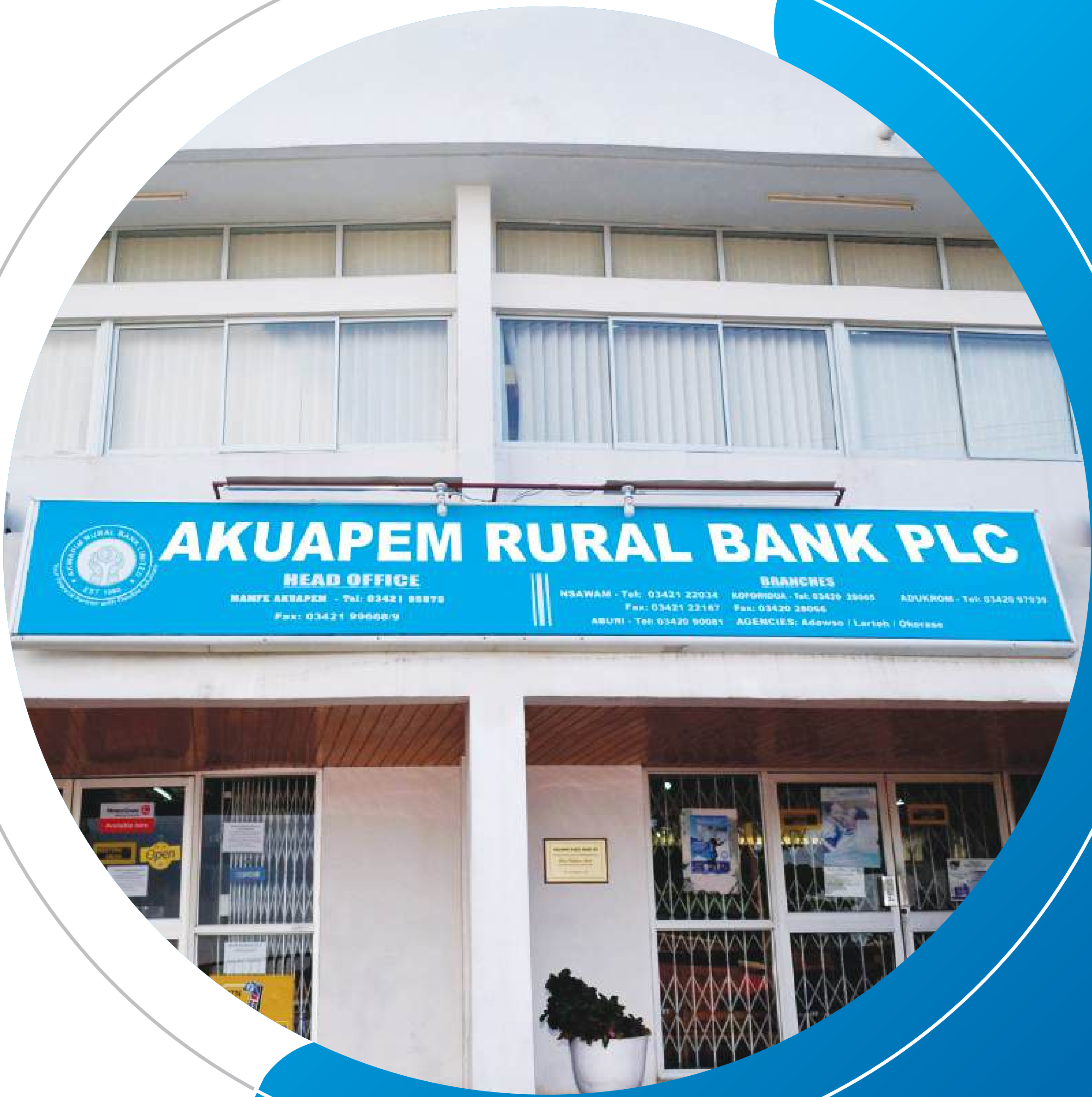
AKUAPEM RURAL BANK PLC



2023 ANNUAL REPORT

AND FINANCIAL STATEMENTS

Xpress Loan

for workers on
Government payroll

AKUAPEM RURAL BANK PLC
EST. 1980

A loan in less than 48hours

AKUAPEM RURAL BANK PLC

2023 ANNUAL REPORT

AND FINANCIAL STATEMENTS

Our Vision

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 dedicated and motivated team to create maximum value for shareholders and be environmentally and socially responsible.

Our Goals

Be the Model Rural Bank in Ghana

Our Values

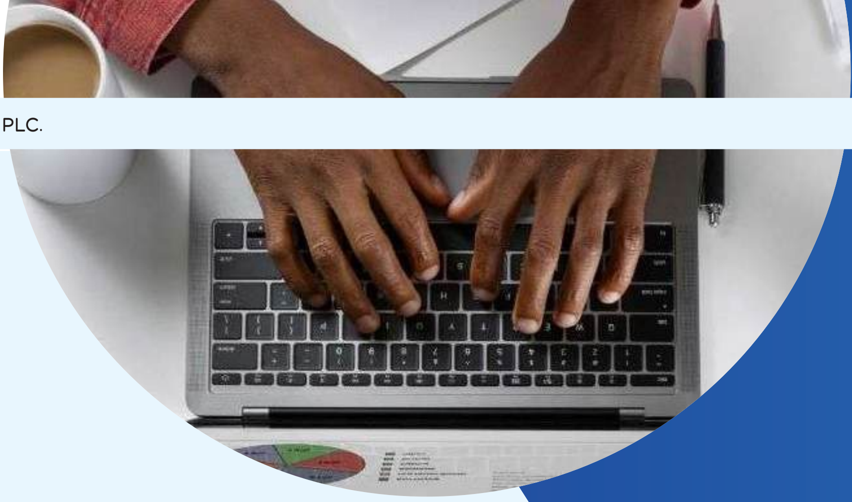
RESPONSIVENESS
To meet the ever changing needs of our clients and communities.

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 42nd Annual General Meeting

NOTICE IS HEREBY GIVEN THAT the 42nd Annual General Meeting of the Akuapem Rural Bank PLC will be held on **Saturday, November 9, 2024 at 10:00 am** at the **Methodist Girls' High School, (MEGHIS) Mamfe-Akuapem**.

AGENDA

1. To read the notice conveying the meeting.
2. To receive the report of the Chairman of the Board of Directors.
3. To receive the report of the Directors for the year ended 31st December, 2023.
4. To approve 2023 dividend.
5. To receive, consider and adopt the Financial Statements of the Bank for the year ended 31st December, 2023 together with the Auditors Report thereon.
6. To fix the remuneration of Directors.
7. To elect four (4) Directors to replace two (2) retiring Directors and Two (2) resigned Directors.
8. To ratify the appointment of Auditors per shareholders' resolution at our 41st Annual General Meeting and authorize the Directors to Fix the renumeration of the Auditors.
9. To transact any other business.

