279,278 |
| | Accrued Charges | **136,900** | 112,520 |
| | | **26,549,573** | 15,916,415 |
| | | | |
| 28. | **SHORT-TERM BORROWINGS** | | |
| | Commercial Banks | **3,181,818** | 5,000,000 |
| | | **3,181,818** | 5,000,000 |

This represents the short term loan the Bank took from Some Financial Institution

| | | | |
|---|---|---|---|
| 29. | **STATED CAPITAL** | **Number '000** | Number '000 |
| | i) Authorised Ordinary Shares of No Par Value | **100,000** | 100,000 |
| | ii) Issued Ordinary Shares of No Par Value | **49,492,795** | 43,631,039 |
| | | **GHS** | GHS |
| | iii) Proceeds Issued for Cash-Ordinary Shares | **8,024,158** | 6,851,807 |
| | iv) Transfer from Income Surplus /Retained Earnings | **1,650,696** | 1,650,696 |
| | | **9,674,854** | 8,502,503 |
| | v) There is no unpaid Liability on any share | | |
| | and there is no share in Treasury. | | |

| | | 2023 GHS | 2022 GHS |
|---|---|---|---|
| **30.** | **STATUTORY RESERVE FUND** | | |
| | Balance at 1 January | **9,983,962** | 8,936,927 |
| | Add: Transfer from Retained Profits | **2,100,287** | 1,047,035 |
| | Balance as at 31 December | **12,084,249** | 9,983,962 |

Under Section 34 (1) of the Banks and Specialized Deposit Taking Act 2016 (Act 930) the Bank has ransferred the prescribed portion of 12.5% of the net profit for the year to Statutory Reserve Fund ( 2022) : . The movement is included in the statement of changes in equity.

| | | | |
|---|---|---|---|
| **31.** | **CREDIT RISK RESERVE** | | |
| | Balance at 1 January | **214,343** | 90,406 |
| | Add: Movement for the year | **86,692** | 123,937 |
| | Balance as at 31 December | **301,035** | 214,343 |

This represents the excess of the total provisions for loans and advances provision determined in accordance with the Bank of Ghana prudential guidelines over the impairment loss for loans and advances recognised in the income statement under the IFRS Framework.

| | | | |
|---|---|---|---|
| **32.** | **RETAINED EARNINGS ACCOUNT** | | |
| | Balance as at 1 January | **30,244,257** | 23,013,545 |
| | Profit for the year transferred | | |
| | from Statement of Comprehensive Income | **16,802,293** | 8,376,277 |
| | | **47,046,550** | 31,389,822 |
| | Transfers to: | | |
| | Statutory Reserve Fund | **(2,100,287)** | (1,047,035) |
| | Community Development Fund | **(840,115)** | (418,814) |
| | Scholarship Fund | **(840,115)** | (418,814) |
| | Staff Fund | **(840,115)** | (418,814) |
| | Building Fund | **-** | 2,862,894 |
| | Anniversary Fund | **-** | - |
| | University Project Fund | **(1,176,160)** | (586,339) |
| | Credit Risk Reserve | **(86,692)** | (123,937) |
| | Dividend Paid | **-** | (2,070,007) |
| | Funds Utilization | **489,084** | 1,075,301 |
| | Balance as at 31st December | **41,652,150** | 30,244,257 |

This represents the residual of cumulative annual profits . The Movement in the retained earnings account is shown as part of the statement of changes in equity.

# NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31st December, 2023

| | | 2023 GHS | 2022 GHS |
|---|---|---|---|
| 33. | **COMMUNITY DEVELOPMENT FUND** | | |
| | **Balance as at 1 January** | **618,675** | 489,077 |
| | Transfer from Retained Earnings | **840,115** | 418,814 |
| | | **1,458,790** | 907,891 |
| | Utilization during the year | **(169,484)** | (289,216) |
| | | **1,289,306** | 618,675 |
| | | | |
| 34. | **STAFF FUND** | | |
| | Balance as at 1 January | **602,909** | 438,636 |
| | Transfer from Retained Earnings | **840,115** | 418,814 |
| | | **1,443,024** | 857,450 |
| | Utilization during the year | **(20,000)** | (254,541) |
| | | **1,423,024** | 602,909 |

This represents portion of Retained Earnings set aside for Development projects

| | | | |
|---|---|---|---|
| 35. | **BUILDING FUND** | | |
| | Balance as at 1 January | **-** | 2,862,894 |
| | Transfer from Retained Earnings | **-** | - |
| | | **-** | 2,862,894 |
| | Transfer from Retained Earnings | **-** | (2,862,894) |
| | | | |

This represents portion of Retained Earnings set aside for Development projects

| | | | |
|---|---|---|---|
| 36. | **SCHOLARSHIP FUND** | | |
| | Balance as at 1 January | **1,356,666** | 937,852 |
| | Transfer from Retained Earnings | **840,115** | 418,814 |
| | | **2,196,781** | 1,356,666 |
| | Utilization during the year | **(10,000)** | - |
| | | **2,186,781** | 1,356,666 |
| | | | |

This represents portion of Retained Earnings set aside for Development projects

| | | 2023 GHS | 2022 GHS |
|---|---|---|---|
| **37.** | **ANNIVERSARY FUND** | | |
| | **Balance as at 1 January** | - | - |
| | Transfer from Retained Earnings | - | - |
| | | - | - |
| | Utilization during the year | - | - |
| | | - | - |

