AKUAPEM RURAL BANK PLC

MADINA BRANCH

ANNUAL REPORT

AND FINANCIAL STATEMENTS

2022

AKUAPEM RURAL BANK PLC

ANNUAL REPORT

AND FINANCIAL STATEMENTS

2022

Our Goals

Be the Model Rural Bank in Ghana.

Our Vision

To be the Best Bank in our communities by all standards.

Our Mission

To provide first class financial services to our customers, by applying technology to provide value added services through our motivated and dedicated team to create maximum value for shareholders and be environmentally and socially responsible.

Our Values

RESPONSIVENESS

To meet the ever changing needs of our clients and communities.

HONESTY

To be transparent and trustworthy in our operations.

DEPENDABILITY

To be reliable and consistent in our service delivery.

MOTIVATION

To boost the morale of staff by rewarding them for effective, excellent and timely performance.

To create an environment that allows individual staff to use their initiative.

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NOTICE OF 41ST ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the 41st Annual General Meeting of the Akuapem Rural Bank Plc will be held on **Saturday, August 26, 2023 at 10:00 am** at the **Methodist Girls' Senior High School, (MEGHIS) Mamfe-Akuapem**.

AGENDA

1. To receive the report of the Directors for the year ended 31st December, 2022
2. To receive, consider and adopt the Financial Statements of the Bank for the year ended 31st December, 2022 together with the Auditor's Report thereon.
3. To authorize the transfer of money received from Share Deposit Account to Stated Capital.
4. To fix the remuneration of Directors.
5. To elect Directors retiring by rotation in accordance with section 325 of the Companies Act, 2019 (Act 992).
6. To authourise Directors to appoint and determine the remuneration of Auditors for the year ending 2023.
7. To approve the new Share purchase price.

NOTES:

1. A member entitled to attend and vote at the Annual General Meeting may appoint a proxy to attend in person and vote on his/her behalf. Such a proxy need not be a shareholder of the company.
2. The appointment of a proxy will not prevent a member from subsequently attending and voting at the meeting. Where a member attends the meeting in person the proxy appointment shall be deemed to be revoked.

A copy of the Proxy Form can be downloaded from the Akuapem Rural Bank Plc website https://www.akuapemruralbank.com and may be filled and sent via email to 41stagm@akuapemruralbank.com or deposited at the Company Secretary's Office at Mamfe in the Akuapem North Municipality in the Eastern Region not later than 48 hours before the appointed time for the meeting.

BY ORDER OF THE BOARD
BERTHA AHENKAN BOATENG ESQ
(COMPANY SECRETARY)

CORPORATE **INFORMATION**

DIRECTORS' PROFILE

MR. KWAME GYEKE-AMOAKO (CHAIRMAN)

Mr. Kwame Gyeke-Amoako holds a Bachelor of Science Degree in Computer Science from the Kwame Nkrumah University of Science & Technology (KNUST), Kumasi. He has training in Geographic Information Systems (GIS) and Image Processing Technology. He has over 40 years' practicing experience in the Information and Technology Space. He has extensive training in IT Installations and Deployment of Datacentres for some reputable institutions like Ghana Revenue Authority (GRA), ARB-Apex Bank Plc and Bank of Ghana. He also introduced Geographical Information System in Ghana and other West African nations and deployed GIS solutions to a number of institutions in Ghana e.g. Survey Department, Environmental Protection Agency (EPA), Remote Sensing Application Unit (RSAU) CERGIS of the University of Ghana and a few institutions.

Currently, he is the Managing Director of Sambus Company Limited and a Director of Sambus Geospatial Company. He is also the Chairman of Angels Keepers Montesorri School and a Volunteer for AFS Ghana.

CORPORATE INFORMATION

DIRECTORS' PROFILE

DR. ERNEST OBUOBISA-DARKO (VICE CHAIRMAN)

Dr. Ernest Obuobisa-Darko holds a PhD in Economics from the University of Cape Coast, a Master's Degree in Economics from the University of Botswana and a Bachelor's Degree in Economics as well as a Diploma in Education from the University of Cape Coast. Also, he has a Certificate in Investment Appraisal and Risk Analysis from the Queen's University, Canada. In addition to these academic qualifications, he is a Chartered Banker with over twenty-three years' experience in banking out of which more than thirteen years have been in managerial positions and a holder of Securities Industry Certificate from the Ghana Stock Exchange.

Dr. Obuobisa-Darko is an expert in cocoa business, credit management, relationship management and business development. He has worked at the Agricultural Development Bank, The Trust Bank Limited and Ecobank Ghana Limited. He has been handling relationship management, business development and credit throughout his banking career and has dealt with all manner of customers including SMEs and large corporates.

DR. WILLIAM ADJEI TWUMASI

Dr. William Adjei Twumasi holds an International Executive Master of Business Administration Degree (Banking and Finance) from the Paris Graduate School of Management as well as a Post Graduate Diploma in Management from GIMPA. He was admitted to pursue PHD in Doctorate of Finance in 2014 by Swiss Management Centre Distance Learning Program. He is a Chartered Administrator and a final year student of the Institute of Chartered Accountants' (Ghana) as well as the Chartered Institute of Bankers. In August 2013, an Honorary Doctorate Degree was conferred on him by the Accreditation for Christian Colleges & Seminaries (AICCS), USA for meritorious service to society He was also adjudged National Best Worker-Ghana in 2019. He has over 24 years' experience as a Finance Officer, Bursar and Accountant. He retired in 2020 as a Finance Officer at the Presbyterian College of Education, Akropong and currently the Treasurer of the Association of Rural Banks-Eastern Chapter and National.

CORPORATE INFORMATION

DIRECTORS' PROFILE

MR. SAMUEL DAKO

Samuel Dako is a Lawyer, member of Ghana Bar Association and Chartered Accountant and a member of the Institute of Chartered Accountants Ghana, Merit Award. He holds MBA Finance from the University of Leicester, UK, Bachelor-of-Laws Degree from GIMPA. He attended the Ghana School of Law and holds the Qualifying Certificate of Law and the Certificate of Enrollment from the General Legal Council.

Samuel also holds Post Graduate Diploma in Management Information Systems from the School of Technology, GIMPA. He is a Certified ISO 27001 Lead Implementer and Auditor

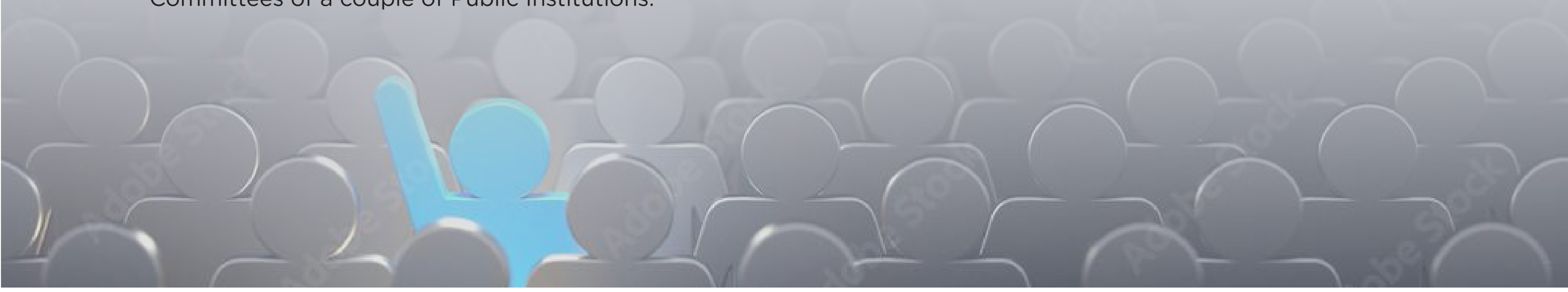
Samuel Dako is currently the Chief Audit Executive of ADB PLC. He has over twenty-six years managerial experience in the Banking Sector. He joined ADB PLC as a Finance Officer and has served in several capacities including Financial Controller, Head of Financial Reporting and Strategy, Manager Research and Corporate Planning and Branch Operations Manager in the Bank. He also has relevant managerial experience in Retail Banking, Risk Management and Audit & Assurance and Governance.

Samuel Dako joined the Board of Directors of Akuapem Rural Bank PLC in June, 2019. He also serves on Audit Committees of a couple of Public Institutions.

MR. EMMANUEL NII AWUKU

Mr. Emmanuel Nii Awuku is a Retired Banker with over 30years Banking experience from Barclays Bank of Ghana Limited (now Absa Ghana) and Akuapem Rural Bank PLC. He holds Part 1 Diploma of the Chartered Institute of Bankers (CIB), Ghana. He attended several Banking and Management Courses at the Barclays Bank Training Centre and the Ghana Institute of Management and Public Administration (GIMPA). Whilst at Barclays he worked in various capacities as Branch Accountant/ Relieving Manager, Signing Officer as well as Internal Auditor. His role at Akuapem Rural Bank PLC as a former staff spanned from Branch Manager, Relieving General Manager, Head of Banking Operations and Acting General Manager. Besides these roles, he acted as the Company Secretary of Akuapem Rural Bank PLC.

Mr. Awuku's areas of specialization are in Credit Administration, Banking Operations and Branch Management and Administration.



CORPORATE INFORMATION

DIRECTORS' PROFILE

MR. DANIEL ASARE-MINTAH

Daniel Asare-Mintah is a self-motivated person who has enriched himself with a wide range of skills and experience during his working life in the Central Bank of Ghana. He worked for 26 years in the Bank of Ghana and rose to become an Assistant Director in the Banking Supervision Department of the Central Bank.

In 1997, he enrolled in the Ghana Law School to pursue a four-year Course in Law. He was awarded in 2001, the Qualifying certificate of the General Legal Council of Ghana and the Certificate of Enrollment on the Roll of Lawyers in the Republic of Ghana, having qualified as a Barrister and a Solicitor. He also embarked on further legal training in the field of Arbitration and Mediation at the International Law Institute in Washington DC USA, making him skillful in Alternate Dispute Resolution (ADR) processes.

Daniel trained primarily as an Economist and obtained a BA (honors) Degree in Economics awarded by the University of Cape Coast, Ghana in 1981. He pursued various academic courses while in the Bank's employment including a one-year program in Banking and Economics as a Fulbright Scholar at Boston University in Massachusetts, USA between July and June 1994.

MRS ROBERTHA KORYO ANKAMAH

Mrs. Roberta Koryo Ankamah is a Lawyer, member of the Ghana Bar Association. She holds Professional Law Certificate (BL) from the Ghana School of Law, Bachelor of Laws (BL) from the University of Ghana, Master of Business Administration from Delaware State University, USA, MA Geography and Resource Management-University of Ghana and Advanced Executive Certificate in Human Resource from Pan African Institute for Leadership and Governance Studies, Ghana.

She is currently a Legal Officer at ADB Bank. She has worked as a Human Resource Management Advisory Consultant at RAP Consulting Limited, Accra, Ghana, Claims Officer and Technical Control Support Systems Assistant at American International Group, Wilmington, Daleware, USA.