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 **42ndagm@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

KINGSLEY KYERE

(AG. 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) none 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)

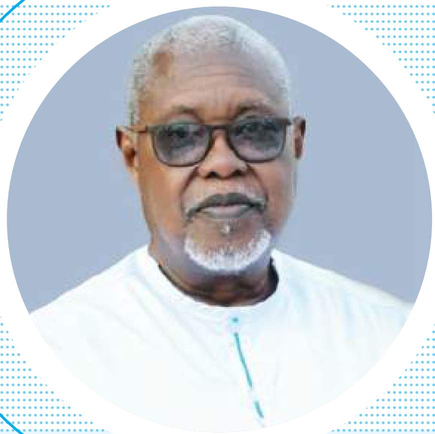
Dr. Ernest Obuobisa-Darko holds a PhD in Economics from the University of Cape Coast, a master's degree in Economics from the University of Botswana and a bachelor's degree in Economics as well as a diploma in Education from the University of Cape Coast. Also, he has a certificate in investment appraisal and risk analysis from the Queen's University, Canada. In addition to these academic qualifications, he is a chartered banker with about 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 the Audit Committee 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.

*Awaiting BOG clearance after re-election in 2023.

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. Roberta Josephine 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, Delaware, USA.

MANAGEMENT

Kingsley Kyere	Chief Executive Officer
Kofi Boakye	Head, Human Resource
Israel K. Mensah	Head, Finance
Joseph Kwasi Nyamekye	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
Alexander Yaw fei	Branch Manager, Koforidua
Frank Nyamalor	Branch Manager, Aburi
Edna Keteku Laryea	Branch Manager, Adukrom

Ag. Company Secretary

Kingsley Kyere
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 Second (42nd) Annual General Meeting (AGM) of Akuapem Rural Bank PLC. Dear esteemed shareholders, I present to you the performance of the Bank for the year ended 31st December, 2023 as follows:

BOARD CHAIRMAN'S REPORT cont'd

2. THE GLOBAL ECONOMY

Global economic activity was mixed in 2023, improving in the first half year but moderated in the second half. The mixed performance, on one hand reflected strong growth in the United States amid solid domestic demand and resilient labour markets despite tighter financing conditions. On the other hand, a contraction in Japan, the Euro Area, and the United Kingdom was observed. For Emerging Market and Development Economies (EMDEs), growth was supported mainly by the rebound in China where policy support and resurgence in consumer spending offset weakness in the property sector. The overall growth outturn for 2023 subdued, weighed down by the lingering weakness in the manufacturing sector alongside effects of the still tight monetary policies, and weak external demand. Given these developments, global growth was projected to end in 2023 at 3.0% and slow marginally to 2.9% in 2024.

Global inflationary pressures have eased substantially largely supported decline in energy and food prices. Consequently, headline inflation was on a downward trajectory though above target in many advance economies and EMDEs due to persistence in core inflation. Longer-term inflation expectations, remain anchored, reflecting the tightened policy stance of Central Banks and recent declines in headline inflation. In the outlook, the expectation is for continued gradual disinflation as the effects of maintenance of tighter monetary policy stance passes through to core inflation.

On the international markets, prices for the key export commodities traded mixed in 2023. On a year -on year basis, crude oil price declined by 5.0% to an average of US$77.3 per barrel in December, 2023 due to sluggish energy demand in the United States and China and easing concerns on earlier perceptions that tensions in the Red Sea would disrupt supplies. Cocoa prices, on the other hand, extended its grains with an annual growth of 66.8% to close at an average of US$4,235.60 per tonne, on the back of reduced supplies. Spot prices for gold also gained 13.3% to close at an average price of US$2,035.43 per fine ounce in December, 2023 benefitting from the weakened dollar and falling bond yields after U.S economic data fueled expectations of interest cuts in the near term (Source: BOG Monetary Policy Meeting Report, December 2023 issued on January 20, 2024).

3. THE GHANAIAN ECONOMIC ENVIRONMENT

Domestically, there is gradual recovery in economic activity, though growth remains below potential. The latest Ghana Statistical Service data showed an expansion in overall real GDP by an annual rate of 2.0 percent driven by the services and agriculture sectors during the third quarter of 2023, relative to 2.7 percent over the same period in 2022. Non-oil GDP growth moderated to 2.1 percent from 3.3 percent over the same comparative period.

The Bank's high frequency real sector indicators showed a significant pickup in activity. The updated Composite Index of Economic Activity (CIEA) rebounded strongly with an annual growth 9.6 percent in November, 2023- the highest in two years – from a contraction of 6.2 percent a year earlier. Domestic VAT, port activity, industry consumption of electricity, imports and tourist arrivals all contributed to the improvement in economic activity observed during the period.

The Bank's latest surveys conducted in December, 2023 showed a strong rebound in both consumer and business sentiments, reflective of the signs of recovery. Consumer confidence improved on account of easing inflationary pressures which led to optimism about future economic conditions. Similarly, business confidence increased significantly, signaling improving consumer demand, as firms met short-term targets and expressed positive sentiments about company and industry prospects. The survey findings were broadly aligned with observed trends in Ghana's Purchasing Manager' Index (PMI), which improved to 51.8 in December, 2023 from 51.6 in the previous month.

The disinflation process, which began earlier in the year, continued through to the last quarter of the year supported by strong polices, relative exchange rate stability, and effective liquid sterilization efforts. Head inflation sharply decelerated to 23.2% in December, 2023 from a peak of 54.1% at the end of December 2022. The deadline in inflation was driven by both easing food and non-food prices. Food inflation decelerated sharply to 28.7% in December, 2023 from 59.7% in December 2022, while non-food inflation also fell to 18.7% from 49.9% over the same comparative period.

Core inflation has also eased significantly, affirming broad decline in prices. The Bank's core inflation measure, which excludes energy and utility, more than halved to 24.2% in December, 2023 down from 53.2% in December, 2022. Similarly, inflation expectations by the banking sector, businesses, and consumers declined.

Fiscal policy implementation was broadly aligned with requirement under the IMF ECL-supported programme. Provisional data shows that the performance criteria targets on the primary fiscal balance on a commitment basis, non-accumulated of external debt payment arrears, no new collateralized debt by central government and public entities, all of which are broadly on course for attainment. Fiscal performance based on provisional banking data on budget execution for January to December, 2023 shows a deficit of around 3.0% o GDP, against a target of 5.5% of GDP.