This represents portion of Retained Earnings set aside for Development projects

| | | 2023 GHS | 2022 GHS |
|---|---|---|---|
| **38.** | **UNIVERSITY PROJECT FUND** | | |
| | Balance as at 1 January | 587,061 | 532,266 |
| | Transfer from Retained Earnings | 1,176,160 | 586,339 |
| | Transfer from Community Development Fund | - | - |
| | | 1,763,221 | 1,118,605 |
| | Utilization during the year | (289,600) | (531,544) |
| | | 1,473,621 | 587,061 |

This represents portion of Retained Earnings set aside for Development projects

| | | 2023 GHS | 2022 GHS |
|---|---|---|---|
| **39.** | **IMPAIRED INVESTMENT FUND** | | |
| | Balance as at 1 January | 2,889,013 | 2,889,013 |
| | Transfer from Retained Earnings | - | - |
| | | 2,889,013 | 2,889,013 |
| | Utilization during the year | - | - |
| | | 2,889,013 | 2,889,013 |

**40. EARNINGS PER SHARE**

The calculation of Basic and Diluted earnings per share at 31 December 2023, was based on the profit attributable to ordinary shareholders of GHS 23,773,478 (2022: GHS 8,282,534) and number of ordinary shares of 49,492,795 (2022: 43,631,039), calculated as follows:

| | | 2023 GHS | 2022 GHS |
|---|---|---|---|
| | **Profit attributable to ordinary shareholders** | 16,802,293 | 8,282,534 |
| | Net Profit for the period attributable to equity holders | | |
| | **Weighted average number of ordinary shares** | | |
| | Issued ordinary shares at 1 January | 43,631,039 | 34,775,719 |
| | Effect of shares issued as at 31 December | 5,861,756 | 8,855,320 |
| | **Number of ordinary shares at 31 December** | 49,492,795 | 43,631,039 |
| | **Basic and Diluted Earnings per Share** | 0.339 | 0.190 |

There are no potentially dilutive shares outstanding at 31 December 2023 .Dilutive earnings per share are therefore the same as the basic earnings per share.

## 41. Commitments

At the Annual General Meeting held in 2024, the directors recommend for approval, the payment of dividend of GHS3,464,495.65 for the year ended 31 December, 2023 (2022 -Nil). This is subject to Bank of Ghana approval. The propsed dividend is GHS0.07 per share on 49,492,795 ordinary shares.

## 42. Contingent liabilities

There were no contingent liabilities at 31 December 2023, (2022: Nil).

## 43. Related party transactions and balances

A number of transactions are entered into with related parties in the normal course of business. These normally include loans advanced to related persons. The disbursements and related outstanding balances at the year-end are as follows:

### a. Loans to Directors and Connected Persons

| | | 2023 GHS | 2022 GHS |
|---|---|---|---|
| | **Loans outstanding as 1 Jan** | 3,905,494 | 8,055,490 |
| | **Loans granted during the year** | - | - |
| | Loans repayment during the year | (629,282) | (4,149,996) |
| | Loans outstanding as 31st Dec | 3,276,212 | 3,905,494 |

### b. Loans to Key Management Staff and connected persons

| | | 2023 GHS | 2022 GHS |
|---|---|---|---|
| | **Loans outstanding as 1 Jan** | 3,919,758 | 1,984,963 |
| | **Loans granted during the year** | 2,150,000 | 1,990,271 |
| | Loans repayment during the year | (1,785,350) | (655,476) |
| | Loans outstanding as 31st Dec | 3,684,408 | 3,319,758 |

Interest rate charged on these loans and advances were at commercial rates. The loans granted are secured over property and provident fund of the respective persons. No impairment loss has been recorded against balances outstanding during the period with directors and key management personnel. Interest on fixed deposits is the same as applied to other customers of the bank. All transactions with related parties are priced on arm's length basis and was entered into in the normal course of business.

### c. Key Management Personnel and Directors Emoluments

| | | 2023 GHS | 2022 GHS |
|---|---|---|---|
| | Directors Emoluments Fees | 199,000 | 196,500 |
| | Directors Sitting Expenses | 957,200 | 1,041,546 |
| | Directors Transportation | 360,155 | 258,597 |
| | Board Meeting Expenses | 72,024 | 56,844 |
| | Key Management Salaries | 3,362,581 | 2,364,951 |
| | **Total** | 4,950,960 | 3,918,438 |

## 44. Financial Risk Management

### Introduction and Overview

An organization may be exposed to different types of financial risks depending on the size and complexity of business activities. Amenfiman Rural Bank PLC, however, is generally exposed to:

a. Credit risk
b. Liquidity risk
c. Market risk
d. Operational risk
e. Compliance risk
f. Legal risk
g. Reputational risk
h. Capital risk

### Risk Management Framework

The Board of Directors and Senior Management have developed and established policies and procedures to facilitate effective risk management. These policies and procedures provide guidance on risk appetite/tolerance limit, risk identification, monitoring and control and adherence to set risk limits. The risk management policies and procedures are continually reviewed to reflect changes in economic and financial landscape as well as products and services offered.

The Board of Directors has the overall responsibility for the establishment and oversight of the Bank's risk management framework. The responsibilities of the Board of Directors include; setting out the Bank's overall risk appetite/tolerance limit, ensuring that the Bank's overall risk exposure is maintained at prudent levels and consistent with available capital. They also include ensuring that Management as well as individuals responsible for Risk Management possess sound expertise and knowledge to accomplish the risk management function and that appropriate policies and procedures for risk management are in place. The Board's Sub-Committees on Investment and the Management as a whole oversee the implementation of the broad risk management policies and objectives of the Bank.

#### (a) Credit Risk Management

Credit risk represents the loss which the Bank would suffer if a customer or counter-party to financial instruments failed to meet its contractual obligations.