MANAGEMENT

Kingsley Kyere	Chief Executive Officer
Kofi Boakye	Head, Human Resource
Israel K. Mensah	Head, Finance
Alvin Omaboe	Head, BDU
Bertha Ahenkan Boateng	Head, Legal
Daniel Kwesi Mensah	Head, Credit
Kwabena Gyeke-Lartey	Head, Information Technology
Kingsley K. Amponsah	Head, Internal Audit
Kingsley Opare Asare	Head, Banking Operations
Collins Asamoah	Head, Microfinance
Samuel Larbi	Head, Corporate Support Department
Kenneth Adu-Siaw	Head, Internal Control
Bernard Tetteh Kwabla	Head, Risk and Compliance
Doreen Adu	Branch Manager, Madina
Andrew Afum- Ansah	Branch Manager, Nsawam
Akua Boahemaa Akuffo	Branch Manager, Mamfe
Joseph Nyamekye	Branch Manager, Koforidua
Ebenezer Ocran	Branch Manager, Aburi
Edna Keteku Laryea	Branch Manager, Adukrom

Company Secretary

Ms. Bertha Ahenkan Boateng
P. O. Box 5, Mamfe Akuapem

Solicitors

Amoako Adjei Law Consult
P. O. Box 1105
House No. OG/B75
Post office – Ministries Road Koforidua –
Eastern Region, Ghana

Registered Office and Principal Place of Business

Akuapem Rural Bank PLC
P. O. Box 5
Banking Premises
Mamfe-Akuapem • Tel: 0303-965730
E-mail: info@akuapemruralbank.com
Website: www.akuapemruralbank.com
GPS: E2-0288-0018

Independent Auditors

UHY Voscon Chartered Accountants
2nd Floor, Cocoshe House,
Opposite Silver Star Tower, Agostinho Neto
Close Airport Residential Area Accra- Ghana
Phone: +233 30 2683 430/4
Email: Info@uhyvoscon-gh.com
Web: www.uhyvoscon-gh.com
GPS: GA-057-1475

Bankers

ARB Apex Bank PLC
Absa Bank Ghana PLC
GCB Bank PLC
Zenith Bank Ghana PLC
CBG Bank Plc

Company Registration Number: CS292772017
Tax Identification Number (TIN): C0006302203

BOARD CHAIRMAN'S REPORT

1. INTRODUCTION

Distinguished Shareholders, Fellow Directors, Invited Guests, Ladies and Gentlemen, I warmly welcome you with pleasure to the Forty First (41st) Annual General Meeting (AGM) of Akuapem Rural Bank Plc. Before we present the performance of the Bank for the year ended 31st December, 2022 shall we please stand up to exercise a minute of silence for Mr. Emmanuel Asiedu-Mante one of the first Directors who established this Bank. He passed to glory on 3rd April, 2023. May his soul rest in perfect peace.

2. THE GLOBAL ECONOMY

The global economy came under severe strain in 2022 on the back of continued spillovers from geopolitical tensions, and continued tightening of monetary policy across countries, even as policy uncertainty heightened amidst fears of a recession in advanced economies. The latest Purchasing Managers' indices (PMI) pointed to a broad-based slowdown in economies. In Emerging Market and Developing Economies (EMDEs), growth conditions weakened on account of tightened global financing conditions, dampened external demand and moderated consumer spending as inflation rose. The latest IMF projections show that global growth will further moderate from the projected 3.2% in 2022 to 2.7% in 2023, reflecting mainly growth decline in Advanced Economies.

In the last quarter of 2022, headline inflation started showing signs of easing in some advanced and emerging market economies, supported by declining commodity prices and weaker demand. This notwithstanding, there are underlying inflation pressures from the pass-through effects of past input costs, rising wages, especially in advanced economies, currency depreciation against the U.S. dollar, and rising short-term inflation expectations which remain major concerns for Central Banks.

Global financing conditions tightened considerably on account of the aggressive policy stance in Advanced Economies to contain inflation, despite some moderation in the rate hikes by the U.S. Federal Reserve Bank in the last quarter of 2022. The

BOARD CHAIRMAN'S REPORT cont'd

European Central Bank, Bank of England, and other Central Banks across Advanced Economies have also signaled intentions to maintain a tight policy stance to control inflation. Equity markets recovered somewhat amid the expectation that inflation had peaked and central banks might show the pace of policy rate hikes. Longer-term bond yields declined, whiles the U.S. dollar lost some ground against major currencies (BOG Monetary Policy Meeting Report December, 2022 issued in January 30, 2023).

3. THE GHANAIAN ECONOMIC ENVIRONMENT

On the domestic front, inflation remained elevated in 2022, driven by both demand pressures and supply shocks. The two price readings since the last MPC meeting showed a significant jump in headline inflation to 54.1% in December 2022, from 50.3% in November and 40.4% in October 2022. The acceleration in inflation was driven mainly by the lagged effects of the sharp currency depreciation recorded in October. Food and non-food inflation went up significantly. Food inflation surged to 59.7% in December from 55.3% in November 2022, while non-food inflation rose to 49.9% from 46.5% over the same comparative period.

Economic activity for the first three quarters of 2022 was within projections, albeit at moderated pace than a year earlier. The latest data from Ghana Statistical Service showed that real GDP expanded at an annual rate of 3.6% during the first three quarters of 2022 relative to 4.8% during the corresponding period over the same comparative period. The observed growth outturn was driven by the services and agriculture sectors.

Further into the fourth quarter, the Bank's high-frequency indicators recorded a moderation in economic activity. The updated Composite Index of Economic Activity (CIEA) contracted by 6.2% in November 2022, compared with a growth of 10.2% in the same period in 2021. The major items that weighed down the index during the period were port activity, cement sales, imports, and industrial consumption of electricity.

Broad money supply, including foreign currency deposits (M2+), grew by 33.0% in year-on-year terms, in December 2022, relative to 12.5% in December 2021. The growth in M2+ was driven mainly by significant expansion in the Net Domestic Assets of the depository corporation's sector, moderated by a decline in Net Foreign Assets (NFA). Reserve money recorded an annual growth of 57.5% relative to 19.9% percent, over the same comparative period.

Provisional data on budget execution for the period January to November 2022 indicated an overall broad fiscal deficit (cash) of 9.8% of GDP, against the programmed target of 6.7% of GDP.

The total import bill increased by 7.0% to US $ 14.65 billion in 2022, due to higher payments for oil and gas imports. Of the total import bill, oil and gas, mainly refined petroleum imports, amounted to US$4.7 billion driven by higher prices, compared to US$ 2.7 billion in 2021, representing 71.3% annual growth. On the other hand, the sharp exchange rate depreciation led to non-oil imports compression of 8.4% to US$ 10.0 billion, reflected mainly in consumption and capital goods imports.

At the end of December 2022, the stock of Gross International Reserves stood at US$6.2 billion from a stock position of US$9.7 billion at the end of December 2021. The Net International Reserve position stood at US$2.4 billion, US$6.1 billion over the same comparative period.

The local currency came under intense pressure in the year, reflecting the portfolio reversals and lower foreign direct investment inflows, while demand pressures increased. For the year 2022, the Ghana cedi depreciated by 30.0% against the US dollar, after reversals of some of the losses in December. This compares with a 4.1% depreciation in 2021 (BOG Monetary Policy Meeting Report December, 2022 issued in January 30, 2023).

4. THE BANKING INDUSTRY

Developments in the banking sector were broadly reflective of current macroeconomic conditions, with rising cost of credit due to inflationary pressures, and revaluation-driven balance sheet performance. As a result, the performance of the sector moderated in December 2022 compared with December 2021, with some key Financial Soundness Indicators (FSIs) recording significant declines.

Profitability levels in the banking sector have declined, driven by mark-to-market losses on investments, higher impairments on loans, and rising operating costs. Profit-after-tax was GH 3.9 billion at the end of December 2022, representing an 18.9% contraction year-on-year, compared to the 12.3% annual growth recorded in 2021.

Trends in Financial Soundness Indicators were mixed, reflecting heightened risks faced by the industry. The industry's Capital Adequacy Ratio (CAR) declined to 16.6 %, but remained above the prudential minimum of 13%, as of December 2022, from 19.6% in December 2021, attributed to losses on mark-to-market investments, increase in risk-weighted assets of banks from the high growth in actual credit, and the price effect of the depreciation of the Ghana Cedi on foreign currency denominated loans. The sector's profitability indicators, namely the return on equity and the return on assets also declined during the period, in line with declining profit.

Total assets increase to GH¢ 221.0 billion, representing an annual growth of 22.9 % in December 2022, compared to a growth of 20.4% a year earlier (BOG Monetary Policy Meeting Report December, 2022 issued in January 30, 2023).

5. AKUAPEM RURAL BANK PLC's PERFORMANCE

Distinguished shareholders, I am delighted to report that our Bank (Akuapem Rural Bank Plc) experienced growth in almost all of its key financial indicators in 2022.

Net Interest Income increased by 28.30% from GHS 14,315,062.00 in 2021 to GHS 18,366,013.00 in 2022. The increase is due to the growth in both loans and investments coupled with a surge in interest rate. The Bank's earning assets (Loans/Advances and Investments) increased by 14.86% from GHS 90,532,472.00 in 2021 to GHS 103,984,563.00 in 2022.

The Bank's post-tax profit before other comprehensive income decreased by 27.23% from GHS1,530,804.00 in 2021 to GHS 1,104,320.00 in 2022. This was as result of loan write off, impairment of our investment and write off of our assets as a result of relocation of the Madina branch. These amounted to GhS1,613,994.00.

Total Assets grew by 17.12% from GHS 105,487,934.00 in 2021 to GHS 123,546,834.00 in 2022. The growth was largely driven by Deposit growth of 15.13%. We sincerely appreciate our cherished customers for their trust.

The Bank's performance for the last five (5) years is summarized as follows: -

YEAR	DEPOSITS	GROSS LOANS	SHORT TERM INVESTMENT	PROFIT BEFORE TAX	TOTAL ASSETS	NETWORTH
	GHS' 000	GHS' 000	GHS' 000	GHS' 000	GHS' 000	GHS' 000
2018	54,875.42	17,424.46	37,958.80	1,101.94	67,594.77	10,133.62
2019	61,782.67	16,341.16	44,978.68	551.87	74,033.86	9,969.76
2020	80,538.50	20,097.00	61,149.48	662.23	94,473.25	10,248.08
2021	91,271.65	22,912.35	67,042.84	2,058.08	105,487.93	11,570.27
2022	105,085.09	27,920.72	75,643.68	1,497.60	123,546.83	14,563.06

5.1 Deposits

Deposits grew by 15.13% from GHS 91,271,654.00 in 2021 to GHS 105,085,093.00 in 2022. We thank our cherished customers for their continued trust in the Bank as shown in the growth in our deposits.

5.2 Loans and Advances

Total loans/Advances of GHS 61,527,135.00 were disbursed for the year 2022 with 62.64% (GHS38,543,550.00) coming from the Credit with Education (CwE) Scheme of our Microfinance operations. The Bank's Loans and Advances Portfolio saw an increase of 16.10% from GHS 22,809,914.00 in 2021 to GHS 27,704,668.00 in 2022.

5.3 Interest Income

Net Interest Income increased from GHS 14,315,062.00 in 2021 to GHS 18,366,013.00 in 2022 representing 28.30% over the previous year. The increase is as a result of the growth in loan portfolio, increase in interest rates on loans and investments.

5.4 Share Capital

The Bank's paid-up capital grew by 112.32% from GHS 2,293,784.00 in 2021 to GHS4,870,116.00. Share purchases for the year was GHS229,035.00 which has not been registered so it is not part of the paid-up capital. We appreciate your continued patronage of the Bank's shares. The resolution passed in our 39th AGM to transfer an amount GHS2,800,361.00 (Two Million Eight Hundred Thousand, Three Hundred and Sixty-One Ghana Cedis) from our retained earnings to Stated Capital has been implemented. This resulted in the growth in our paid- up capital.

Our share price has been valued per the approval you gave us in our 40th AGM. It is now going for GhS0.30 from GhS0.05.

5.5 Operating Expenses

The Bank's Operating Expenses increased from GHS13,774,848.00 in 2021 to GHS 17,976,607.00 in 2022 representing an increase of 30.50%. The cost centers which contributed significantly to this were Staff Cost, and other operating expenses.