Base money growth slowed down significantly in the course of 2023 and was supportive of disinflation process. Growth in reserve money defined to include currency outside Banks and Commercial Banks reserves, slowed down significantly to 29.2% by end of December, 2023 relative to a growth rate of 57.5% in December, 2022. In real terms, credit to the private sector contracted by 10.2% relative to a 14.5% contraction, recorded over the same comparative period.

With a tight monetary policy stance and increased risk aversion of banks due to rising credit risks, private sector credit expansion broadly remained sluggish in the year. In December, 2023 the pace of growth in private sector credit slowed to 10.7% compared with 31.8% annual growth in December, 2022. In real terms, credit to the private sector contracted by 10.2% relative to 14.5%contraction, recorded over the same comparative period.

On the market, interest rates broadly trended downward at the short end of the yield curve. The 91-day and 182- day Treasury bill rates decreased to 29.49% and 31.70% respectively, in December 2023, from 35.48% and 36.23% respectively, in the corresponding period of 2022. Similarly, the rate on the 364-day instrument decreased to 32.75% in December 2023 from 36.06% in December, 2022.

The interbank weighted average rate remained well-aligned within the policy corridor by the end of 2023. The weighted average rate increased to 30.19% in December, 2023 from 25.51% in December, 2022, in line with the monetary policy rate and supported by adjustments made in cash reserve ratio. The average lending rates of Banks eased marginally to 33.75% in December, 2023 from 35.58% a year earlier.

Gross International Reserves, excluding pledged assets and petroleum funds, reflected a significant build-up of US$2.2 billion at the end of December, 2023 to stand at US$3.7 billion. The build-up was driven mainly by the gold for reserves programme and unwinding of short-term liabilities. However, the stock of Gross International Reserves ended the year at US$5.9 billion, enough to cover 2.7 months of imports of goods and services, from the stock position of US$6.3 billion (2.7 months of import cover) at the end of December, 2022.

Development in the prices of the major export commodities, together with lower production levels in cocoa and crude oil, led to a marginal decline in the trade balance. The trade account recorded a surplus of US$2.63 billion for 2023, lower that a surplus of US$2.87 billion recorded in 2022. This decline in the trade surplus was attributed to greater in export earnings relative to imports. In the year, merchandise exports declined by 4.9% to US$16.6 billion. Gold exports increased by 15.0% to US$7.6 billion benefitting from both volume and price increases. Cocoa beans exports fell marginally by 1.1% to US$1.3 billion on the back of lower volumes and price. Crude oil exports decreased significantly by 29.3% to US$3.8 billion driven by reduced volumes and lower prices. Other exports, including non-traditional exports, also decreased slightly by 1.9% to an estimated value of US$ 3.1 billion. On the imports side, payments were lower by 4.2% to US$ 14.0 billion, driven by both non-oil imports and oil and gas imports. Non-oil imports were estimated at US$9.5 billion, down by 4.6%. Oil and gas imports also decreased by 3.3% to US$ 4.5 billion.

The volatilities that characterized the foreign exchange market in January, 2023 dissipated and the Ghana cedi remained relatively stable throughout the rest of the year. The stability in the foreign exchange market hinged on improved inflows from the IMF ECF first tranche, the domestic gold purchase programme, remittances, and FX purchases from mining and oil companies, amid monetary policy tightening. These were further supported by the release of COCOBOD loan facility in December, 2023. Excluding the sharp depreciation of 20.6% in January, the Ghana cedi cumulatively depreciated by 7.2% against the US dollar between February and December, 2023 (Source: BOG Monetary Policy Meeting Report, December 2023 issued on January 20, 2024).

4. THE BANKING INDUSTRY

The Banking sector's performance improved as adverse spillovers from the domestic debt restructuring and microeconomic challenges receded. As at end 2023, the data shows that the banking sector remains stable, liquid and profitable. Profitability improved for the sector from the loss position recorded in the 2022 audited accounts, reflecting sustained increase in net interest income and fees and commissions. The industry's balance sheet was generally strong, underscored by increased assets in December 2023, funded largely by deposits.

Key financial soundness indicators remained broadly positive with the Capital Adequacy Ratio (adjusted for reliefs) above the regulatory minimum, while liquidity and profitability ratios were higher in December, 2023 compared to the same period last year.

The Non-Performing Loan ratio, however, increased in 2023, because of general repayment challenges on the part of the borrowers, reflecting the impact of general macroeconomic challenges encountered in 2022. The latest stress tests indicates that the sector remains stable on the back of the on-going recapitalization process by shareholders alongside support from the Ghana Financial Stability Fund (Source: BOG Monetary Policy Meeting Report, December 2023 issued on January 20, 2024).

5. AKUAPEM RURAL BANK PLC's PERFORMANCE

Distinguished shareholders, I am delighted to report that our Bank (Akuapem Rural Bank PLC) experienced growth in all of its key financial indicators in 2023.

Net Interest Income increased by 32.75% from GHS 18,366,013.00 in 2022 to GHS 24,381,560.00 in 2023. The increase is due to significant growth in both loans and investments portfolios. The Bank's earning assets (Loans/Advances and Investment) increased by 27.78% from GHS 103,984,563.00 in 2022 to GHS 132,870,979.00 in 2023.

The Bank's post-tax profit increased by 21.92% from GHS 1,104,320.00 in 2022 to GHS 1,346,441.00 in 2023. The Bank wrote off its investment with SDC Finance and 30% of its investment with Blackshield(Gold Coast Fund Management). These amounted to GhS2,591,404.00 in 2023.

Total Assets grew by 26.81% from GHS 123,546,834.00 in 2022 to GHS 156,664,113.00 in 2023. The growth was largely driven by Deposit growth of 30.49% resulting into loan and investment growth of 53.54% and 19.18% respectively. 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
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
2023	137,122.78	43,515.89	90,150.85	2,399.71	156,664.11	15,355.57

5.1 Deposits

Deposits grew by 30.49% from GHS 105,085,093.00 in 2022 to GHS 137,122,783.00 in 2023. We express our heartfelt gratitude to 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 98,142,835.00 were disbursed for the year 2023 with 49.93% (GHS49,000,500.00) coming from the Credit with Education (CwE) Scheme of our Microfinance operations and 26.42%(GHS25,924,859.00) from loans to Government workers on the Controller and Accountant General's platform. The Bank's Loans and Advances Portfolio saw an increase of 53.54% from GHS 27,704,668.00 in 2022 to GHS 42,538,915.00 in 2023.

5.3 Interest Income

Net Interest Income increased from GHS 18,366,013.00 in 2022 to GHS 24,381,560.00 in 2023 representing 32.75% over the previous year. The increase is as a result of the growth in loan and investment portfolios.