Credit Risk stems from outright default due to inability or unwillingness of a client or counterpart to meet commitments in relation to lending, trading settlement and other financial transaction. Resultant losses may result in reduction in receivables portfolio value due to the actual or perceived deterioration in those receivables portfolio quality.

The Bank has established credit policies under which new customers are assessed for credit worthiness before credit is extended to them.

The Investment Committee is responsible for implementing the credit risk policy/strategy, monitoring credit risk on a bank-wide basis and ensuring compliance with credit limits to be approved by the Board.

Business strategies, policies and procedures for managing credit are determined bank-wide with specific policies and procedures being adopted for corporate and small and medium-sized enterprises.

### Managing problems of Loans and Advances

The Recoveries Unit within the Credit Department manages delinquent facilities including outright recoveries or nursing of such problem Loans back to health.

At delinquent and past due stages, where recovery efforts are unsuccessful, the Bank refers the client to the Bank's Solicitors for legal action to be initiated.

### Provisioning for Loans and Advances

Credit losses are anticipated and charged in the statement of profit or loss on a monthly basis. The balance in the impairment allowance account is always equal to at least the required provisions based on the Bank's current risk rating profile. If the status of the loan worsens, the balance of the provision account is increased by an additional charge against earnings.

In conformity with Bank of Ghana 's directives, the minimum provision that are held are as follows;

| CREDIT RISK RATING | DAYS PAST DUE | MIN. REQUIRED (%) |
|---|---|---|
| Current | Less than 30 | 1% |
| OLEM | 30 - 90 | 10% |
| Sub-standard | 91 – 180 | 25% |
| Doubtful | 181 – 360 | 50% |
| Loss | Over 360 | 100% |

### Impairment losses

The ageing of Loan and Advances at the reporting date was:

| | | 2023 | | 2022 | |
|---|---|---|---|---|---|
| | | Gross. Amt | Impairment | Gross. Amt | Impairment |
| | | GHS | GHS | GHS | GHS |
| **Current** | 0-30 days | **225,662,574** | **12,056,280** | 153,529,642 | 10,997,475 |
| **Olem** | 31-90 days | **1,110,025** | **108,942** | 1,983,492 | 2,264,745 |
| **Sub-Standard** | 91- 180 days | **804,413** | **700,353** | 7,852,611 | 593,711 |
| **Doubtful** | 181 - 360 days | **890,526** | **930,099** | 8,744,185 | 4,083,667 |
| **Loss** | > 360 days | **317,991** | **7,817,991** | 1,273,812 | 1,273,812 |
| | | **228,785,529** | **21,613,665** | 173,383,742 | 19,213,410 |

### Exposure to credit risk

The carrying amount of financial assets represents the bank's maximum credit exposure. The maximum exposure to credit risk at the reporting date was as follows:

| | 2023 GHS | 2022 GHS |
|---|---|---|
| Cash and Balances with Other Banks | 170,742,640 | 173,988,467 |
| Non – Pledged Trading Assets | 456,636,767 | 275,009,184 |
| Loans and advances | 207,472,899 | 154,384,675 |
| Other assets Account | 9,322,299 | 6,982,430 |
| **Total** | **844,174,605** | **610,364,756** |

All receivables that are neither past due nor impaired are within their approved credit limits, and no receivables have had their terms renegotiated.

**At 31st December, 2023, the Bank's Financial Assets were categorized under IFRS 9 as follows:**

**Stage 1** – At initial recognition Performing

**Stage 2** – Significant increase in Credit risk since initial recognition – Underperforming

**Stage 3** – Credit Impaired – Non- Performing

| 2023 | Stage 1. | Stage 2. | Stage3. | Total |
|---|---|---|---|---|
| | GHS | GHS | GHS | GHS |
| **Cash and Cash Equivalents** | 170,742,640 | - | - | **170,742,640** |
| **Non - Pledged Trading Assets** | 456,636,767 | - | - | **456,636,767** |
| **Loans and Advances to Customers** | 213,875,448 | 1,110,024 | 13,800,057 | **228,785,529** |
| **Other Assets** | 9,322,299 | - | - | **9,322,299** |
| **Gross Carrying Amount** | 876,264,575 | 1,110,024 | 13,800,057 | **865,487,235** |
| **Loss Allowances** | (7,577,496) | (114,443) | (13,620,691) | **(21,312,630)** |
| **Net Carrying Amount** | 842,999,658 | 995,581 | 179,366 | **844,174,605** |

| 2022 | Stage 1. | Stage 2. | Stage3. | Total |
|---|---|---|---|---|
| | GHS | GHS | GHS | GHS |
| **Cash and Cash Equivalents** | 173,988,467 | - | - | **173,988,467** |
| **Non - Pledged Trading Assets** | 275,009,184 | - | - | **275,009,184** |
| **Investment other than securities** | 244,152 | - | - | **244,152** |
| **Loans and Advances to Customers** | 146,723,885 | 8,217,774 | 18,442,082 | **173,383,742** |
| **Other Assets** | 6,982,431 | - | - | **6,982,431** |
| **Gross Carrying Amount** | 602,948,119 | 8,217,774 | 18,442,082 | **629,607,976** |
| **Loss Allowances** | (2,208,232) | (348,753) | (16,442,082) | **(18,999,067)** |
| **Net Carrying Amount** | 600,739,887 | 7,869,021 | 2,000,000 | **610,608,909** |

### Impaired loans and Securities

Impaired loans and securities are loans and securities for which the Bank determines that it is probable that it will be unable to collect all principal and interest due according to the contractual terms of the loan/securities agreement(s). Interest on these loans is calculated and treated on non-accrual basis and portions shall only be considered when payments (settlement) are made.