BOARD CHAIRMAN'S REPORT cont'd

5.6 Dividend

For the year 2022, dividend would not be paid due to the directive from Bank of Ghana as a result of the impact of the Domestic Debt Exchange program by the Government of Ghana.

The Registrar General issued a directive on May 9th, 2023 in the Daily Graphic in line with Section 73 and 74 of Companies Act, 2019 (Act 992) directing all companies to transfer unclaimed dividends to the office of the Registrar General three months after declaration of dividends.

In view of this, we call on all shareholders who have not claimed their dividends to come for them or purchase shares with it.

Besides, deceased shareholders' families should present Letters of Administration to the Bank to enable them claim dividends of their deceased ones.

6. OTHER DEVELOPMENTS

6.1 Corporate Governance Directives

The Bank has now complied with the appointment of at least a female Director per the Corporate Governance Directive upon the election of Mrs. Roberta Koryo Ankamah at our 40th AGM in 2022. We received clearance from the Bank of Ghana on November 1st, 2022.

6.2 Digitalization

On the digitalization front, Ghana Pay is now operational so customers can sit anywhere without visiting our branches and move funds to and from their accounts. We are now at the verge of implementing Agency banking through ARB Apex Bank PLC to also enhance customer experience and comfort. Please enroll on the Ghana Pay since the charges are low.

6.3 Locked Up Funds

Fellow shareholders, in addition to a total of GhS7,727,819.00 funds locked up with Amalgamated Trust Fund, we have GhS32,207,450.00 in the Domestic Debt Exchange Program of Government of Ghana. Despite all these challenges, please be assured that our Bank is liquid and our operations are being carried out smoothly.

6.5 Madina Branch

The Bank has now relocated the Madina Branch to the Market as you were informed in our last AGM. The relocation decision was as a result of the difficulties our target market had in crossing the road before accessing the Bank which affected our business.

6.6 Quarterly Ratings by ARB Apex Bank

The bank was rated strong and ranked 3rd position by the Efficiency Monitoring Unit (EMU) of the ARB Apex Bank PLC at the end of December, 2022 amongst 146 RCBs operating in Ghana compared to 7th position in 2021. We were also adjudged the 2nd Best Rural Bank by the Association of Rural Banks Biennial General Meeting and Awards held in Koforidua in November, 2022.

6.7 Scholarship in Memory of Dr. (Mrs.) Gloria Amoh Nikoi

In fulfillment of a scholarship scheme instituted in the memory of our late first Board Chairperson, the Bank this year is awarding the best female BECE students for the 2021/2022 academic year in the Akuapem enclave i.e. Okere, Akuapem North and South and Nsawam Adoagyire districts and municipal assemblies.

7.0 ACKNOWLEDGEMENTS

Distinguished Shareholders, I thank you for keeping faith during the COVID 19 times and the new economic challenges we are going through. Also, I thank you, colleague Board members for your commitment, dedication and contributions. I also acknowledge Management and Staff for their hard work as well as our cherished customers for doing business with us. We would continue to build a strong Bank for the benefit of all stakeholders so that we would continuously be your financial partner with flexible solutions.

Finally, to our regulators, advisory bodies especially Bank of Ghana, ARB Apex Bank PLC, the Association of Rural Banks- Ghana both the National and Eastern Regional Chapter, our External Auditors and our External Lawyer we are grateful for your guidance and directions.

Thank you for your attention.

BOARD OF DIRECTORS' REPORT

TO THE MEMBERS OF AKUAPEM RURAL BANK PLC

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

BOARD OF DIRECTORS

1)	Kwame Gyeke-Amoako	Chairperson
2)	Dr. Ernest Obuobisa-Darko	Vice Chairman
3)	Dr. William Adjei Twumasi	Member
4)	Samuel Dako	Member
5)	Emmanuel Nii Awuku	Member
6)	Daniel Asare-Mintah	Member

In accordance with section 325(a) of the Companies Act, 2019 (Act 992), Emmanuel Nii Awuku and Daniel Asare-Mintah retire by rotation. However, they offer themselves for re-election to serve a further term on the Board in compliance with section 325(e).

By virtue of section 325(f) of the Companies Act, 2019 (Act 992) a person is not eligible to the office unless not less than three (3) days and not more than twenty- eight (28) days before the date appointed for the general meeting a notice in writing

i. Of the intention to propose that person for election, signed by a member entitled to attend and vote at the meeting; and

ii. Of the consent to be elected as a director, signed by the person proposed, is lodged at the registered office of the company.

Directors' responsibilities in respect of the financial statements

Statement of Directors' responsibilities

The Directors are required to ensure that adequate accounting records are maintained so as to disclose at reasonable accuracy, the financial position of the Bank. They are also responsible for steps to safeguard the assets of the Bank and to prevent and detect fraud and other irregularities. They must present financial statements for each financial year, which give a true and fair view of the affairs of the Bank, and the results for that year. In preparing these financial statements, they are required to:

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

The Board acknowledges its responsibility for ensuring the preparation of the annual financial statements in accordance with IFRS and the responsibility of external auditors to report on these financial statements. The Board is responsible for ensuring the maintenance of adequate accounting records and an effective system of internal controls and risk management.

BOARD OF DIRECTORS' REPORT cont'd

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

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

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

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

Five-year financial summary and financial highlights

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

Five-year financial summary	2022	2021	2020	2019	2018
Interest income	21,257,079	16,794,926	13,368,045	12,588,812	13,120,249
Interest expense	(2,891,066)	(2,479,864)	(2,233,419)	(2,804,206)	(2,558,046)
Net interest income	18,366,013	14,315,062	11,134,626	9,784,606	10,562,203
Fees and commission income	1,898,411	1,402,697	1,495,766	1,177,451	1,319,527
Other operating income	945,571	830,212	351,827	260,371	238,665
Profit/(loss) before tax	1,497,601	2,058,081	662,231	551,874	1,101,938
Tax expenses	(393,281)	(527,277)	(325,228)	(103,597)	(200,762)
Profit/(loss) after tax	1,104,320	1,530,804	337,003	492,121	901,176
Total assets	123,546,834	105,487,934	94,473,249	74,033,858	67,594,771
Equity	14,563,055	11,570,269	10,248,078	9,969,755	10,133,620
Total equity and liabilities	123,546,834	105,487,934	94,473,249	74,033,858	67,594,771

Financial highlights	2022	2021	Percentage change (%)
Interest income	21,257,079	16,794,926	26.57
Interest expense	(2,891,066)	(2,479,864)	16.58
Net Interest Income	18,366,013	14,315,062	28.30
Commission and fees	1,898,411	1,402,697	35.34
Other operating income	945,571	830,212	13.90
Profit/(loss) before taxation	1,497,601	2,058,081	(27.23)
Profit/(loss) after tax	1,104,320	1,530,804	(27.86)
Total assets	123,546,834	105,487,934	17.12
Equity	14,563,054	11,570,269	25.87
Total equity and liabilities	123,546,834	105,487,934	17.12

BOARD OF DIRECTORS' REPORT cont'd

Financial results

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

	2022	2021
Profit/(loss) before tax for the year	1,497,601	2,058,081
from which is deducted income tax expense of	(393,281)	(527,277)
giving profit after tax of	**1,104,320**	**1,530,804**
to which is added balance on retained earnings account brought forward	5,203,129	4,449,841
Prior year adjustment	(190,881)	(301,873)
Write off	-	-
Leaving a balance before statutory and other transfers of	6,116,568	5,678,772
From which the following transfers were made:		
Transfer to statutory reserve	(276,080)	(191,351)
Transfer to stated capital	(2,800,361)	-
Transfer to dividend account	(612,322)	-
Other movement of:		
Regulatory credit risk reserve	(191,592)	(284,292)
	2,619,397	**5,203,129**

The increase in the statutory reserve was due to the provision in the section 34(b) of the Banks and Specialized Deposit- Taking Institutions Act, 2016 (Act 930). The Directors consider the state of affairs of the Bank to be satisfactory.

Dividend

In line with Bank of Ghana's directive to Specialised Deposit-Taking Institutions (SDIs) in order to address potential impacts from the participation in the Government of Ghana Domestic Debt Exchange Programme, the Directors do not propose the payment of dividend to shareholders for the year ended 31st December, 2022.

Auditor's remuneration

The audit fee payable for the year under review is GHS59,731 inclusive of taxes

Stated capital and capital adequacy ratio

The stated capital of the Bank at the end of the reporting year was GHS5,169,151.00. The Bank met the minimum capital requirement, and the 10% minimum capital adequacy ratio. The Capital adequacy ratio was 24.29%.

Principal activities

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

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

Board of Directors	Position	Qualification/ Profession	Date appointed	Date of Birth/Age (yrs)
Mr. Kwame Gyeke-Amoako	Chairman	Business Executive	23/5/2015	19/10/1954(68)
Dr. Ernest Obuobisa-Darko	Vice Chairman	Banker/Economist	10/5/2019	23/11/1962(60)
Dr. William Adjei-Twumasi	Non-Executive Director	Accountant	23/5/2015	28/02/1961(63)
Mr. Samuel Dako	Non-Executive Director	Accountant/Lawyer	10/5/2019	17/5/1968(54)
Mr. Emmanuel Nii Awuku	Non-Executive Director	Retired Banker	10/5/2019	05/07/1954(68)
Mr. Daniel Asare-Mintah	Non-Executive Director	Barrister/Solicitor	13/1/2021	30/01/1953(70)

Training and Continuous Professional Development (CPD)

During the year, various training to management has involved some of the Board of Directors to help the Bank to achieve its goals though no formal and tailored programme were organized for the Board of Directors. Training of the Directors will continually update their skills, their knowledge and familiarity with the Bank's businesses, their awareness of sector, risk, regulatory, legal, and financial and other developments to enable them to fulfil effectively their role on the board and Committees of the Board.

Code of Conduct

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

Conflict of interest and compliance

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

Events after reporting year

The Directors are not aware of any adjusting events after the reporting year except the disclosure on note 36 Domestic debt exchange programme(DDEP)

Corporate social responsibilities

The Donation and community development by the Bank amounted to GHS 55,095 in the reporting year under review. Sampled organizations like Ghana National Fire Service, Ghana Police Service, Larteh, Adukroman Council, Akuapem Adontenman Council, Farmers Day celebration, Ghana Education Service, Nsawam etc. benefited from the above.

Related party transactions

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

Auditors

The Auditors, Messrs. UHY Voscon Chartered Accountants will continue in office in accordance with Section 81 (4) of the Banks and Specialised Deposit Taking Institutions Act, 2016 (Act 930). Their term of 6(six) years ends in 2023.

Approval of financial statements

The financial statements for the year set out on pages 20 to 53, which have been prepared on a going concern basis, were approved by the Board of Directors and signed on their behalf by:

By the order of the Board:

Kwame Gyeke-Amoako
Chairman

Samuel Dako
Director

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF AKUAPEM RURAL BANK PLC

Report on the audited financial statements

Opinion

In our opinion, Akuapem Rural Bank PLC has kept proper accounting records and the financial statements are in agreement with the records in all material respects and report in the prescribed manner, information required by the Companies Act, 2019 (Act 992), and the Banks and Specialized Deposit-Taking Institutions Act, 2016 (Act 930). The financial statements give a true and fair view of the financial position of the Bank as at 31 December, 2022, and of its financial performance and statement of cash flow for the year then ended and are drawn up in accordance with the International Financial Reporting Standards, issued by the International Accounting Standards Board (IASB).

What we have audited

We have audited the accompanying financial statements of the Akuapem Rural Bank PLC for the year ended 31 December, 2022.