5.4 Share Capital

The Bank's paid-up capital stood at GhS4,870,116. Share purchases made for the year was GhS74,892.00. From 2022 to 2023 total shares purchases was GhS373,927.00. This has not been registered at the Registrar General so it is not part of the paid-up capital. We appreciate your continued patronage of the Bank's shares.

5.5 Operating Expenses

The Bank's Operating Expenses increased from GHS17,976,607.00 in 2022 to GHS 22,278,201.00 in 2023 representing an increase of 23.93%. The cost centers which contributed significantly to this was other general and administration expenses.

5.6 Dividend

For the year 2023, the Directors recommend a dividend payment of GhS538,576.00 for your approval. The dividend per share is GhS0.0034. We have received approval from the Bank of Ghana for the payment of the dividend.

6. OTHER DEVELOPMENTS

6.1 Corporate Governance Directives

The Bank fully complied with the corporate governance directives. Two Directors including me will retire after this AGM for serving for nine (9) years. In view of this, two (2) people would have to be elected to replace us. Besides, Mr. Daniel Asare-Mintah and Mr. Emmanuel Nii Awuku have resigned from the Board so two (2) additional Directors are to be elected to replace them. In sum, we would be electing four (4) Directors. For the purpose of affirmative action, I wish to appeal to you to elect at least one female Director to add to the one we have for gender diversity.

None of us took a loan from the Bank during the year 2023.

6.2 Digitalization

On the digitalization front, Ghana Pay and USSD is now operational so customers can sit anywhere 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 both the Ghana Pay and USSD.

6.3 Locked Up Funds

Fellow shareholders, we hope that the Government would pay our locked-up funds as promised before the election to enable us get these funds to enhance our operations.

6.4 Madina Branch

The relocation of the Madina Branch to the Market is yielding results. 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.

6.5 AWARDS

The bank was rated strong by the Efficiency Monitoring Unit (EMU) of the ARB Apex Bank at the end of December, 2023. We were also adjudged the Innovative and Compliant Rural Bank by the Chartered Institute of Tax Law and Forensic Accountants and 2nd Best Non-Bank Financial Institutions in Financial Literacy and Corporate Governance by GHAMFIN (Ghana Association of Microfinance Institution Network).

7.0 ACKNOWLEDGEMENTS

Distinguished Shareholders, we thank you for keeping faith with us despite nonpayment of dividend last year. Also, on behalf of the Directors leaving the Board, we thank you for your co-operation and support. We also thank our colleague Board members for their support, dedication and contributions for bringing the Bank this far. I also acknowledge Management and Staff for their hard work and good working relationship we enjoyed. The last but not the least we thank our cherished customers, we thank you for doing business with us. We wish you well and would make our expertise available to you to build a strong Bank for the benefit of all stakeholders.

Finally, to our regulators, advisory bodies especially Bank of Ghana, ARB Apex Bank, 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.

Report of the **Board of Directors**

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 2023, which disclose the statement of the affairs of Akuapem Rural Bank Limited (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
7)	Roberta Koryo Ankamah	Member

In accordance with section 325(a) of the Companies Act, 2019 (Act 992), Mr. Kwame Gyeke-Amoako and Dr. William Adjei Twumasi have retired from the Board. In addition, Mr. Daniel Asare-Mintah and Mr. Emmanuel Nii Awuku have resigned from the Board. In view of this, we are to elect four (4) Directors to replace them.

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 adequacy, 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.

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 Bank and Specialized Deposit-Taking Institutions Act, 2016 (Act 930) and in accordance with International Financial Reporting Standards ("IFRS"). They are also responsible for safeguarding the assets of the Bank and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Five-year financial summary and financial highlights

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

Five-year financial summary	2023	2022	2021	2020	2019
Interest income	29,196,228	21,257,079	16,794,926	13,368,045	12,588,812
Interest expense	(4,814,668)	(2,891,066)	(2,479,864)	(2,233,419)	(2,804,206)
Net interest income	24,381,560	18,366,013	14,315,062	11,134,626	9,784,606
Commission and fees	2,399,409	1,898,411	1,402,697	1,495,766	1,177,451
Other operating income	1,249,270	945,571	830,212	351,827	260,371
Profit before tax	2,399,710	1,497,601	2,058,081	662,231	551,874
Tax expenses	(1,053,269)	(393,281)	(527,277)	(325,228)	(103,597)
Profit after tax	1,346,441	1,104,320	1,530,804	337,003	492,121
Total assets	156,664,113	123,546,834	105,487,934	94,473,249	74,033,858
Equity	15,355,575	14,563,055	11,570,269	10,248,078	9,969,755
Total equity and liabilities	**156,664,113**	123,546,834	105,487,934	94,473,249	74,033,858

Report of the Board of Directors cont'd

Financial highlights	2023	2022	Percentage change (%)
Interest income	29,196,228	21,257,079	37.35
Interest expense	(4,814,668)	(2,891,066)	66.54
Net Interest Income	24,381,560	18,366,013	32.75
Commission and fees	2,399,409	1,898,411	26.39
Other operating income	1,249,270	945,571	32.12
Profit before taxation	2,399,710	1,497,601	60.24
Tax expenses	(1,053,269)	(393,281)	167.82
Profit after tax	1,346,441	1,104,320	21.92
Total assets	156,664,113	123,546,834	26.81
Equity	15,355,575	14,563,054	5.44
Total equity and liabilities	**156,664,113**	**123,546,834**	**26.81**

Financial results

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

	2023	2022
Profit before tax for the year	2,399,710	1,497,601
from which is deducted income tax expense of	(973,279)	(393,281)
Growth and sustainability levy	(79,990)	-
giving profit after tax of	**1,346,441**	**1,104,320**
to which is added balance on retained earnings account brought forward	2,619,397	5,203,129
Prior year adjustment	(116,274)	(190,881)
Leaving a balance before statutory and other transfers of	**3,849,564**	**6,116,568**
From which the following transfers were made:		
Transfer to statutory reserve	(336,610)	(276,080)
Transfer to stated capital	-	(2,800,361)
Transfer to dividend account	-	(612,322)
Other movement of: Regulatory credit risk reserve	87,382	191,592
	3,600,336	**2,619,397**

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

Dividend

The Directors recommend a dividend of GHS 0.0034 per share totaling GHS 538,576 to the shareholders for 2023.

Auditor's remuneration

The audit fee payable for the year under review is GHS 78,363 inclusive of taxes.

Stated capital and capital adequacy ratio

The stated capital of the Bank at the end of the reporting year was GHS 4,870,116. The Bank met the minimum capital requirement, and the 10% minimum capital adequacy ratio. The Capital adequacy ratio was 21.86%.