### Loans with renegotiated terms

Loans with renegotiated terms are loans that have been restructured due to deterioration in the borrower's financial position and where the Bank has made concessions that it would not otherwise consider. The status or risk grade of a restructured facility does change until there is evidence of performance over a reasonable period of time.

When the contractual cash flows of a financial asset are renegotiated or otherwise modified and the renegotiation or modification does not result in the derecognition of that financial asset, a Bank shall recalculate the gross carrying amount of the financial asset and shall recognise a modification gain or loss in profit or loss. The gross carrying amount of the financial asset shall be recalculated as the present value of the renegotiated or modified contractual cash flows that are discounted at the financial asset's original effective interest rate (or credit-adjusted effective interest rate for purchased or originated credit-impaired financial assets). Any costs or fees incurred adjust the carrying amount of the modified financial asset and are amortised over the remaining term of the modified financial asset.

### Allowances for Impairment

The Bank establishes an allowance for impairment losses that represents the estimate of incurred losses in the loan portfolios. The main components of this allowance are a specific loss component that relates to individually significant exposures, and a collective loan loss allowance established for groups of homogeneous assets in respect of losses that have been incurred but have not been identified on loans subject to individual assessment for impairment

### Write-off Policy

The Bank writes off loans when it determines that the loans are uncollectible. This determination will be reached after considering information such as the occurrence of significant changes in the borrower's financial position such that the borrower can no longer discharge the obligation, or that proceeds from collateral will not be sufficient to pay back the entire exposure. Related and connected lending is not permitted to be written off unless with the approval of Bank of Ghana.

### Collateral of Impaired exposures

The Bank holds collateral against loans and advances to customers in the form of cash deposits, mortgage interests over property, other registered securities over assets, and guarantees. Estimates of fair value are based on the value of collateral assessed at the time of borrowing, and generally are not updated except when a loan is individually assessed as impaired. Collateral is not normally held for loans and advances to Bank, when securities are held as part of reverse repurchase and securities borrowing activity. Collateral is not usually held against investment securities, and no such collateral was held at 31 December 2023 and 2022. An estimate of the fair value of collateral and other security enhancements held against financial assets is shown below. It must, however, be noted that collateral values of impaired loans are at cash flows of the forced sale values less estimated costs of sale as discounted to present values:

| | Loans & Advances to Customers | Loans & Advances to Customers |
|---|---|---|
| | 2023 GHS | 2022 GHS |
| Cash and Near Cash Instruments | **33,278,339** | 18,977,176 |

### Repossessed Assets

The Bank did not repossess any customer's asset during the period. If the Bank would have repossessed, the type and carrying amount of collateral would have been the lower of its carrying amount and fair value less costs to sell. All assets repossessed if any are to be sold within one year of possession and approval would be sought from Bank of Ghana for those which efforts towards sale have not been successful within one year. The Bank monitors concentrations of credit risk by sector. An analysis of concentrations of credit risk at the reporting date is shown below:

| | 2023 GHS | 2022 GHS |
|---|---|---|
| Agriculture | **3,894,570** | 5,402,412 |
| Transport | **689,953** | 2,796,695 |
| Trading | **149,284,470** | 104,056,960 |
| Others | **74,916,536** | 61,127,675 |
| | **228,785,529** | 173,383,742 |
| **Credit Impairment Loss** | **(21,312,630)** | (18,999,067) |
| | **207,472,899** | 154,384,675 |

**(b) Liquidity Risk**

Liquidity risk is the risk that the Bank will not be able to meet its financial obligations as they fall due. The risk arises from mismatches in cash flows.

**Management of Liquidity Risk**

The Bank's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses that will damage to the Bank's reputation.

The Head office receives information from other branches regarding the liquidity profile of their financial assets and liabilities and details of other projected cash flows arising from projected future business. The Head office then maintains a portfolio of short-term liquid assets, largely made up of short-term liquid investment securities, loans and advances to banks and other inter-bank facilities, to ensure that sufficient liquidity is maintained within the Bank as a whole. The liquidity requirements of branches are met through short-term loans from Head Office to cover any short-term fluctuations and longer-term funding to address any structural liquidity requirements. When an operating branch is subject to a liquidity limit, it manages the regulatory limit in co-ordination with Head Office, Head Office monitors compliance of branches with local regulatory limits on a daily basis. The daily liquidity position is monitored and regular liquidity stress testing is conducted under a variety of scenarios covering both normal and more severe market conditions. All liquidity policies and procedures are subject to review and approval by the Finance and operation committee. Daily reports cover the liquidity position of the Bank. A summary report, including any exceptions and remedial action taken, is submitted regularly to the finance and operations committee.

**Exposure to Liquidity Risk**

The key measure used by the Bank for managing liquidity risk is the ratio of net liquid assets to deposits from customers. For this purpose, net liquid assets are considered as including cash and cash equivalents and investment grade debt securities for which there is an active and liquid market less any deposits from banks, debt securities issued, other borrowings and commitments maturing within the next month. Details of the net liquid assets to deposits and customers at the reporting date and during the reporting period were as follows;

| | 2023<br>% | 2022<br>% |
|---|---|---|
| At 31 December | **81.33** | 76.18 |
| Average for the period | **79.05** | 68.03 |
| Maximum for the period | **81.50** | 76.18 |
| Minimum for the period | **68.16** | 62.87 |

**(c) Market risk**

Market risk represents the risk exposures the Bank has in relation to instruments whose value vary with the level of interest rates. These include investments, debt securities, and borrowings.

The Bank's exposure to the risk of changes in market interest rates relates primarily to its long-term borrowings with floating interest rates. All of its borrowings are at floating interest rates. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return on risk.