The financial statements comprise:

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

Basis for opinion

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

Independence

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

Key Audit Matters

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

INDEPENDENT AUDITOR'S REPORT cont'd

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

Other Information

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

Going concern

The financial statements of the Bank have been prepared using the going concern basis of accounting. The use of this basis of accounting is appropriate unless management either intends to liquidate the Bank or to cease operations, or has no realistic alternative but to do so. As part of our audit of the financial statements, we have concluded that management's use of the going concern basis of accounting in the preparation of the Bank's financial statements is appropriate.

Management has not identified a material uncertainty that may cast significance doubt on the Bank's ability to continue as a going concern, and accordingly none is disclosed in the financial statements of the Bank. Based on our audit of the financial statements of the Bank, we also have not identified such a material uncertainty.

However, neither management nor the auditor can guarantee the Bank's ability to continue as going concern.

Responsibilities of Directors for the financial statements

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

Auditor's responsibilities for the audit of the financial statements

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

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

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

INDEPENDENT AUDITOR'S REPORT cont'd

- We also provide a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards. From the matters communicated with the Audit Committee and the Directors, we determine those matters that were of most significance in the audit of the financial statements of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interests' benefits of such communication.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities and business activities within the Bank to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the Bank audit. We remain solely responsible for our audit opinion.

Other matter paragraph

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

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

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

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

1. The accounts give a true and fair view of the state of affairs of the Bank and its results of operations for the year under review;
2. We were able to obtain all the information and explanation required for the efficient performance of our duties as auditors;
3. The Bank's transactions were within its powers;
4. In our opinion, the Bank has generally complied with the provisions of the Anti-Money Laundering Act, 2020 (Act 1044), the Anti-Terrorism Act, 2008 (Act 762) and the regulations enactments; and
5. The Bank has generally complied with the provisions in the Banks and Specialized Deposit-Taking Institutions Act, 2016 (Act 930).

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

UHY Voscon

Signed by:

For and on behalf of:

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

Date: 27th April, 2023

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2022

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

	Notes	2022	2021
Interest income	4	21,257,079	16,794,926
Interest expense	5	(2,891,066)	(2,479,864)
Net interest income		**18,366,013**	**14,315,062**
Commissions and fees	6	1,898,411	1,402,697
Other operating income	7	945,571	830,212
Total operating income		**21,209,995**	**16,547,971**
Operating expenses	8	(17,976,608)	(13,774,848)
Impairment of loan	9	(452,244)	156,725
Impairment of investment	10	(754,051)	(871,767)
Asset write off	39	(529,491)	-
Profit/(loss) before taxation		**1,497,601**	**2,058,081**
Taxation	11.1	(393,281)	(527,277)
Profit/(loss) after taxation		**1,104,320**	**1,530,804**
Other comprehensive income			
Gain/(loss) on equity investment	14	(43,512)	
Revaluation surplus-building	40	3,546,899	-
Related tax	11.1	(886,724)	-
		2,616,663	**-**
Total comprehensive income attributable to the shareholders		**3,720,983**	**1,530,804**
Earnings per share:			
Basic		0.024	0.0155
Diluted*		0.024	0.0155
Outstanding shares		**150,037,931**	**98,511,562**

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

The notes on pages 25 to 53 are integral part of these financial statements.

STATEMENT OF **FINANCIAL POSITION**
FOR THE YEAR ENDED 31 DECEMBER 2022

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

	Notes	2022	2021
Assets			
Cash and cash equivalents	12	10,447,588	9,057,593
Investment securities	13	75,643,684	67,042,835
Equity investments	14	636,211	679,723
Loans and advances to customers	15	27,704,668	22,809,914
Other assets	18	946,927	1,475,187
Current tax	11.2	204,381	414,000
Property, plant and equipment	16.1	6,887,295	3,306,085
Right of use assets	17.1	801,363	346,190
Intangible asset	17.2	274,717	356,407
Total assets		**123,546,834**	**105,487,934**
Equity			
Stated capital	19	4,870,116	2,293,784
Deposit for shares		299,035	-
Retained earnings		2,619,397	5,203,129
Revaluation reserve		3,298,093	681,430
Statutory reserve fund		3,296,204	3,020,124
Regulatory credit risk reserve	20	180,210	371,802
Total equity		**14,563,055**	**11,570,269**
Liabilities			
Customer deposits	22	105,085,093	91,271,654
Deferred tax Liability	11.3	696,628	126,242
Payables and accruals	23	2,061,591	1,201,670
Dividend payable	24	900,116	784,874
Long-term borrowing	26	240,351	533,225
Total liabilities		**108,983,779**	**93,917,665**
Total equity and liabilities		**123,546,834**	**105,487,934**

The notes on pages 25 to 53 are integral part of these financial statements. These financial statements were approved by the Board and signed on their behalf by:

KWAME GYEKE-AMOAKO
Chairman

MR. SAMUEL DAKO
Director

Dated: 27th April, 2023

STATEMENT OF **CHANGES IN EQUITY**

FOR THE YEAR ENDED 31 DECEMBER 2022

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

For the year end 31 December, 2022	Note	Stated Capital	Deposit for Shares	Retained Earnings	Statutory reserve	Revaluation reserve	Credit risk reserve	Total
Balance as at 1 January		2,293,784		5,203,129	3,020,124	681,430	371,802	11,570,269
Prior year adjustment				(190,881)				(190,881)
Balance as restated		2,293,784		5,012,248	3,020,124	681,430	371,802	11,379,388
Dividend payable				(612,322)				(612,322)
Transfer from retained earnings		2,576,332		(2,800,361)				(224,029)
Transfer to retained earnings				191,592			(191,592)	-
Net profit				1,104,320				1,104,320
Proceeds from issue of shares			299,035					299,035
Revaluation reserve						3,546,899		3,546,899
Related tax on revaluation surplus						(886,724)		(886,724)
Transfer to credit risk reserve								
Loss on equity shares						(43,512)		(43,512)
Transfer to statutory reserve		-	-	(276,080)	276,080	-	-	-
Balance at 31 December		**4,870,116**	**299,035**	**2,619,397**	**3,296,204**	**3,298,093**	**180,210**	**14,563,054**

The notes on pages 29 to 72 are integral part of these financial statements

For the year end 31 December, 2021	Note	Stated Capital	Deposit for Shares	Retained Earnings	Statutory reserve	Revaluation reserve	Credit risk reserve	Total
Balance as at 1 January		2,153,013	47,510	4,449,841	2,828,773	681,430	87,510	10,248,077
Prior year adjustment	38	-	-	(301,873)	-	-	-	(301,873)
Balance as restated		2,153,013	47,510	4,147,968	2,828,773	681,430	87,510	9,946,204
Transfer to stated capital		47,510	(47,510)	-	-	-	-	-
Net profit		-	-	1,530,804	-	-	-	1,530,804
Proceeds from issue of shares		93,261	-	-	-	-	-	93,261
Transfer to credit risk reserve		-	-	(284,292)	-	-	284,292	-
Transfer to statutory reserve		-	-	(191,351)	191,351	-	-	-
Balance at 31 December		**2,293,784**	**-**	**5,203,129**	**3,020,124**	**681,430**	**371,802**	**11,570,269**

The notes on pages 25 to 53 are integral part of these financial statements.

STATEMENT OF **CASH FLOW**

FOR THE YEAR ENDED 31 DECEMBER 2022

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

	Notes	2022	2021
Cash flows from operating activities			
Cash generated from/ (used in) operations	25	**5,007,130**	**4,029,760**
Tax paid		(500,000)	(921,630)
Net cash generated from operating activities		**4,507,130**	**3,108,130**
Cash flows from investing activities			
Purchase of property, plant and equipment		(1,875,759)	(900,987)
Lease payment		(750,457)	
Purchase of intangible assets			(76,000)
Net cash used in investing activities		**(2,626,216)**	**(976,987)**
Financing activities			
Proceeds from issue of shares			93,261
Deposit for shares		299,035	-
Long-term borrowing		(292,874)	(94,371)
Dividend paid		(497,080)	(19,134)
Net Cash flow from financing activities		**(490,919)**	**(20,244)**
Increase in cash and cash equivalents		**1,389,995**	**2,110,899**
Cash and cash equivalents at the beginning of the year		9,057,593	6,946,694
Cash and cash equivalents at the end of the year	12	**10,447,588**	**9,057,593**
Analysis of cash and cash equivalents			
Cash on hand		4,535,383	4,226,188
Bank balances		5,912,205	4,831,405
At year end		**10,447,588**	**9,057,593**

The notes on pages 25 to 53 are integral part of these financial statements.

Employee OF THE YEAR 2022

Alpha Kweku Asare

NOTES AND SIGNIFICANT **ACCOUNTING POLICIES**

FOR THE YEAR ENDED 31 DECEMBER 2022

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

1.0 Reporting entity

Akuapem Rural Bank PLC formerly Akwapim Rural Bank Limited was incorporated under the Companies Act, 1963, (Act 179) on 18th May 1978 and issued with certificate to commence business on 30th July, 1980. The Bank was officially commissioned on 29th August, 1980.

Akuapem Rural Bank PLC is domiciled in Ghana and headquartered at Mamfe- Akuapem with its registered address opposite Mamfe lorry station in the Akuapem North Municipal Assembly, in the Eastern Region of Ghana. Akuapem Rural Bank PLC is regulated under the Banks and Specialized Deposit- Taking Institutions Act, 2016 (Act 930).

1.1 Principal activity

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

2.1 Basis of preparation

2.1.1 Statement of compliance

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

2.1.2 Approval of the audited financial statements

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

2.1.3 Basis of presentation of the financial statements

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

2.1.4 Basis of measurement

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

2.1.5 Functional and presentation currency

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

2.1.6 Use of estimates and judgments

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

2.1.6.1 Going concern

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

2.1.6.2 Impairment losses on loans and advances

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

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

Notes to the Financial statements cont'd

(All amounts are expressed in Ghana Cedis unless otherwise stated)

economic data (including levels of unemployment, real estate prices indices, country risk and the performance of different individual groups).

2.1.6.3 Deferred tax assets

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

2.1.6.4 Property, plant and equipment

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

2.2 Summary of significant accounting policies

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

2.3 Foreign currency transactions

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

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

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

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

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

2.4.1 Revenue recognition

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

2.4.1.1 Interest income

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

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

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

2.4.1.2 Fees and commission income

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

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

2.4.1.3 Dividend income

Dividend income on shares held by the Bank is recognized in the statement of profit or loss in 'dividend income' when the Bank's right to receive payment is established.

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(All amounts are expressed in Ghana Cedis unless otherwise stated)

Additional income taxes that arise from the distribution of dividends are recognized at the same time as the liability to pay the related dividend is recognized.

2.5 Interest expense

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

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

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

2.6 Administration, general and other operating expenses

These expenses are recognized when incurred not when paid.

2.7 Cash and cash equivalents

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

2.8 Financial assets and liabilities

2.8.1 Date of recognition

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

2.8.2 Initial measurement of financial instruments

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

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

2.8.2.1 Financial assets or financial liabilities held for trading

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

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

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

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

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

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

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

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

2.8.2.3 Held to maturity financial instruments

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

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

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees that are an integral part of the EIR. The amortization is included in

Notes to the Financial statements cont'd

(All amounts are expressed in Ghana Cedis unless otherwise stated)

interest and similar income in profit or loss. If the Bank were to sell or reclassify more than an insignificant amount of held to maturity investments before maturity (other than in certain specific circumstances), the entire category would be tainted and would be reclassified as available for sale.

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

2.8.2.4 Loans and advances

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

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

2.9 Framework for impairment of financial assets

2.9.1 Overview of the ECL principles

The Bank records an allowance for expected credit loss for all loans and other debt financial assets not held at FVTPL, together with 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.