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 (70)
Dr. Ernest Obuobisa-Darko	Vice Chairman	Banker/Economist	10/5/2019	23/11/1962 (61)
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 (56)
Mr. Emmanuel Nii Awuku	Non-Executive Director	Retired Banker	10/5/2019	05/07/1954 (70)
Mr. Daniel Asare-Mintah	Non-Executive Director	Barrister/Solicitor	13/1/2021	30/01/1953 (71)
Mrs. Roberta Koryo Ankamah	Non-Executive Director	Lawyer	20/12/2022	06/02/1979 (45)

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. 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.

Corporate social responsibilities

The Donation and community development by the Bank amounted to GHS 118,679 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.

Approval of financial statements

The financial statements for the year set out on pages 21 to 55, which have been prepared on a going concern basis, were approved by the Board of Directors and signed on their behalf by:

Auditors

The Auditors, Messrs. UHY Voscon Chartered Accountants have been replaced with Morrison and Associates to continue in accordance with Section 81 (4) of the Banks and Specialised Deposit Taking Institutions Act 2016 (Act 930) since their term of 6 (six) years ended in 2023.

By the order of the Board:

Kwame Gyeke-Amoako	**Samuel Dako**
Chairman	Director
27/04/2024	27/04/2024

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, 2023, and of its financial performance and statement of cash flow for the year then ended and are drawn up in accordance with the International Financial Reporting Standards, issued by the International Accounting Standards Board (IASB).

What we have audited

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

The financial statements comprise:

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

Basis for opinion

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

Independence

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

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.

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.	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.

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 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.
- We communicate with the Risk, Audit, Cyber Security and Compliance Committee among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.
- We also provide a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be brought to bear on our independence, and where applicable, related safeguards. From the matters communicated with the Risk, Audit, Cyber Security and Compliance Committe 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.

Report on other legal and regulatory requirements

Compliance with the requirements of Section 137 of the Companies Act, 2019 (Act 992)

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.
4. We are independent of the Bank pursuant to Section 143 of the Companies Act, 2019 (Act 992).

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

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

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

Signed by:

For and on behalf of: UHY Voscon (ICAG/F/2024/086)

Chartered Accountants

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Dated: 30/04/2024

Statement of **Comprehensive Income**

For the year ended 31 December, 2023

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

	Note	2023	2022
Interest income	3	29,196,228	21,257,079
Interest expense	4	(4,814,668)	(2,891,066)
Net interest income		**24,381,560**	**18,366,013**
Commissions and fees	5	2,399,409	1,898,411
Other operating income	6	1,249,270	945,571
Total operating income		**28,030,239**	**21,209,995**
Operating expenses	7	(22,278,201)	(17,976,608)
Impairment of loan	8	(760,924)	(452,244)
Impairment of investment	9	(2,591,404)	(754,051)
Asset write off		-	(529,491)
Profit before taxation		**2,399,710**	**1,497,601**
Taxation	10.1	(973,279)	(393,281)
Growth & sustainability levy	10.4	(79,990)	
Profit after taxation		**1,346,441**	**1,104,320**
Other comprehensive income			
Gain/(loss) on equity investment	13	-	(43,512)
Revaluation surplus-building		-	3,546,899
Related tax	10.1	-	(886,724)
		-	2,616,663
Total comprehensive income attributable to the shareholders		**1,346,441**	**3,720,983**
Earnings per share:			
Basic		0.009	0.024
Diluted		0.009	0.024
Outstanding shares		**157,261,100**	**150,037,931**

Notes 1 to 41 on pages 26 to 55 are integral part of these financial statements.

Statement of **Financial Position**

For the year ended 31 December, 2023

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

	Notes	2023	2022
Assets			
Cash and cash equivalents	11	13,509,363	10,447,588
Investment securities	12	90,150,852	75,643,684
Equity investments	13	181,212	636,211
Loans and advances to customers	14	42,538,915	27,704,668
Other assets	18	2,208,243	946,927
Current tax	11.2	460,088	204,381
Growth & Sustainability levy	10.4	85,212	-
Property, plant and equipment	15.1	6,547,809	6,887,295
Right of use assets	16.1	745,123	801,363
Intangible asset	17.1	237,296	274,717
Total assets		**156,664,113**	**123,546,834**
Equity			
Stated capital	19	4,870,116	4,870,116
Deposit for shares		373,927	299,035
Retained earnings		3,600,336	2,619,397
Revaluation reserve		2,785,554	3,298,093
Statutory reserve fund		3,632,814	3,296,204
Regulatory credit risk reserve	20	92,828	180,210
Total equity		**15,355,575**	**14,563,055**
Liabilities			
Customer deposits	22	137,122,783	105,085,093
Deferred tax Liability	11.3	824,320	696,628
Payables and accruals	23	2,220,656	2,061,591
Dividend payable	24	831,661	900,116
Long-term borrowing	26	309,118	240,351
Total liabilities		**141,308,538**	**108,983,779**
Total equity and liabilities		**156,664,113**	**123,546,834**

Notes 1 to 41 on pages 26 to 55 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

Dated: 27/04/2024

MR. SAMUEL DAKO
Director

Dated: 27/04/2024

Statement of **Changes in Equity**

For the year ended 31 December, 2023

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

2023	Note	Stated capital	Deposit for shares	Retained earnings	Statutory reserve	Revaluation reserve	Credit risk reserve	Total
Balance as at 1 January		4,870,116	299,035	2,619,397	3,296,204	3,298,093	180,210	14,563,055
Prior year adjustment	39	-	-	(116,274)	-	-	-	(116,274)
Balance as restated		4,870,116	299,035	2,503,123	3,296,204	3,298,093	180,210	14,446,781
Transfer to retained earnings		-	-	87,382	-	-	(87,382)	-
Net profit		-	-	1,346,441	-	-	-	1,346,441
Proceeds from issue of shares		-	74,892	-	-	-	-	74,892
Fair value gain reversal		-	-	-	-	(512,539)		(512,539)
Transfer to statutory reserve		-	-	(336,610)	336,610	-	-	-
Balance at 31 December		**4,870,116**	**373,927**	**3,600,336**	**3,632,814**	**2,785,554**	**92,828**	**15,355,575**

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)
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**	**14,563,055**

Notes 1 to 41 on pages 26 to 55 are integral part of these financial statements.