**Management of Market Risk**

The Bank separates its exposure to market risk between trading and non-trading portfolios. Trading portfolios mainly are held by the treasury unit, and include positions arising from market making and proprietary position taking, together with financial assets and liabilities that are managed on a fair value basis. Overall authority for market risk is vested in credit committee. The Bank is responsible for the development of detailed risk management policies (subject to review and approval by credit committee) and for the day-to-day review of their implementation.

**Exposure to market risk – trading portfolios**

The principal tool used to measure and control market risk exposure within the Bank's trading portfolios is Value at Risk (VaR). The VaR of a trading portfolio is the estimated loss that will arise on the portfolio over a specified period of time (holding period) from an adverse market movement with a specified probability (confidence level). The VaR model used by the Bank is based upon a 99 percent confidence level and assumes a 10-day holding period. The VaR model used is based mainly on historical simulation. Taking account of market data from the previous two years, and observed relationships between different markets and prices of plausible future scenarios for market price movements. Although VaR is an important tool for measuring market risk, the assumptions on which the model is based do give rise to some limitations, including the following:

- A 10-day holding period assumes that it is possible to hedge or dispose of positions within that period. This is considered to be a realistic assumption in almost all cases but may not be the case in situations in which there is severe market illiquidity for a prolonged period.
- A 99 percent confidence level does not reflect losses that may occur beyond this level. Even within the model used there is a one percent probability that losses could exceed the VaR.
- VaR is calculated on an end-of-day basis and does not reflect exposures that may arise on positions during the trading day.
- The use of historical data as a basis for determining the possible range of future outcomes may not always cover all possible scenarios, especially those of an exceptional nature.
- The VaR measure is dependent upon the Bank's position and the volatility of market prices. The VaR of an unchanged position reduces if the market price volatility declines and vice versa.

The Bank uses VaR limits for total market risk, interest rate, equity and other price risks. The overall structure of VaR limits is subject to review and approval by credit and marketing committee. VaR limits are allocated to trading portfolios. VaR is measured at least daily and more regularly for more actively traded portfolios.

Daily reports of utilisation of VaR limits are submitted to Bank risk and regular summaries are submitted to the credit and marketing committee.

The limitations of the VaR methodology are recognized by supplementing VaR limits with other position and sensitivity limit structures, including limits to address potential concentration risks within each trading portfolio. In addition, the Bank uses a wide range of stress tests to model the financial impact of a variety of exceptional market scenarios on individual trading portfolios and the Bank's overall position.

**Exposure to interest rate risk – non-trading portfolios**

The principal risk to which non-trading portfolios are exposed is the risk of loss from fluctuations in the future cash flows or fair values of financial instrument because of a change in market interest rates. Interest rate risk is managed principally through monitoring interest rate gaps and by having pre-approved limits for repricing bands.

The credit and marketing committee is the monitoring body for compliance with these limits and is assisted by finance and operations department in its day-to-day monitoring activities. The management of interest rate risk against interest rate gap limits is supplemented by monitoring the sensitivity of the Bank's financial assets and liabilities to various standard and non-standard interest rate scenarios. Standard scenarios that are considered on a monthly basis include a 100 basis point (bp) fall or rise in all financial market interest rates. Overall non-trading interest rate risk positions are managed by Central Treasury, which uses investment securities, advances to banks, deposits from banks and derivative instruments to manage the overall position arising from the Bank's non-trading activities.

**Exposure to other market risks – non-trading portfolios**

Credit spread risk (not relating to changes in the obligor / issuer's credit standing) on debt securities held by Central Treasury and equity price risk is subject to regular monitoring by Bank risk, but is not currently significant in relation to the overall results and financial position of the Bank.

**(d) Operational risk**

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the Bank's processes, personnel, technology and infrastructure, and from external factors other than credit, market and liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards of corporate behaviour. Operational risks arise from all of the Bank's operations and are faced by all business entities. The Bank's objective is to manage operational risk so as to balance the avoidance of financial losses and damage to the Bank's reputation with overall cost effectiveness and to avoid control procedures that restrict initiative and creativity. The primary responsibility for the development and implementation of controls to address operational risk is assigned to senior management within each business unit. This responsibility is supported by the development of overall Bank standards for the management of operational risk in the following areas:

- equirements for appropriate segregation of duties, including the independent authorization of transactions
- requirements for the reconciliation and monitoring of transactions
- compliance with regulatory and other legal requirements
- documentation of controls and procedures
- requirements for the periodic assessment of operational risks faced, and the adequacy of controls and procedures to address the risks identified

- requirements for the reporting of operational losses and proposed remedial action
- development of contingency plans
- training and professional development
- ethical and business standards
- risk mitigation, including insurance where this is effective.

**(e) Compliance and regulatory risk**

In order to strengthen the Bank's compliance with regulatory requirements, the Bank organises series of dedicated training on a regular basis to equip staff with compliance and regulatory issues in order to minimise risk emanating therefrom.

**(f) Legal risk**

The Bank's activities are undertaken in a manner which adequately reduces the risks which may arise out of material litigation to be initiated against it (the Bank).

**(g) Reputational risk**

The Bank conducts its business in a responsible, professional and transparent manner. The Bank safeguards the interest of its clients as well as its reputation. This is aimed at demonstrating our commitment and fostering a long-term relationship with our clients and the public at large. We manage our image and reputation in a professional manner.

**(h) Capital Risk Management**

The Capital Management Objective of the Bank is to ensure that the financial net asset at the end of the financial year exceeds the financial amount of the net assets at the beginning of the year after deducting distributions and adding contributions from owners.