The ECL allowance is based on the credit losses expected to arise over the life of the asset (the lifetime expected credit losses or LTECL), unless there has been no significant increase in credit risk since origination, in which case, the allowance is based on the 12 months' expected credit losses (12mECL).

The 12mECL is the portion of LTECLs that represent the ECL that result from default events on a financial instrument that are possible within the 12 months after the reporting date.

Both LTECL and 12mECL are calculated on either an individual basis or a collective basis, depending on the nature of the underlying portfolio of financial instruments. The Bank's policy for grouping financial assets measured on a collective basis.

The Bank has established a policy to perform an assessment, at the end of each reporting period, of whether a financial instrument's credit risk has increased significantly since initial recognition, by considering the change in the risk of default occurring over the remaining life of the financial instrument.

Based on the above process, the Bank groups its loans into Stage 1, Stage 2, Stage 3 as described below:

- Stage 1: When loans are first recognised, the Bank recognises an allowance based on 12mECL. Stage 1 loans also include facilities where the credit risk has improved and the loan has been reclassified from Stage 2.
- Stage 2: When a loan has shown a significant increase in credit risk since origination, the Bank records an allowance for the LTECL. Stage 2 loans also include facilities, where the credit risk has improved and the loan has been reclassified from Stage 3.
- Stage 3: Loans considered credit-impaired. The Bank records an allowance for the LTECL.

For financial assets for which the Bank has no reasonable expectations of recovering either the entire outstanding amount, or a proportion thereof, the gross carrying amount of the financial asset is reduced. This is considered a (partial) derecognition of the financial asset.

2.9.2. The calculation of ECL

The Bank calculates ECL based on three probability-weighted scenarios to measure the expected cash shortfalls, discounted at an approximation to the EIR. A cash shortfall is the difference between the cash flows that are due to an entity in accordance with the contract and the cash flows that the entity expects to receive.

The mechanics of the ECL calculations are outlined below and the key elements are, as follows:

- **PD** The *Probability of Default* is an estimate of the likelihood of default over a given time horizon. A default may only happen at a certain time over the assessed period, if the facility has not been previously derecognised and is still in the portfolio.
- **EAD** The *Exposure at Default* is an estimate of the exposure at a future default date, taking into account expected changes in the exposure after the reporting date, including repayments of principal and interest, whether scheduled by contract or otherwise, expected drawdowns on committed facilities, and accrued interest from missed payments.
- **LGD** The *Loss Given Default* is an estimate of the loss arising in the case where a default occurs at a given time. It is based on the difference between the contractual cash flows due and those that

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(All amounts are expressed in Ghana Cedis unless otherwise stated)

the lender would expect to receive, including from the realisation of any collateral or credit enhancements that are integral to the loan and not required to be recognised separately. It is usually expressed as a percentage of the EAD.

When estimating the ECL, the Bank considers three scenarios (a base case, a best case, a worst case). Each of these is associated with different PDs, EADs and LGDs. When relevant, the assessment of multiple scenarios also incorporates how defaulted loans are expected to be recovered, including the probability that the loans will cure and the value of collateral or the amount that might be received for selling the asset.

The maximum period for which the credit losses are determined is the contractual life of a financial instrument unless the Bank has the legal right to call it earlier.

Impairment losses and releases are accounted for and disclosed separately from modification losses or gains that are accounted for as an adjustment of the financial asset's gross carrying value

The mechanics of the ECL method are summarised below:

- **Stage 1:** The 12mECL is calculated as the portion of LTECL that represent the ECL that result from default events on a financial instrument that are possible within the 12 months after the reporting date. The Bank calculates the 12mECL allowance based on the expectation of a default occurring in the 12 months following the reporting date. These expected 12-month default probabilities are applied to a forecast EAD and multiplied by the expected LGD and discounted by an approximation to the original EIR. This calculation is made for each of the four scenarios, as explained above.
- **Stage 2:** When a loan has shown a significant increase in credit risk since origination, the Bank records an allowance for the LTECL. The mechanics are similar to those explained above, including the use of multiple scenarios, but PDs and LGDs are estimated over the lifetime of the instrument. The expected cash shortfalls are discounted by an approximation to the original EIR.
- **Stage 3:** For loans considered credit-impaired, the Bank recognises the lifetime expected credit losses for these loans. The method is similar to that for Stage 2 assets, with the PD set at 100%.

2.9.3. Debt instruments measured at fair value through OCI

The ECL for debt instruments measured at FVTOCI do not reduce the carrying amount of these financial assets in the statement of financial position, which remains at fair value. Instead, an amount equal to the allowance that would arise if the assets were measured at amortised cost is recognised in OCI as an accumulated impairment amount, with a corresponding charge to profit or loss. The accumulated loss recognised in OCI is recycled to the profit and loss upon de-recognition of the assets.

2.9.4. Forward looking information

In its ECL models, the Bank relies on a broad range of forward looking information as economic inputs, such as:

- GDP growth
- Unemployment rates
- Central Bank base rates
- House price indices

The inputs and models used for calculating ECL may not always capture all characteristics of the market at the date of the financial statements. To reflect this, qualitative adjustments or overlays are occasionally made as temporary adjustments when such differences are significantly material. Detailed information about these inputs and sensitivity analysis are provided in Note 6.

2.9.5. Credit enhancements: collateral valuation and financial guarantees

To mitigate its credit risks on financial assets, the Bank seeks to use collateral, where possible. The collateral comes in various forms, such as cash, securities, letters of credit/guarantees, house, receivables, inventories, other non-financial assets. Collateral, unless repossessed, is not recorded on the Bank's statement of financial position.

Cash flows expected from credit enhancements which are not required to be recognised separately by IFRS standards and which are considered integral to the contractual terms of a debt instrument which is subject to ECL, are included in the measurement of those ECL. On this basis, the fair value of collateral affects the calculation of ECL. Collateral is generally assessed, at a minimum, at inception and re-assessed on a quarterly basis. However, some collateral, for example, cash or securities relating to margining requirements, is valued daily.

To the extent possible, the Bank uses active market data for valuing financial assets held as collateral. Other financial assets which do not have readily determinable market values are valued using models. Non-financial collateral,

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such as real estate, is valued based on data provided by third parties such as mortgage brokers or based on housing price indices.

Guarantees held are included in the measurement of loan ECLs when either they are specified in the contractual terms of the loan or else are integral to the loan, in that they formed part of the basis on which the loan was extended. Guarantees that are not integral to the loan's contractual terms are accounted as separate units of accounts subject to ECL.

2.9.6 Collateral repossessed

The Bank's policy is to determine whether a repossessed asset can be best used for its internal operations or should be sold. Assets determined to be useful for the internal operations are transferred to their relevant asset category at the lower of their repossessed value or the carrying value of the original secured asset. Assets for which selling is determined to be a better option are transferred to assets held for sale at their fair value (if financial assets) and fair value less cost to sell for non-financial assets at the repossession date, in line with the Bank's policy.

2.9.7. Write-offs

Financial assets are written off either partially or in their entirety only when the Bank has no reasonable expectation of recovering a financial asset in its entirety or a portion thereof. If the amount to be written off is greater than the accumulated loss allowance, the difference is first treated as an addition to the allowance that is then applied against the gross carrying amount. Any subsequent recoveries are credited to credit loss expense.

2.9.8 Forborne and modified loan

The Bank sometimes makes concessions or modifications to the original terms of loans as a response to the borrower's financial difficulties, rather than taking possession or to otherwise enforce collection of collateral. The Bank considers a loan forborne when such concessions or modifications are provided as a result of the borrower's present or expected financial difficulties and the Bank would not have agreed to them if the borrower had been financially healthy. Indicators of financial difficulties include defaults on covenants, or significant concerns raised by the Credit Risk Department. Forbearance may involve extending the payment arrangements and the agreement of new loan conditions. Once the terms have been renegotiated, any impairment is measured using the original EIR as calculated before the modification of terms. It is the Bank's policy to monitor forborne loans to help ensure that future payments continue to be likely to occur. De-recognition decisions and classification between Stage 2 and Stage 3 are determined on a case-by-case basis. If these procedures identify a loss in relation to a loan, it is disclosed and managed as an impaired Stage 3 forborne asset until it is collected or written off.

When the loan has been renegotiated or modified but not derecognised, the Bank also reassesses whether there has been a significant increase in credit risk. The Bank also considers whether the assets should be classified as Stage 3. Once an asset has been classified as forborne, it will remain forborne for a minimum 24-month probation period. In order for the loan to be reclassified out of the forborne category, the customer has to meet all of the following criteria:

- All of its facilities have to be considered performing
- The probation period of two years has passed from the date the forborne contract was considered performing
- Regular payments of more than an insignificant amount of principal or interest have been made during at least half of the probation period
- The customer does not have any contracts that are more than 30 days past due

If modifications are substantial, the loan is derecognised.

2.10. De-recognition of financial assets

2.10.1 Financial assets

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

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

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

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

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(All amounts are expressed in Ghana Cedis unless otherwise stated)

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

2.10.2 Financial liabilities

A financial liability includes due to customers, other liabilities and interest payable are derecognized when the obligation under the liability is discharged or cancelled or expires.

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

The difference between the carrying value of the original financial liability and the consideration paid is recognized in profit or loss.

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

2.11 Offsetting

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

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

2.12 Renegotiated loans

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

2.13 Fair value measurement

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

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

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

2.14 Income tax expense

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

2.14.1 Current tax

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

2.14.2 Deferred tax expense

Deferred tax is provided using temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized for the following temporary differences: the initial recognition of goodwill, the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit, and differences relating to investments in subsidiaries to the

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(All amounts are expressed in Ghana Cedis unless otherwise stated)

extent that they probably will not reverse in the foreseeable future. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

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

2.15 Provisions

Provisions are recognized when the Bank has:

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

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

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

2.15.1 Provision for restructuring/ reorganization

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

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

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

2.16 Employee benefits

2.16.1 Short term employment benefits

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

2.16.2 Leave benefits

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

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

2.16.3 Social security contributions

A defined contribution plan is a pension plan under which the Bank pays fixed contributions into a separate entity. The Bank contributes to the defined contribution schemes (the Social Security Fund) on behalf of employees. This is a national pension scheme under which the Bank pays 13% of qualifying employees' basic monthly salaries to a state managed Social Security Fund for the benefit of the employees.

The Bank has no legal or constructive obligations to pay further contributions if the fund does hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior years.

Payments to defined contribution retirement benefits plans are charged as an expense as they fall due.

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(All amounts are expressed in Ghana Cedis unless otherwise stated)

2.16.4 Other employee benefits - Provident fund

The Bank has a provident fund scheme for all permanent employees with the Bank. Employees of the Bank contribute 7.5% of their basic salary to the fund while the Bank contributes 7.5%. Obligations under the scheme are limited to the relevant contributions made and any related investment income generated.

2.16.5 Retirement benefits

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

2.16.6 Termination benefits

Termination benefits are recognized 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. Termination benefits for voluntary redundancies are recognized if Bank has made an offer encouraging voluntary redundancy, it is probable that the offer will be accepted, and the number of acceptances can be estimated reliably.

2.17 Inventories

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

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

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

2.18 Share capital and equity

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

2.19 Borrowing cost

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

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

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

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

2.20 Related parties

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

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(All amounts are expressed in Ghana Cedis unless otherwise stated)

Related party transactions and balances are disclosed in the notes to the financial statements.

2.21 Property, plant and equipment

The Bank recognizes an item of property, plant and equipment as an asset when it is probable that future economic benefits will flow to it, the amount meets the materiality threshold set by the Bank, and can be reliably measured.