Statement of **Cashflow**

For the year ended 31 December, 2023

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

Cash flows from operating activities	Notes	2023	2022
Cash generated from/ (used in) operations	26	**5,268,194**	**5,007,130**
Tax paid: Corporate tax		(1,101,294)	(500,000)
Growth and sustainability levy		(165,202)	-
Net cash generated from operating activities		**4,001,698**	**4,507,130**
Cash flows from investing activities			
Purchase of property, plant and equipment		(896,773)	(1,875,759)
Lease payment		(150,000)	(750,457)
Proceed from disposal		130,000	-
Purchase of shares		(57,540)	-
Purchase of intangible assets		(40,814)	
Net cash used in investing activities		**(1,015,127)**	**(2,626,216)**
Financing activities			
Proceeds from issue of shares			
Deposit for shares		74,892	299,035
Long-term borrowing		68,767	(292,874)
Dividend paid		(68,455)	(497,080)
Net Cash flow from financing activities		75,204	(490,919)
Increase in cash and cash equivalents		**3,061,775**	**1,389,995**
Cash and cash equivalents at the beginning of the year		10,447,588	9,057,593
Cash and cash equivalents at the end of the year	11	**13,509,363**	**10,447,588**
Analysis of cash and cash equivalents			
Cash on hand		6,207,657	4,535,383
Bank balances		7,301,706	5,912,205
At year end		**13,509,363**	**10,447,588**

Notes 1 to 41 on pages 26 to 55 are integral part of these financial statements.

Employee OF THE YEAR 2023

Love Obuo Danso

Notes & Significant Accounting Policies

For the year ended 31 December, 2023

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 Specialized 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 (GHS), 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 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. 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 value through profit or loss upon initial recognition when the following criteria are met, and designation is determined on an instrument basis.

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

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

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

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

2.8.2.3 Held to maturity financial instruments

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

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

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

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

2.8.2.4 Loans and advances

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

They are initially recognized at fair value plus 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.

2.8.2. 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.

Notes & Significant Accounting Policies cont'd

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

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 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%.

2.8.3. 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.

2.8.4. 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 14b.

2.8.5. 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, 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.

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 Statement of Financial Position. Transfers of assets with retention of all or substantially all risks and rewards include, for example, securities lending and repurchase transactions.

2.11 Offsetting

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

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

2.12 Renegotiated loans

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

2.13.1 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.

2.13.2 Deferred tax expense

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

Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

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

2.15 Provisions

Provisions are recognized when the Bank has:

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

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

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

2.14.1 Provision for restructuring/ reorganization

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

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

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

2.16 Employee benefits

2.16.1 Short term employment benefits

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

2.16.2 Leave benefits

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

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

2.16.3 Social security contributions

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

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

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

2.16.4 Other employee benefits - Provident fund

The Bank has a provident fund scheme for all permanent employees with the Bank. 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. 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 2023 (2022: GHS 529,491).

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 1 January, 2019.

2.22.1 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.

2.22.2 Subsequent Measurement

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

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

2.24 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 it 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.

Notes & Significant Accounting Policies cont'd

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

3. Interest income

	2023	2022
Interest on loans	15,261,975	8,958,265
Interest on overdraft	1,190,034	769,728
Interest on investment	12,744,219	11,529,086
	29,196,228	21,257,079

4. Interest expense

	2023	2022
Interest on deposit liabilities	3,119,313	2,231,436
Interest on savings	1,681,138	658,562
Interest on term borrowing	14,217	1,068
	4,814,668	2,891,066

5. Commissions and Fees

	2023	2022
Commission on Turnover	1,040,641	850,536
Commitment Fees	1,264,425	974,509
Cheque Clearing Fees	94,343	73,366
	2,399,409	1,898,411

6. Other operating income

	2023	2022
Processing fees	937,493	529,566
Bad debts recovered	105,769	78,211
Sundry income	206,008	337,794
	1,249,270	945,571

7. Operating expenses

	2023	2022
Staff costs (7.1)	12,351,185	10,134,627
Depreciation and amortization (7.3)	1,334,881	1,670,904
Directors' remuneration	181,710	162,186
Audit fees	78,363	59,731
Other general and administrative expenses (7.2)	8,332,062	5,949,158
	22,278,201	17,976,606

7.1. Staff related cost

	2023	2022
Salaries	5,405,021	4,677,672
Employer's social security fund	693,445	599,217
Employer's provident fund	388,312	332,483
Staff training and development	243,229	122,001
Staff medical	366,743	264,060
Other staff allowances	4,820,341	3,867,536
Bonus	434,094	271,658
	12,351,185	10,134,627

Notes & Significant Accounting Policies cont'd

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

7.2. Other general and administration expenses	2023	2022
Board meeting expenses	**141,335**	133,006
Travelling expenses	**351,958**	195,084
Audit expenses	**65,070**	51,448
Legal fees	**80,644**	54,902
Professional charges	**8,533**	5,307
Printing and stationery	**420,477**	267,404
Repairs and maintenance	**462,116**	295,457
Postage, telephone and telegraph	**225,685**	190,697
Insurance	**629,046**	513,753
Utilities	**367,649**	285,155
Advertising and publicity expenses	**78,411**	69,872
Subscription/periodicals	**143,404**	89,945
Annual General Meeting Expenses	**142,442**	143,288
Rent and rate	**34,331**	61,717
Donation/Community development	**118,679**	55,095
Computerization expenses	**360,605**	379,385
Other expenses (Appendix 1)	**4,701,677**	3,157,645
	8,332,062	5,949,158

7.3. Depreciation and amortization	2023	2022
Property. Plant and equipment	**1,050,406**	1,293,930
Intangible assets	**78,235**	81,690
Right of use assets	**206,240**	295,284
	1,334,881	1,670,904

Appendix 1. Other expenses	2023	2022
Specie expenses	**29,378**	29,606
Bank charges	**16,417**	12,642
Till shortages/ excess	**5,310**	5,192
Recovery expenses	**101,202**	21,204
Office expenses	**182,257**	129,860
Police/ Security expenses	**440,490**	390,669
Donations-funerals	**21,788**	13,355
Motor vehicle running expenses	**412,144**	462,173
Repairs & Maintenance- M.V	**189,799**	108,728
Micro Finance expenses	**376,801**	499,982
Penalties	**-**	12,000
Cleaning expenses	**294,366**	149,139
Other expenses	**61,113**	54,244
Commission (CAGD/Aku micro)	**539,838**	-
Marketing & promotional expenses	**354,766**	166,795
Generator running expenses	**39,456**	55,641
Susu expenses	**1,352,154**	880,702
Entertainment expenses	**175,242**	87,382
Other Staff expenses	**109,156**	78,331
	4,701,677	3,157,645

Notes & Significant Accounting Policies cont'd

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

8. Impairment of loans

	2023	2022
Balance b/f	**216,051**	102,435
Loans written off	**-**	(338,629)
	216,051	(236,194)
Increase/(decrease) in provision charged to profit/loss	**760,924**	452,244
	976,975	216,051

9. Impairment of investments

	2023	2022
Balance b/f	**121,795**	871,767
write off*	**(2,591,635)**	(1,504,023)
	(2,469,840)	(632,256)
Increase/(decrease) in provision charged to profit/loss	**2,591,404**	754,051
	121,564	121,795