This objective will be to ensure that at any time, the Stated Capital requirement by the Bank of Ghana would be met and also to comply with the Capital Adequacy Ratio Regulatory requirements of the Bank of Ghana. This will be achieved by maintaining an appropriate level of profits to meet these expected Capital increases by the Bank of Ghana.

The Bank's regulator, the Bank of Ghana sets and monitors capital requirements for the Bank as a whole. In implementing the current capital requirement, the Bank of Ghana requires the Bank to maintain a prescribed ratio of total capital to total risk-weighted assets.

The Bank's regulatory capital is analyzed as follows:
Tier 1 Capital, also referred to as core/primary capital is made up of equity and disclosed reserves. Equity includes issued and fully paid ordinary share capital and perpetual non-cumulative preference shares. Disclosed reserves relate to those created or increased by an appropriation of after-tax retained earnings/surplus, retained profits, and general statutory reserves and do not include regulatory credit risk reserve.

### The Level of Capital Adequacy

| | 2023 GHS | 2022 GHS |
|---|---|---|
| Paid Capital | **9,674,854** | 8,502,503 |
| Disclosed Reserves | **58,987,143** | 43,607,873 |
| Permanent Preference Shares | **13** | 13 |
| **Tier 1 Capital** | **68,662,010** | 52,110,389 |
| Investments in the capital | | |
| of other Banks | **(301,671)** | (244,152) |
| Revaluation Reserves | **-** | - |
| **Tier 2 Capital** | **68,360,339** | 51,866,237 |

The Bank's policy is to maintain a strong capital base so as to maintain investor, creditor, and market confidence, and to sustain the future development of the business. The impact of the level of capital on shareholders' return is also recognized and the Bank recognizes the need to maintain a balance between the higher returns that might be possible with greater gearing and the advantages and security afforded by a sound capital position.

The Bank complied with the statutory capital requirements throughout the period. There have been no material changes in the Bank's management of capital during this period.

### 45. Financial assets and financial liabilities

Fair values

Set out below is a comparison by class of the carrying amounts and fair values of the Bank's financial instruments that are carried in the financial statements.

| | Carrying amount | | Fair Value | |
|---|---|---|---|---|
| | Dec.31 | Dec.31 | Dec.31 | Dec.31 |
| | 2023 | 2022 | 2023 | 2022 |
| | GHS | GHS | GHS | GHS |
| **Financial assets** | | | | |
| Cash and Balances with Other Banks | 170,742,640 | 173,988,467 | 170,742,640 | 173,988,467 |
| Non-Pledged Trading Assets | 456,636,767 | 275,009,184 | 456,363,767 | 275,009,184 |
| Loans and advances | 207,472,899 | 154,384,675 | 207,472,899 | 154,384,675 |
| Other assets | 9,322,299 | 6,982,430 | 9,322,299 | 6,982,430 |
| **Total** | **844,2174,605** | **610,364,756** | **844,174,605** | **610,364,756** |
| **Financial Liabilities** | | | | |
| Current Accounts | 127,979,795 | 116,553,472 | 127,979,795 | 116,553,472 |
| Savings Accounts | 503,686,744 | 358,778,458 | 503,686,744 | 358,778,458 |
| Time Deposits | 137,068,448 | 80,032,919 | 137,068,448 | 80,032,919 |
| Other Deposits | 3,836 | 1,808,315 | 3,836 | 1,808,315 |
| Interest Payable and Other Liabilities | 26,549,573 | 15,916,415 | 26,549,573 | 15,916,415 |
| Due to Other Financial Institutions | 3,181,818 | 5,000,000 | 3,181,818 | 5,000,000 |
| **Total** | **798,470,214** | **578,089,579** | **798,470,214** | **578,089,579** |

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

The following methods and assumptions were used to estimate the fair values:

- Cash and short-term deposits, loans and advances, deposits and current accounts and other current liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.
- Long-term fixed-rate and variable-rate receivables/borrowings are evaluated by the Bank based on parameters such as interest rates. Based on this evaluation, allowances are taken to account for the expected losses of these receivables. As at December 31, 2023, the carrying amounts of such receivables, net of allowances, were not materially different from their calculated fair values.

## 46. Fair value hierarchy

As at 31 December 2023 the Bank held the following financial instruments carried at fair value on the statement of financial position: The bank uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

**LEVEL 1:** quoted (unadjusted) prices in active markets for identical assets or liabilities

**LEVEL 2:** other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly.

**LEVEL 3:** techniques which use inputs that have a significant effect on the recorded fair value that are not based on observable market data.

As at 31 December 2023, the Bank held the following financial instruments measured at fair value:

| 2023 | Total 1 | Level 1 | Level 2 | Level 3 |
|---|---|---|---|---|
| | GHS | GHS | GHS | GHS |
| **Financial assets** | | | | |
| Cash and Balances with Other Banks | 170,742,640 | - | 170,742,640 | - |
| Non-Pledged Trading Assets | 456,363,767 | - | 456,363,767 | - |
| Loans and advances | 217,861,876 | - | 217,861,876 | - |
| Other assets | 9,322,299 | - | 9,322,299 | - |
| **Total** | **854,290,582** | **-** | **854,290,582** | **-** |
| **Financial Liabilities** | | | | |
| Current Accounts | 127,979,795 | - | 127,979,795 | - |
| Savings Accounts | 503,686,744 | - | 503,686,744 | - |
| Time Deposits | 137,068,448 | - | 137,068,448 | - |
| Other Deposits | 3,836 | - | 3,836 | - |
| Interest Payable and Other Liabilities | 26,549,574 | - | 26,549,574 | - |
| Due to Other Financial Institutions | 3,181,818 | - | 3,181,818 | - |
| **Total** | **798,470,215** | **-** | **798,470,215** | **-** |