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

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

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

Class of asset	Estimated Useful life
Computers and accessories	25%
Office equipment	25%
Motor vehicles	20%
Furniture and fittings	20%
Building	5%
Generator	10%
Leasehold improvement	10%

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

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. The recoverable amount is the higher of the asset's fair value less costs to sell and value in use. No property and equipment were impaired as at 31 December 2022 (2021: nil).

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

2.22 Intangible assets

Software

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

Amortization is recognised in the statement of comprehensive income on a straight-line over the estimated useful life of the software, from the date that it is available for use. The estimated useful life of software is between 4 to 10 years.

2.23 Lease

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

2.23.1 Initial Recognition

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

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

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

2.23.2 Subsequent Measurement

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

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

Notes to the Financial statements cont'd

(All amounts are expressed in Ghana Cedis unless otherwise stated)

residual guarantee or change in rate affecting payments or a change in the fixed lease payment.

2.24 Impairments of assets and other non-financial assets

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

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

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

2.25 Earnings per Share

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

4. Interest income

	2022	2021
Interest on loans	8,958,265	7,514,784
Interest on overdraft	769,728	560,767
Interest on investment	11,529,086	8,719,375
	21,257,079	16,794,926

5. Interest expense

	2022	2021
Interest on deposit liabilities	2,231,436	1,862,381
Interest on savings	658,562	614,707
Interest on term borrowing	1,068	2,776
	2,891,066	2,479,864

6. Commission and fees income

	2022	2021
Commission on turnover	850,536	829.195
Commitment fees	974,509	543,649
Cheque clearing fees	73,366	29,853
	1,898,411	1,402,697

7. Other operating income

	2022	2021
Processing fees	529,566	357,913
Bad debts recovered	78,211	-
Sundry income	337,794	472,299
	945,571	830,212

Notes to the Financial statements cont'd

(All amounts are expressed in Ghana Cedis unless otherwise stated)

8. Operating expenses

	2022	2021
Staff costs (8a)	10,134,627	8,043,746
Depreciation and amortisation	1,375,620	1,048,424
Directors' remuneration	162,186	141,824
Audit fees	59,731	47,250
Other Operating expenses (8b)	6,244,444	4,493,604
	17,976,608	13,774,848

8a. Staff related cost

	2022	2021
Salaries	4,677,672	3,829,274
Employer's social security fund	599,217	496,749
Employer's provident fund	332,483	269,027
Staff training and development	122,001	201,310
Staff medical	264,060	233,638
Other staff allowances	3,867,536	2,748,954
Bonus	271,658	264,794
	10,134,627	8,043,746

8b. General and administration expenses

	2022	2021
Board meeting expenses	133,006	68,607
Travelling expenses	195,084	138,349
Audit expenses	51,448	22,482
Legal fees	54,902	40,527
Professional charges	5,307	0.00
Printing and stationery	267,404	168,370
Repairs and maintenance	295,457	311,573
Postage, telephone and telegraph	190,697	114,861
Insurance	513,753	374,208
Utilities	285,155	334,089
Advertising and publicity expenses	69,872	28,250
Subscription/periodicals	89,945	58,627
Annual General Meeting Expenses	143,288	-
Rent and rate	357,001	28,197
Donation/Community development	55,095	57,808
Computerization expenses	379,385	307,351
Other expenses (Appendix 1)	3,157,645	2,440,305
	6,244,444	4,493,604

Notes to the Financial statements cont'd

(All amounts are expressed in Ghana Cedis unless otherwise stated)

Appendix 1. Other expenses

	2022	2021
Specie expenses	29,606	10,949
Bank charges	12,642	4,395
Till shortages/ excess	5,192	20,757
Recovery expenses	21,204	10,515
Office expenses	129,860	77,800
Police/ Security expenses	390,669	318,971
Agency expenses	0.00	0.00
Donations-funerals	13,355	12,280
Motor vehicle running expenses	462,173	236,650
Repairs & Maintenance- M.V	108,728	139,449
Micro Finance expenses	499,982	289,634
Penalties	12,000	12,000
Cleaning expenses	149,139	137,182
Other expenses	54,244	25,336
Marketing & promotional expenses	166,795	119,050
Generator running expenses	55,641	28,342
Susu expenses	880,702	704,976
Entertainment expenses	87,382	42,749
Anniversary expenses	-	224,099
Consultancy fees	-	20,738
Other Staff expenses	78,331	4,433
	3,157,645	2,440,305

9. Impairment of loans

	2022	2021
Balance b/f	102,435	450,613
Loans written off	(338,629)	(191,453)
	(236,194)	259,160
Increase/(decrease) in provision charged to profit/loss	452,244	(156,725)
	216,051	102,435

Balance b/f	871,767	755,913
write off*	(1,504,023)	(755,913)
	(632,256)	-
Increase/(decrease) in provision charged to profit/loss	754,051	871,767
	121,795	871,767

**This includes 50% write off of Bond Savings and loans investments in 2021*

Notes to the Financial statements cont'd

(All amounts are expressed in Ghana Cedis unless otherwise stated)

11. Taxation

	2022	2021
11.1 Income tax expenses		
Current tax expense	**709,619**	502,371
Charge to income statement for deferred tax	**(316,338)**	(62,139)
Charge to OCI	**886,724**	-
	1,280,005	440,232

11.2 Current tax

Year of assessment	Balance at 01/01/2022	Adjustment	Payments	Charge for the year	Balance at 31/12/2022
2020	(115,093)	-	-	-	(115,093)
2021	(298,907)	-	-	-	(298,907)
2022	-	-	(500,000)	709,619	209,619
	(414,000)		**(500,000)**	**709,619**	**(204,381)**

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

11.3 Deferred tax

	2022	2021
Balance at year start	**126,242**	188,381
Charge to income statement	**(316,338)**	(62,139)
Charge to OCI	**886,724**	-
	696,628	126,242

Reconciliation of tax expense to product of accounting profit and applicable rate	2022	2021
Profit before taxation	**1,497,601**	1,709,902
Tax at applicable rate (25%)	**374,400**	514,520
Add (Deduct):		
Tax effect of non-deductible expenses	**537,135**	427,476
Tax effect of capital allowances	**(201,916)**	(162,481)
Tax effect of deductible income		(39,181)
Tax effect of origination and reversal of temporary difference	**570,386**	(62,139)
Tax expense	**1,280,005**	**527,277**
Effective tax rate	**85.47%**	**25.62%**

12. Cash and bank balances

	2022	2021
Cash holdings	**4,535,383**	4,226,188
Banks	**5,912,205**	4,831,405
	10,447,588	9,057,593

Notes to the Financial statements cont'd

(All amounts are expressed in Ghana Cedis unless otherwise stated)

12.1. Bank balance

	2022	2021
ARB Apex Bank PLC	**5,523,910**	4,763,820
Other banks	**388,295**	67,585
	5,912,205	4,831,405

13. Trading investment

	2022	2021
91/182 Day treasury bill	**11,699,999**	11,250,000
1-year T-bill	**5,296,401**	6,125,040
Treasury bill	**16,996,400**	**17,375,040**
GoG Bonds	**32,207,450**	30,548,303
Fixed deposit	**16,400,617**	16,522,640
ARB Apex Bank PLC certificate of deposit	**8,800,000**	2,000,000
	74,404,467	**66,445,983**
Accrued interest	**2,093,983**	1,743,072
Unearned discount	**(732,974)**	(274,453)
	75,765,476	**67,914,602**
Provision for ECL	**(121,792)**	(871,767)
	75,643,684	**67,042,835**

14. Equity investment

	2022	2021
Shares in Apex Bank PLC	**679,723**	679,723
Changes in fair value	**(43,512)**	-
	636,211	679,723

15. Loans and advances

	2022	2021
a. Analysis by type of facility		
Overdrafts	**1,116,141**	846,024
Term loans	**26,734,648**	22,040,725
Gross loans and advances	**27,850,789**	**22,886,749**
Interest receivable	**367,532**	188,646
Interest in suspense	**(297,602)**	(163,046)
	27,920,719	**22,912,349**
Less: provision for credit losses	**(216,051)**	(102,435)
Net loans and advances	**27,704,668**	**22,809,914**

b. Analysed by customer	2022	2021
Individuals	14,171,928	10,561,573
Private enterprise	918,261	1,050,126
Public enterprises & institutions	411,659	995,665
Others	12,348,941	10,279,385
	27,850,789	**22,886,749**
Interest receivable	367,532	188,646
Interest in suspense	(297,602)	(163,046)
Less: provision for Credit losses	(216,051)	(102,435)
Net loans and advances	**27,704,668**	**22,809,914**

Notes to the Financial statements cont'd

(All amounts are expressed in Ghana Cedis unless otherwise stated)

15. Loans and advances - Cont'd

2022	Gross amount	ECL allowance	Carrying amount
Loan sector			
Agric	631,608	6,295	625,314
Transport	4,279,405	40,786	4,238,619
Trading	12,114,405	62,275	12,052,130
Others	11,192,902	106,695	11,086,207
	28,218,321	**216,051**	**28,002,270**
Interest in suspense			**(297,602)**
Net loans and advances			**27,704,668**

Loan sector	Stage 1	Stage 2	Stage 3	Total
Agric	625,123	6,486	-	631,608
Transport	4,196,887	65,412	17,105	4,279,405
Trading	11,943,252	121,326	49,827	12,114,405
Others	10,996,203	101,545	95,154	11,192,902
	27,761,465	**294,769**	**162,087**	**28,218,321**
ECL	(47,538)	(6,426)	(162,087)	(216,051)
Carrying amount	**27,713,927**	**288,343**	**-**	**28,002,270**
Interest in suspense				(297,602)
Net loans and advances				**27,704,668**

16.1. Property, plant and equipment 2022

Cost/valuation	1 January	Additions	Revaluation	Disposal/write off	31 December
Building	2,885,448		3,546,899	(1,547,726)	4,884,621
Furniture and fittings	454,300	85,298	-	(90,060)	449,538
Office equipment	453,601	190,972		(68,987)	575,586
Computer	969,072	143,796		(501,389)	611,479
Motor vehicles	818,508	704,941		(270,261)	1,253,188
Generator plant	255,552	1,260		-	256,812
Capital work in progress	17,140	749,492		(17,140)	749,492
Total	**5,853,621**	**1,875,759**	**3,546,899**	**(2,495,563)**	**8,780,716**

Accumulated depreciation	1 January	Charge for the year		Disposal/write off	31 December
Building	1,048,962	625,329		(1,018,235)	656,056
Furniture and fittings	209,166	88,068		(90,060)	207,174
Office equipment	203,236	127,942		(68,987)	262,191
Computer	649,894	194,712		(501,389)	343,217
Motor vehicle	332,463	232,313		(269,374)	295,402
Generator plant	103,815	25,566		-	129,381
Capital work in progress	-			-	-
Total	**2,547,536**	**1,293,930**		**(1,948,045)**	**1,893,421**

Notes to the Financial statements cont'd

(All amounts are expressed in Ghana Cedis unless otherwise stated)

16.1. Property, plant and equipment 2022 - cont'd

Carrying value:	
Building	4,228,565
Furniture and fittings	242,364
Office equipment	313,395
Computer	268,262
Motor vehicle	957,786
Generator plant	127,431
Capital work in progress	749,492
31 December, 2022	**6,887,295**

16.2. Property, plant and equipment 2021

Cost/valuation	**1 January**	**Additions**	**Disposal/write off**	**31 December**
Building	2,859,807	25,641		2,885,448
Furniture and fittings	352,229	168,151	(66,080)	454,300
Office equipment	547,131	162,755	(256,285)	453,601
Computer	933,220	181,459	(145,607)	969,072
Motor vehicles	991,675	345,841	(519,008)	818,508
Generator plant	330,957	-	(75,405)	255,552
Capital work in progress	-	17,140	-	17,140
Total	6,015,019	900,987	(1,062,385)	5,853,621