**This relates to SDC investment and include 30% of Gold Coast investments (AM Fund) Impaired*

10. Taxation

10.1 Income tax expenses

	2023	2022
Current tax expense	**845,587**	709,619
Charge to income statement for deferred tax	**127,692**	(316,338)
Charge to OCI	**-**	886,724
	973,279	1,280,005

10.2 Current tax

Year of assessment	Balance at 01/01/2023	Adjustment	Payments	Charge for the Year	Balance at 31/12/2023
2020	(115,093)	-	-	-	(115,093)
2021	(298,907)	-	-	-	(298,907)
2022	209,619	-	-	-	209,619
2023	-	-	(1,101,294)	845,587	(255,707)
	(204,381)		**(1,101,294)**	**845,587**	**(460,088)**

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

10.3 Deferred tax

	2023	2022
Balance at year start	**696,628**	126,242
Charge to income statement tax	**127,692**	(316,338)
Charge to OCI	**-**	886,724
	824,320	696,628

Notes & Significant Accounting Policies cont'd

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

	2023	2022
Reconciliation of tax expense to product of accounting profit and applicable rate		
Profit before taxation	**2,399,710**	**1,497,601**
Tax at applicable rate (25%)	599,928	374,400
Add (Deduct):		
Tax effect of non-deductible expenses	621,248	537,135
Tax effect of capital allowances	(267,860)	(201,916)
Tax effect of deductible income	(107,728)	
Tax effect of origination and reversal of temporary difference	127,692	570,386
Tax expense	**973,279**	**1,280,005**
Effective tax rate	**40.56%**	**85.47%**

10.4 Growth and sustainability levy

10.4 Growth and sustainability levy	2023	2022
Balance at year start	-	-
Charge to income statement	79,990	-
Payment	(165,202)	-
	(85,212)	**-**

11. Cash and bank balances

11. Cash and bank balances	2023	2022
Cash holdings	6,207,657	4,535,383
Banks (11.1)	7,301,706	5,912,205
	13,509,363	**10,447,588**

11.1. Bank balance

11.1. Bank balance	2023	2022
ARB Apex Bank PLC	7,163,894	5,523,910
Other banks	137,812	388,295
	7,301,706	**5,912,205**

12. Trading investment

12. Trading investment	2023	2022
91/182 Day treasury bill	27,999,093	11,699,999
1-year T-bill	5,995,146	5,296,401
Treasury bill	**33,994,239**	**16,996,400**
GoG Bonds	33,906,777	32,207,450
Fixed deposit	14,366,598	16,400,617
ARB Apex Bank PLC certificate of deposit	7,700,000	8,800,000
	89,967,614	**74,404,467**
Accrued interest	2,120,995	2,093,983
Unearned discount	(1,816,193)	(732,974)
	90,272,416	**75,765,476**
Provision for ECL	(121,564)	(121,792)
	90,150,852	**75,643,684**

Notes & Significant Accounting Policies cont'd

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

13. Equity investment

	2023	2022
Shares in Apex Bank PLC	636,211	679,723
Reversal of fair value gain	(512,539)	-
Changes in fair value	-	(43,512)
Additions	57,540	-
	181,212	636,211

14. Loans and advances

	2023	2022
a. Analysis by type of facility		
Overdrafts	891,465	1,116,141
Term loans	42,602,760	26,734,648
Gross loans and advances	43,494,225	27,850,789
Interest receivable	1,267,900	367,532
Interest in suspense	(1,246,236)	(297,602)
	43,515,889	27,920,719
Less: provision for credit losses	(976,974)	(216,051)
Net loans and advances	42,538,915	27,704,668

b. Analysed by customer	2023	2022
Individuals	24,621,803	14,171,928
Private enterprise	995,881	918,261
Public enterprises & institutions	2,505,746	411,659
Others	15,370,794	12,348,941
	43,494,225	27,850,789
Interest receivable	1,267,900	367,532
Interest in suspense	(1,246,236)	(297,602)
Less: provision for Credit losses	(976,974)	(216,051)
Net loans and advances	42,538,915	27,704,668

2023	Gross	ECL	Carrying
Loan sector	amount	allowance	amount
Agric	865,586	7,611	857,975
Transport	4,976,179	139,800	4,836,379
Trading	17,165,167	351,038	16,814,129
Others	21,755,193	478,525	21,276,668
	44,762,125	976,974	43,785,151
Interest in suspense			(1,246,236)
Net loans and advances			42,538,915

Notes & Significant Accounting Policies cont'd
(All amounts are stated in Ghana cedis unless otherwise stated)

Loan Sector	Stage 1	Stage 2	Stage 3	Total
Agric	845,356	20,230	-	631,608
Transport	4,748,742	134,082	93,354	4,279,405
Trading	15,774,858	1,208,876	181,432	12,114,405
Others	20,285,456	1,200,625	269,113	11,192,902
	41,654,412	**2,563,813**	**543,899**	**44,762,125**
ECL	(374,850)	(58,225)	(543,899)	(976,974)
Carrying amount	**41,279,562**	**2,505,588**	**-**	**43,785,151**
Interest in suspense				**(1,246,236)**
Net loans and advances	**41,279,562.00**	**2,505,588**	**-**	**42,538,915**

15.1. Property, plant and equipment 2023

Cost/valuation	1 January	Additions	Reclassification	Disposal/ write off	31 December
Building	4,884,621	-	(237,823)	(190,285)	4,456,513
Furniture and fittings	449,538	207,113	118,816	(175,142)	600,325
Office equipment	575,586	489,619	117,259	(33,472)	1,148,992
Computer	611,479	188,061	-	(31,772)	767,768
Motor vehicles	1,253,188	-	-	-	1,253,188
Generator plant	256,812	-	-	-	256,812
Leasehold improvement		11,980	749,492	-	761,472
Capital work in progress	749,492	-	(749,492)	-	-
Total	**8,780,716**	**896,773**	**(1,748)**	**(430,671)**	**9,245,070**

Accumulated depreciation	1 January	Charge for the year	Reclassification	Disposal/ write off	31 December
Building	656,056	236,413	-	(128,427)	764,042
Furniture and fittings	207,174	78,997	-	(79,136)	207,035
Office equipment	262,191	225,666	-	(7,231)	480,626
Computer	343,217	156,565	-	(31,772)	468,010
Motor vehicle	295,402	250,136	-	-	545,538
Generator plant	129,381	26,482	-	-	155,863
Leasehold improvement	-	76,147	-	-	76,147
Capital work in progress	-	-	-	-	-
Total	**1,893,421**	**1,050,406**	**-**	**(246,566)**	**2,697,261**