The bank carries unquoted equity shares as available-for-sale financial instruments classified as Level 3 within the fair value hierarchy.

| 2023 | Total 1 | Level 1 | Level 2 | Level 3 |
|---|---|---|---|---|
| | GHS | GHS | GHS | GHS |
| **Financial assets** | | | | |
| Cash and Balances with Other Banks | 173,988,467 | - | 173,988,467 | - |
| Non-Pledged Trading Assets | 275,009,184 | - | 275,009,184 | - |
| Loans and advances | 154,384,675 | - | 154,384,675 | - |
| Other assets | 9,477,992 | - | 9,477,992 | - |
| **Total** | **612,860,318** | **-** | **612,860,318** | **-** |
| **Financial Liabilities** | | | | |
| Current Accounts | 116,553,472 | - | 116,553,472 | - |
| Savings Accounts | 358,778,458 | - | 358,778,458 | - |
| Time Deposits | 80,032,919 | - | 80,032,919 | - |
| Other Deposits | 1,808,315 | - | 1,808,315 | - |
| Interest Payable and Other Liabilities | 15,916,415 | - | 15,916,415 | - |
| Due to Other Financial Institutions | 5,000,000 | - | 5,000,000 | - |
| **Total** | **578,089,579** | **-** | **578,089,579** | **-** |

During the reporting period ending 31 December 2022, there were no transfers between Level 1 and Level 3 fair value measurements. No other transfers were made.

## 47. Value Added Statement

| | 2023<br>GHS | 2022<br>GHS |
|---|---|---|
| Interest earned and other operating income | **160,585,520** | 118,064,520 |
| Direct cost service | **(64,320,339)** | (49,004,078) |
| Value added by banking services | **96,265,181** | 69,060,442 |
| Non-banking services | **420,847** | 2,487,409 |
| Specific Bad Debt | **(10,475,669)** | (7,379,514) |
| Impairments on Financial Assets | **(2,313,563)** | (8,878,937) |
| **Value added** | **83,896,795** | 55,289,400 |
| | | |
| Distributed as follows: | | |
| **To Employees:** | | |
| Directors (without executives) | **199,000** | 196,500 |
| | | |
| Executive directors | | |
| Other employees | **55,435,319** | 38,788,393 |
| | | |
| **To Government:** | | |
| Income Tax | **8,038,093** | 4,823,846 |
| | | |
| **To providers of capital** | | |
| Dividends to shareholders | **-** | - |
| | | |
| **To expansion and growth** | | |
| Depreciation | **3,386,430** | 3,068,722 |
| Amortisation -Software | **35,661** | 35,661 |
| Retained earnings | **16,802,293** | 8,376,278 |
| | **83,896,795** | 55,289,399 |

## Analysis of shareholdings as at 31st December, 2023

**Number of Shareholders**

The Bank had Eight Thousand, Four Hundred and Sixty - Six (8,466) Ordinary Shareholders as at 31st December, 2023 distributed as follows;

| CATEGORY | Number of Shareholders | Number of Shares | Percentage Holding (%) |
|---|---|---|---|
| 1-1,000 | 6,477 | 1,273,159 | 2.57% |
| 1,001-5,000 | 1,124 | 3,078,021 | 6.22% |
| 5,001-10,000 | 280 | 2,293,623 | 4.63% |
| Over 10,000 | 585 | 42,847,992 | 86.57% |
| **Total** | 8,466 | 49,492,795 | 100.00% |

**Director's Shareholders**

| | NAME OF DIRECTOR | Shares | Holding (%) |
|---|---|---|---|
| 1 | **Dr. Tony Aubynn** | **409,244** | 0.83 |
| 2 | **Mr. Moses Ampong** | **166,422** | 0.34 |
| 3 | **Dr Frederick Yaw Sarpong** | **135,809** | 0.27 |
| 4 | **Dr. Lucas Nana Wiredu Damoah** | **155,653** | 0.31 |
| 5 | **Mr. Justice Anthony Quaidoo** | **173,894** | 0.35 |
| 6 | **Mr. Edmund Afful** | **55,308** | 0.11 |
| 7 | **Lawyer Rosemary Obeng-Kwaah** | **47,000** | 0.09 |
| 8 | **Michael Beekye** | **67,796** | 0.14 |
| | **Total** | **1,211,126** | 2.45 |