Accumulated depreciation	**1 January**	**Charge for the year**	**Disposal/write off**	**31 December**
Building	905,462	143,500	-	1,048,962
Furniture and fittings	201,098	74,148	(66,080)	209,166
Office equipment	352,004	107,517	(256,285)	203,236
Computer	554,118	241,383	(145,607)	649,894
Motor vehicle	723,156	128,315	(519,008)	332,463
Generator plant	153,665	25,555	(75,405)	103,815
Capital work in progress	-	-	-	-
Total	2,889,503	720,418	(1,062,385)	2,547,536

Carrying value:	
Building	1,836,486
Furniture and fittings	245,134
Office equipment	250,365
Computer	319,178
Motor vehicle	486,045
Generator plant	151,737
Capital work in progress	17,140
31 December, 2021	3,306,085

Notes to the Financial statements cont'd

(All amounts are expressed in Ghana Cedis unless otherwise stated)

17.a. Right-of-use Assets	2022	2021
Balance at 1 January	**590,017**	-
Additions	**750,457**	590,017
	1,340,474	590,017
Accumulated depreciation		
Balance at 1 January	**243,827**	-
Depreciation on right of use asset	**295,284**	(243,827)
	539,111	243,827
	801,363	346,190
b. Lease Liability		
Balance at 1 January	**-**	-
Remeasurement of lease liabilty	**-**	-
Finance cost on lease liability	**-**	-
Lease payment	**-**	-
	-	-

17.b. Intangible asset

Cost/valuation 2022	1 January	Additions	Reclassification /Transfer	Disposal/write off	31 December
Computer software	**485,355**			**(10,000)**	**475,355**
	485,355			**(10,000)**	**475,355**
Accumulated amortization	**1 January**	**Charge for the year**	**Reclassification /Transfer**	**Disposal/write off**	**31 December**
Computer software	**128,948**	**81,690**	**-**	**(10,000)**	**200,638**
	128,948	**81,690**	**-**	**(10,000)**	**200,638**
Carrying value					
31 December 2022					**274,717**

17.b. Intangible asset

Cost/valuation 2021	1 January	Additions	Disposal/write off	31 December
Computer software	459,534	76,000	(50,179)	485,355
	459,534	**76,000**	**(50,179)**	**485,355**
Accumulated amortization	**1 January**	**Charge for the year**	**Disposal/write off**	**31 December**
Computer software	94,949	84,178	(50,179)	128,948
	94,949	**84,178**	**(50,179)**	**128,948**
Carrying value				
31 December 2021				**356,407**

Notes to the Financial statements cont'd

(All amounts are expressed in Ghana Cedis unless otherwise stated)

18. Other assets

	2022	2021
Prepayments	253,413	730,368
Inventory	185,185	100,171
Sundry debtors	233,927	36,547
Disbursed managed funds	-	484,058
Uncleared effects	(177)	124,043
Interest and commission accrued	274,579	-
	946,927	1,475,187

19. Stated capital

	2022		2021	
	Number	Amount	Number	Amount
Authorised no. of shares of no par value	5,000,000,000		5,000,000,000	
Issued and fully paid				
Issued for cash consideration	87,898,034	1,829,485	81,917,346	1,530,450
Issued for consideration other than cash	68,120,585	3,339,666	16,594,216	763,334
	156,018,892	5,169,151	98,511,562	2,293,784

The Stated Capital includes unregistered share purchases of GH¢299,035.00 for the year 2022.

20. Credit risk reserve

	2022	2021
BoG loan impairment provision	396,261	386,727
IFRS loan impairment provision	216,051	102,435
Difference	180,210	284,292

20.1 Credit risk reserve

	2022	2021
Balance at 1 January	371,802	87,510
Transfer from retained earnings	(191,592)	284,292
	180,210	371,802

Provision for loans and advances has been made based on IFRS principles. However, provisions made should meet Bank of Ghana's criteria for loan provisioning. Where provision for impairment based on Bank of Ghana's criteria is higher than that based on IFRS principles the difference is charged to retained earnings and transferred to credit risk reserve.

21. Dividend paid and proposed

A total amount of GHS497,080 was paid, out of the outstanding dividend of GHS1,397,196

22. Customer Deposits

	2022	2021
Demand deposits	22,750,725	17,590,573
Time deposits	21,834,999	21,283,381
Savings accounts	58,082,614	49,411,926
E-Zwich	1,459,368	2,346,933
Accrued interest	957,387	638,841
	105,085,093	91,271,654

Notes to the Financial statements cont'd

(All amounts are expressed in Ghana Cedis unless otherwise stated)

23. Payables and Accruals

	2022	2021
Audit fees	59,281	47,250
Sundry creditors	451,553	152,988
Payment order/bills payable	205,013	109,711
Office Accounts	1,345,744	891,721
	2,061,591	1,201,670

24. Dividend payable

	2022	2021
Balance as at 1st January	784,874	804,008
Declared during the year	612,322	-
Payment during the year	(497,080)	(19,134)
Balance at 31st December	900,116	784,874

25. Cash generated from/(used in) operations

	2022	2021
Cash flows from operating activities:		
Profit/(loss) before tax	1,497,601	2,058,081
Add:		
Depreciation and amortization	1,375,620	1,048,424
loan impairment	452,244	(156,725)
Impairment of investment	754,051	871,767
Write off	529,491	-
Prior year adjustment	(190,881)	(301,873)
Tax adjustment		33,307
Amortised rent and rate reclassified to ROUA		(246,200)
Transfer from capital work in progress expensed	(17,140)	-
Cash inflow before changes in assets and liabilities	**4,696,271**	**3,306,781**
Changes in assets and liabilities		
(increase) /decrease in investment	(9,354,900)	(6,765,125)
Increase/decrease in loans and advances	(5,535,863)	(3,006,798)
Increase/decrease in other assets	528,260	626,764
Increase/decrease in customer deposit	13,813,439	10,733,149
Increase/ decrease in other liabilities	859,923	(865,011)
Cash generated from/(used in) operations	**5,007,130**	**4,029,760**

26. Long term borrowings

	2022	2021
ATM facility	-	28,467
T24 license	60,525	115,195
Covid 19 relief loan	179,826	389,563
	240,351	533,225

27. Capital commitments

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

28. Contingencies

There were no contingent assets or liabilities provided for at 31 December 2022 (2021: Nil).

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(All amounts are expressed in Ghana Cedis unless otherwise stated)

29. Legal confirmation

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

30. Related party disclosures

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

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

a) A person or a close member of that person's family is related to a reporting entity if that person:

- has control or joint control over the reporting entity;
- has significant influence over the reporting entity; or
- is a member of the key management personnel of the reporting entity or of a parent of the reporting entity?

b) An entity is related to a reporting entity if any of the following conditions applies:

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

The following are deemed not to be related for the reporting purposes of Akuapem Rural Bank PLC

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

Related party transactions

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

Disclosure

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

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

Management compensation. Disclose key management personnel compensation in total and for each of the following categories: short-term employee benefits, post-employment benefits, other long-term benefits, termination benefits and share-based payment benefits.

Key management personnel are those persons having authority and responsibility for planning, directing, and controlling the activities of the entity, directly or indirectly,

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(All amounts are expressed in Ghana Cedis unless otherwise stated)

including any directors (whether executive or otherwise) of the entity.

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

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

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

b. Transactions with Key Management Personnel (KMP)

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

Remuneration

Details	2022	2021
Directors' emoluments	**162,186**	141,824
Salaries and other benefits (KMP*)	**1,046,872**	1,476,608
	1,209,058	1,618,432

*2022- KMP has been reclassified to comprise the Chief Executive Officer, Heads: IT, Finance, Banking Operations, Legal, Credit, Internal Control, Internal Audit, Risk & Compliance and Microfinance.

*2021- KMP comprised of the Chief Executive Officer, Branch Managers and Departmental Heads.

Loans and advances

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

Details (2022)	At start of year	Addition	Payments	Write offs	At year end
Firms in which directors are related	-	-	-	-	-
Directors	-	-	-	-	-
Officers	**1,479,960**	**1,301,877**	**(758,393)**	-	**2,023,445**
Other employees	**832,944**	**878,450**	**(842,013)**	-	**869,380**
	2,312,904	**2,180,327**	**(1,600,406)**	-	**2,892,825**

No loans were granted to the Directors of the Bank during the 2022 reporting year.

Details (2021)	At start of year	Addition	Payments	Write offs	At year end
Firms in which directors are related	-	-	-	-	-
Directors	-	-	-	-	-
Officers	851,029	760,500	(131,569)	-	1,479,960
Other employees	1,511,375	570,903	(1,249,334)	-	832,944
	2,362,404	1,331,403	(1,380,903)	-	2,312,904

31. Shareholding structure

31.1 Number of shares outstanding

Earnings and dividend per share are based on 156,018,892 (2021: 98,511,562) Ordinary Shares Outstanding.

31.2 Directors shareholding:

The total number of shares of 2,010,480 held by the Directors of the Bank at the reporting date represented **1.29%** of the total number of shares outstanding then. Below are the details:

Notes to the Financial statements cont'd

(All amounts are expressed in Ghana Cedis unless otherwise stated)

Directors' shareholding as at 31 December 2022

Board of Directors	Position	Account numbers	Share	Percentage(%) of shareholding
Mr. Kwame Gyeke-Amoako	Chairman	SH31401767	404,531	0.26
Dr. Ernest Obuobisa-Darko	Vice- Chairman	SH31402310	122,660	0.08
Mr. Emmanuel Nii Awuku	Non-Executive Director	SH31401385	421,642	0.27
Dr. William Adjei-Twumasi	Non-Executive Director	SH31401418	804,760	0.52
Mr. Samuel Dako	Non-Executive Director	SH31401888	241,555	0.15
Mr. Daniel Asare-Mintah	Non-Executive Director	SH31402337	15,332	0.01
			2,010,480	1.29

31.3 Key Management staff

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

The Bank had 18 staff holding its shares, out of which six (6) were key management personnel as below:

Name	Account number	Number of shares	Percentage of shareholding
Mary Dawson	SH31400807	443,963	0.285
Ofosu Penrose Forson	SH31400803	311,721	0.200
Isaac Kankam Appeaning	SH31401904	256,818	0.165
Asare Kingsley Opare	SH31401699	223,943	0.144
Atiemoh Cynthia Ampofowaa	SH31401306	143,742	0.092
Laryea Edna Keteku	SH31401350	122,660	0.079
Gifty Ohene	SH31401549	116,910	0.075
Augustina Obiri Nyankor	SH31401392	114,993	0.074
Doreen Adu	SH31401890	76,662	0.049
Moses Kwabena Agyapong	SH31401389	70,913	0.045
Agyapong Livingstone Kwaasi	SH31402292	53,664	0.034
Collins Asamoah	SH31402438	49,519	0.032
Juliet Okyere	SH31402464	10,000	0.006
Kenneth Adu-Siaw	SH31401701	4,983	0.003
Kingsley Kyere	SH31402363	1,917	0.001
Cynthia Manteaw	SH31401408	1,917	0.001
Total employee shareholding		**2,004,325**	
Other than employee shareholding		**154,014,567**	**98.715**
Total shareholding		**156,018,892**	**100**

32. Financial risk management

Financial risk factors

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

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

Notes to the Financial statements cont'd

(All amounts are expressed in Ghana Cedis unless otherwise stated)

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

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

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

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

33. Market risk

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

33.1 Interest rate risk

Interest rate risk arises from the effects of fluctuations in the prevailing levels of markets interest rates on the fair value of financial assets and liabilities and future cash flows.