# NOTES TO THE FINANCIAL STATEMENTS
## Analysis of shareholdings as at 31st December, 2023

### Twenty (20) largest Shareholders

| | Name Of Shareholder | Value (GHS) | Number of Shares | Percentage Holding (%) |
|---|---|---|---|---|
| 1 | Nartey Desmond Afutu | 548,596 | 2,742,978.00 | 5.54 |
| 2 | Adei Stephen | 363,308 | 1,816,544.00 | 3.67 |
| 3 | Anthony Peter Amissah | 324,758.40 | 1,623,792.00 | 3.28 |
| 4 | Nartey Sophie | 254,639.60 | 1,273,198.00 | 2.57 |
| 5 | Wasa Amenfi Traditional Council | 248,087.27 | 1,245,436.00 | 2.52 |
| 6 | Wasa Amenfi Dist Assembly | 157,875.82 | 1,189,138.00 | 2.40 |
| 7 | Dadzie Samuel | 212,710.44 | 1,112,927.00 | 2.25 |
| 8 | Essien Vincent Blaychie | 157,600.00 | 888,000.00 | 1.79 |
| 9 | Martha Buabin | 166,568.34 | 852,842.00 | 1.72 |
| 10 | Ofori Nicholas Yaw | 151,412.40 | 762,062.00 | 1.54 |
| 11 | Peprah Ernestina Agyapomah | 124,320.00 | 621,600.00 | 1.26 |
| 12 | Agyeman Aboagye Abraham | 106,543.00 | 532,715.00 | 1.08 |
| 13 | Fordjour Kwaku Minka | 104,718.20 | 523,591.00 | 1.06 |
| 14 | Dennis Mensah Nkrumah | 102,622.00 | 513,110.00 | 1.04 |
| 15 | Nsenkyire Richard | 100,000.00 | 500,000.00 | 1.01 |
| 16 | Aduana Family | 100,000.00 | 500,000.00 | 1.01 |
| 17 | Banao Abdul-Karim | 100,000.00 | 500,000.00 | 1.01 |
| 18 | Aggrey Kakraba Charles | 100,000.00 | 500,000.00 | 1.01 |
| 19 | Aubynn Kwesi Anthony | 70,513.99 | 409,244.00 | 0.83 |
| 20 | Michael Oppong Mensah | 65,712.00 | 328,560.00 | 0.66 |
| | **Reported Totals** | 3,559,985 | 18,435,737 | 37.25 |
| | **Unreported Totals** | 6,114,869 | 31,057,558 | 62.75 |
| | **Total** | 9,674,854 | 49,493,295 | 100.00 |

# SCHEDULE TO STATEMENT OF COMPREHENSIVE INCOME as at 31st December, 2023

| PERSONNEL COST | 2023 GHS | 2022 GHS |
|---|---|---|
| Salaries and Wages | **35,734,100** | 28,095,842 |
| Social Security Contribution | **2,781,437** | 2,114,792 |
| Provident Fund Contribution | **1,434,447** | 1,058,958 |
| Medical/Welfare Expenses | **1,231,411** | 407,897 |
| Staff Training Expenses | **1,328,235** | 853,656 |
| Staff Gratuity | **20,000** | 254,541 |
| Annual Bonus | **10,047,540** | 3,780,454 |
| Funerals & Staff Clothing | **2,858,149** | 2,222,253 |
| | **55,435,319** | 38,788,393 |
| **OCCUPANCY COST** | | |
| Repairs and Maintenance | **1,966,340** | 334,981 |
| Rent and Rate | **40,223** | 77,489 |
| Electricity and Water | **1,669,027** | 1,105,327 |
| Generator Running | **476,529** | 385,810 |
| Security Expenses | **2,761,656** | 2,383,259 |
| Sanitation & Cleaning Expenses | **1,434,394** | 1,160,748 |
| | **8,348,169** | 5,447,614 |
| **GENERAL & ADMINISTRATION EXPENSES** | | |
| Travelling and Transport | **2,499,090** | 1,379,048 |
| Printing and Stationery | **866,268** | 637,984 |
| Hospitality to Guest & Protocol Expenses | **1,828,744** | 1,981,799 |
| Micro Finance | **1,842** | 6,344 |
| Board Meeting Expenses | **72,024** | 56,844 |
| Directors Fees | **199,000** | 196,500 |
| Specie Movement Expenses | **248,070** | 194,290 |
| Deposit Mobilisation Programme | **2,412,726** | 1,841,757 |
| Audit Fees | **-** | 80,000 |

# SCHEDULE TO STATEMENT OF COMPREHENSIVE INCOME as at 31st December, 2023

| | | |
|---|---|---|
| Vat on Audit Fees | **-** | 17,520 |
| Internal Audit Expenses | **199,082** | 136,110 |
| Office Expenses | **3,647,192** | 3,034,930 |
| Insurance | **2,154,658** | 1,828,149 |
| Postages and Telecommunications | **342,293** | 362,343 |
| Scholarship | **10,000** | - |
| Motor Vehicle Running Expenses | **4,141,098** | 3,908,669 |
| Legal Expenses | **1,490,702** | 542,532 |
| Newspapers, Subscriptions and Periodicals | **297,220** | 163,730 |
| Bank Charges | **384,917** | 472,588 |
| SFC | **348,468** | 223,590 |
| Loss on Disposal (Note 25 b) | **71,840** | - |
| Advertising and Publicity | **1,024,285** | 1,030,876 |
| Annual General Meeting Expenses | **708,643** | 380,355 |
| Motor Vehicle Repairs and Maintenance | **1,371,202** | 967,789 |
| Directors Transportation | **360,155** | 258,597 |
| Directors Sitting Expenses | **957,200** | 1,041,546 |
| Tax Consultancy and Professional charges | **-** | 15,000 |
| Social Responsibility | **459,084** | 820,760 |
| Computerization Expenses | **3,242,505** | 1,659,727 |
| | **29,338,308** | 23,239,377 |
| **TOTAL OPERATING EXPENSES** | **93,121,796** | 67,475,384 |

# PROXY

I ....……………………………………………………………………………………...........................of

……………………………………………………………………………..........…....being a Member

of the above-named Company hereby appoint ……………………….........................................of

…………………………………………………………………………………………... as my proxy to vote

for me on my behalf at the Annual General Meeting of the Company to be held on ............................

and at any adjournment thereof.

Signed this ……………….. Day of …............................. 2024.

This form is to be used:

| RESOLUTION | FOR | AGAINST |
|---|---|---|
| To receive the 2022 Financial Statements and the Report of the Directors and Auditors thereon | | |
| To authorise the Directors to fix the remuneration of the Auditors | | |
| To approve the remuneration of Directors | | |
| To (re) elect Directors in place of those retiring by rotation | | |

...………………………………………………………………………………………......................................

...………………………………………………………………………………………......................................

...………………………………………………………………………………………......................................

Unless otherwise instructed, the proxy will vote as he/she thinks fit.
*Strike out whichever is not desired.

# NOTES