The Bank holds fixed interest-bearing securities and debt that expose the Bank to interest rate risk. The Bank manages interest rate risk by measuring the mismatch of the interest rate sensitivity gap of financial assets and liabilities.

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

33.2 Credit risk

The Bank is exposed to credit risk, which is the risk that counterparty will be unable to pay amounts in full when they fall due. The Bank is exposed to counterparty risk on cash and cash equivalents, amounts due from financial institutions and other receivable balances. It is also exposed to other credit risks arising from investments in debt securities.

The maximum exposure to credit risk before any credit enhancements at 31 December 2022 is the carrying amount of the financial assets as set out below:

	Notes	2022	2021
Balance with other banks	12.1	**5,912,205**	4,831,405
Investment securities	13	**75,765,476**	67,914,602
Loans and advances	15	**27,920,719**	22,912,349
Equity investments	14	**636,211**	679,723
		110,234,611	96,338,079

33.3 Liquidity risk

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

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

Notes to the Financial statements cont'd
(All amounts are expressed in Ghana Cedis unless otherwise stated)

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

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

2022	0 -3 months	4- 6 months	7 - 12 months	Above 1 year	Total	Carrying amount
Assets						
Cash and cash equivalent	10,447,588				10,447,588	10,447,588
Investment securities	19,834,926	10,832,000	5,296,401	39,802,149	75,765,476	75,643,684
Loans and Advances	1,116,141	8,816,108	1,974,971	16,013,499	27,920,719	27,704,667
Other assets	946,927				946,927	946,927
Total assets	**32,355,476**	**19,648,108**	**7,271,372**	**55,815,648**	**115,080,710**	**114,742,867**
Liabilities						
Demand and savings	80,833,339	1,459,368			82,292,707	82,292,707
Time deposits		22,792,386			22,792,386	22,792,386
Other liabilities (bill & dividend payable)	1,105,130				1,105,130	1,105,130
Total liabilities	**81,938,469**	**24,251,754**	**-**	**-**	**106,190,223**	**106,190,223**
Net liquidity gap (2022)						**8,552,644**
Net liquidity gap (2021)						**8,219,289**

33.4 Capital risk management

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

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

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

33.5 Fair value estimation

Fair value hierarchy

IFRS 13 specifies a hierarchy of valuation techniques based on whether the inputs to those valuation techniques are observable or unobservable. Observable inputs reflect market data obtained from independent sources; unobservable inputs reflect the Bank's market assumptions.

These two types of inputs have created the following fair value hierarchy:

- Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities. This level includes listed equity securities and debt instruments on exchanges (for example, The Ghana Stock Exchange).
- Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).
- Level 3 – inputs for the asset or liability that are not based on observable market data (unobservable inputs). This level includes equity investments and debt instruments with significant unobservable components. This hierarchy requires the use of observation market data when available. The Bank considers relevant and observable market prices in its valuation when possible. The fair value of the Bank's financial assets and liabilities approximate the respective carrying amounts, due to the generally short years to maturity dates.

Notes to the Financial statements cont'd

(All amounts are expressed in Ghana Cedis unless otherwise stated)

a) Fair value hierarchy

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

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

2022	Level 1	Level 2	Level 3	Total
Financial assets				
Equity investment	-	-	**636,211**	**636,211**
2021				
Financial assets				
Equity investment	-	-	**679,723**	**679,723**

34. Stated capital and reserves

34.1Stated capital

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

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

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

(c) the total amount which the Bank by special resolution shall have resolved to transfer to stated capital from surplus, as defined in section 69 of the Companies Act, including the credit balance on the share deals account referred to in section 63 of the above Act

35. Statutory reserve fund

The Statutory Reserve Fund is required under Section 34 of the Banks and Specialized Act, 2016 (Act 930) and is elaborated as follows:

34. (1) A bank or specialized deposit taking Institution shall establish and maintain a Reserve Fund into which shall be transferred to net profit each year.

Transfer to statutory reserve

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

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

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

(b) Reserves

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

Notes to the Financial statements cont'd

(All amounts are expressed in Ghana Cedis unless otherwise stated)

(c) Retained earnings

The retained earnings of a Bank is the reserves as defined above less amounts of money attributable to

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

(d) Capital adequacy

Regulatory capital	2022	2021
Tier 1 capital	**11,986,722**	11,429,499
Tier 2 capital	**3,298,093**	681,430
Total regulatory capital	**15,284,815**	12,110,929
Adjusted capital base (a)	**14,373,887**	11,074,799
Adjusted asset base (b)	**59,177,227**	49,311,075
Capital adequacy ratio (a/b)	**24.29**	22.46
Capital surplus (adjusted capital base less 10% of adjusted asset base	**8,456,164**	6,143,692

	2022	2021
Capital adequacy by BOG	**10%**	10%
Capital adequacy of the Bank	**24.29**	22.46%
NPL Benchmark	**5%**	5%
NPL of the Bank	**1.12**	3.11

36. Events after reporting date

Events subsequent to the financial position date are reflected in the financial statements only to the extent that they relate to the year under consideration and the effect is material.

36.1. Domestic debt exchange programme(DDEP)

On 5th December 2022, the Government of Ghana launched Ghana's Domestic Debt Exchange programme, an invitation for the voluntary exchange of approximately GH¢137 billion of the domestic notes and bonds of the Republic, including E.S.L.A. PLC and Daakye bonds, for a package of New Bonds to be issued by the Republic. A successful settlement and conclusion of Ghana's Domestic Debt Exchange Programme (DDEP) of the Government was announced on 27th February. 2023.

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

37. Comparatives

Except when a standard or an interpretation permits or requires otherwise, all amounts are reported or disclosed with comparative information. Where IAS 8 applies, comparative figures have been adjusted to conform to changes in presentation in the current Year.

38. Contingencies

At the end of the reporting year, there were no contingencies per the responses to our legal confirmation.

39. This relates to write of assets related to the old Madina branch

40. This relates to revaluation of freehold building at Mamfe, Nsawam and Aburi branches.

Notes to the Financial statements cont'd
(All amounts are expressed in Ghana Cedis unless otherwise stated)

41. Value added statement

	2022	2021
Interest and banking income	23,155,490	18,197,623
Direct cost	(2,891,066)	(2,479,864)
Value added by banking services	20,264,424	15,717,759
Non-banking income	945,571	830,212
Write Off	(529,491)	
Impairment	(1,206,295)	(715,042)
Value added	19,474,208	15,832,929
Distributed as follows		
To employees:		
Directors	(162,186)	(141,824)
Other employees	(10,134,627)	(8,043,746)
To Government:		
Income tax	(393,281)	(527,277)
Bank's expansion and growth:		
Depreciation and amortisation	(1,375,620)	(1,048,424)
Other operating cost	(6,304,173)	(4,540,854)
To retained earnings	1,104,320	1,530,804

42. Shareholders' information

42.1 Shareholding distribution as at 31 December, 2022

Holding	Number of shareholders	Percentage of shareholders (%)	Number of shares	Percentage of holding (%)
1-1,000	0	-	0	0.00
1,001-5,000	783	32.52	2,258,949	1.45
5,001-10,000	249	10.34	1,956,542	1.25
10,001-50,000	990	41.11	22,046,406	14.13
Over 50,000	386	16.03	129,756,995	83.17
	2,408	**100.00**	**156,018,892**	**100.00**

Notes to the Financial statements cont'd

(All amounts are expressed in Ghana Cedis unless otherwise stated)

42. Shareholders' information - Cont'd

42.2 Twenty largest Shareholders as at 31 December, 2022

Number	Customer number	Shareholders	Number of shares	Percentage of shareholding
1.	SH31402378	Dordunoo Cletus Kwashi	9,199,464	5.90
2.	SH31402311	Akua Aboabea Aboah	9,017,391	5.78
3.	SH31401895	Owusu Amoah Ammishaddai/Emma	6,835,844	4.38
4.	SH31401315	Samuel Okyere Ayisi	7,189,116	4.61
5.	SH31401766	Samuel Larbi Darko	4,132,057	2.65
6.	SH31401879	Prof. Benjamin Kwadjo Ahunu	2,874,833	1.84
7.	SH31401586	Samuel Dadzie	2,510,687	1.61
8.	SH31401165	Edward Henaku Boohene	2,215,558	1.42
9.	SH31401002	Ernestina Siebe Ayisi	2,187,079	1.40
10.	SH31401209	Kwabena Boadu Oku Afari	3,072,779	1.97
11.	SH31402197	Cedars Investment Limited	1,970,985	1.26
12.	SH31401909	Cynthia Mullings-Akuffo	1,820,727	1.17
13.	SH31401881	Dr. Esther Odofoley Sakyi-Dawson	1,804,628	1.16
14.	SH31401616	Vivian Korkor Agbozo	1,999,645	1.28
15.	SH31402455	Adu Dosia Adjeley	1,724,900	1.11
16.	SH31401821	Kofi Anane-Kyeremeh	1,533,244	0.98
17.	SH31401965	Joshua R Ayisi	1,523,661	0.98
18.	SH31402087	Regina Obu	1,475,747	0.95
19.	SH31400801	Irene Anang -Tetteh	1,227,981	0.79
20.	SH31401396	Tettey Dzledzorm Gaenyedzi Kwami	2,019,166	1.29
		Total	**66,335,492**	**42.52**
		Others	**89,683,400**	**57.48**
		Grand Total	**156,018,892**	**100.00**

NOTES

Proxy Authorisation

I/We...being member(s) of AKUAPEM RURAL BANK PLC hereby appoint..of....................................or failing him/her...................................of............................my/our Proxy to vote on my/our behalf at the Annual General Meeting of the Bank to be held at **METHODIST GIRLS' SENIOR HIGH SCHOOL, MAMFE** and **VIRTUALLY on Zoom platform on Saturday, 26th August, 2023 at 10:00 O'clock in the forenoon** and at any adjournment thereof.

Signed...this..............................day of...2023.

....

Shareholder's Signature

AKUAPEM RURAL BANK PLC

ADMISSION FORM

ANNUAL GENERAL MEETING to be held at **METHODIST GIRLS' SENIOR HIGH SCHOOL, Mamfe** on **Saturday, 26th August, 2023 at 10:00 O'clock in the forenoon.**

Full name and address of the Shareholder(s) Proxy.

....

....

....

Number of Shares held...

IMPORTANT:

This admission form must be produced by the Shareholder or his/her proxy in order to obtain entrance to the Annual General Meeting.

Xpress Loan

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- Akusika Savings Scheme
- Medoba Savings Scheme
- Students Savings Scheme
- Asore Nkoso Loan
- Fixed Deposit Plus
- Akuplus Fixed Deposit
- Aku Bill Investment
- Akumicro

AUXILIARY PRODUCTS

- E-Zwich
- Western Union
- Money Gram
- Apex Link
- MTN Mobile Money
- RIA
- Unity Link
- ATM
- Vodafone Cash
- U-Connect
- GhanaPay
- GIP
- ACH
- CCC
- AIP

GENERIC PRODUCTS

- Current Account
- Savings Account
- Fixed Deposit
- Salary Loan
- Shares

LOANS

- Trade Loan
- Agricultural Loan
- Institutional Loan
- Transport Loan
- Hospitality Industry Loan
- Cottage Industry Loan
- Seasonal Loan
- Controller Loan
- Pension Loan

OUR BRANCHES

HEAD OFFICE Tel: 0303 965730	**KOFORIDUA** Tel: 0303 965731
MAMFE Tel: 0303 965729	MADINA 0302 904798
NSAWAM Tel: 0303 965726	**ABURI** Tel: 0303 965727
ADUKROM Tel: 0303 965728	**AGENCIES** Larteh Adawso