Carrying value:	
Building	3,692,471
Furniture and fittings	393,290
Office equipment	668,366
Computer	299,758
Motor vehicle	707,650
Generator plant	100,949
Leasehold improvement	685,325
Capital work in progress	-
31 December, 2023	**6,547,809**

Notes & Significant Accounting Policies cont'd

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

15.2. 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	Revaluation	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

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

16.1. Right-of-use Assets

	2023	2022
Balance at 1 January	**1,340,474**	590,017
Additions	**150,000**	750,457
	1,490,474	**1,340,474**
Accumulated depreciation		
Balance at 1 January	**539,111**	243,827
Depreciation on right of use asset	**206,240**	295,284
	745,351	**539,111**
	745,123	**801,363**

Notes & Significant Accounting Policies cont'd
(All amounts are stated in Ghana cedis unless otherwise stated)

17.1. Intangible asset

Cost/ valuation 2023	1 January	Additions	Reclassification /Transfer	Disposal/write off	31 December
Computer software	475,355	40,814	-	-	516,169
	475,355	**40,814**	**-**	**-**	**516,169**

Accumulated amortization	1 January	Charge for the year	Reclassification /Transfer	Disposal/write off	31 December
Computer software	200,638	78,235	-	-	278,873
	200,638	**78,235**	**-**	**-**	**278,873**
Carrying value 31 December 2023					237,296

17.2. 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 2023					274,717

18. Other assets

	2023	2022
Prepayments	**260,599**	253,413
Inventory	**276,584**	185,185
Sundry debtors	**124,237**	52,312
Uncleared effects	**944**	(177)
Office account	**909,380**	181,615
Interagency account	**40,273**	-
Interest and commission accrued	**583,637**	274,579
Others	**12,589**	-
	2,208,243	946,927

19. Stated capital

	2023		2022	
	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	81,917,346	1,530,450	81,917,346	1,530,450
Issued for consideration other than cash	68,120,585	3,339,666	68,120,585	3,339,666
	150,037,931	**4,870,116**	**150,037,931**	**4,870,116**

Notes & Significant Accounting Policies cont'd

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

The Bank engaged a consultant who revalued the share price of the Bank to reflect the market value of the Bank. The share price was revised from GHS 0.05 to GHS 0.30 per the report by the Consultant dated 30th June, 2023.

20. Credit risk reserve	2023	2022
BoG loan impairment provision	1,069,802	396,261
IFRS loan impairment provision	976,974	216,051
Difference	**92,828**	180,210

20.1 Credit risk reserve	2023	2022
Balance at 1 January	180,210	371,802
Transfer from retained earnings	(87,382)	(191,592)
	92,828	180,210

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 GHS 68,455 was paid, out of the outstanding dividend of GHS 900,116.

22. Customer Deposits	2023	2022
Demand deposits	35,936,213	22,750,725
Time deposits	25,834,180	21,834,999
Savings accounts	71,358,552	58,082,614
E-Zwich	2,970,810	1,459,368
Accrued interest	1,023,028	957,387
	137,122,783	**105,085,093**

23. Payables and Accruals	2023	2022
Audit fees	78,363	59,281
Sundry creditors	432,179	308,265
Payment order/bills payable	143,474	205,013
Office Accounts	1,436,640	1,345,744
Provision-AGM	130,000	143,288
	2,220,656	**2,061,591**

24. Dividend payable	2023	2022
Balance as at 1st January	900,116	784,874
Declared during the year	-	612,322
Payment during the year	(68,455)	(497,080)
Balance at 31st December	**831,661**	**900,116**

25. Long term borrowings	2023	2022
NIA verification loan	**119,525**	-
T24 license	**9,564**	60,525
Covid 19 relief loan	**180,029**	179,826
	309,118	240,351

26. Cash generated from/ (used in) operations

	2023	2022
Cash flows from operating activities:		
Profit before tax	**2,399,710**	1,497,601
Add:		
Depreciation and amortization	**1,334,881**	1,375,620
loan impairment	**760,924**	452,244
Impairment of investment	**2,591,404**	754,051
Write off		529,491
Prior year adjustment	**(116,274)**	(190,881)
Loss on disposal	**2,343**	-
Transfer from capital work in progress expensed		(17,140)
Cash inflow before changes in assets and liabilities	**6,972,988**	4,696,271
Changes in assets and liabilities		
(increase) /decrease in investment	**(17,098,573)**	(9,354,900)
Increase/decrease in loans and advances	**(15,595,171)**	(5,535,863)
Increase/decrease in other assets	**(1,207,805)**	528,260
Increase/decrease in customer deposit	**32,037,690**	13,813,439
Increase/ decrease in other liabilities	**159,065**	859,923
Cash generated from/ (used in) operations	**5,268,194**	5,007,130

27. Capital commitments

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

28. Contingencies

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

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:

i. has control or joint control over the reporting entity;

i. has significant influence over the reporting entity; or

ii. 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:

i. 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).

ii. 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).

iii. Both entities are joint ventures of the same third party.

iv. One entity is a joint venture of a third entity and the other entity is an associate of the third entity.

v. 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.

vi. The entity is controlled or jointly controlled by a person identified in (a).

vii. 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).

viii. 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, 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	**2023**	2022
Directors' emoluments	**181,710**	162,186
Salaries and other benefits (KMP*)	**1,252,707**	1,046,872
	1,434,417	**1,209,058**

*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.

Loans and advances

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

Details (2023)	**At start of year**	**Addition**	**Payments**	**Write offs**	**At year end**
Firms in which directors are related	-	-	-	-	-
Directors	-	-	-	-	-
Officers	**2,023,445**	**1,243,938**	**(1,192,375)**	-	**2,075,008**
Other employees	**869,380**	**696,800**	**(719,486)**	-	**846,694**
	2,892,825	**1,940,738**	**(1,911,861)**	-	**2,921,702**

No loans were granted to the Directors of the Bank during the 2023 reporting year.

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

31. Shareholding structure

30.1 Number of shares outstanding

Earnings and dividend per share are based on 157,261,100 (2022: 156,018,892) Ordinary Shares Outstanding.

30.2 Directors shareholding:

The total number of shares of 2,170,480 held by the Directors of the Bank at the reporting date represented **1.39%** of the total number of shares outstanding then. Below are the details:

Directors' shareholding as at 31 December 2023

Board of Directors	Position	Account numbers	Share	Percentage (%) of shareholding
Dr. William Adjei-Twumasi	Non-Executive Director	SH31401418	804,760	0.52
Mr. Emmanuel Nii Awuku	Non-Executive Director	SH31401385	421,642	0.27
Mr. Kwame Gyeke-Amoako	Chairman	SH31401767	404,531	0.26
Mr. Samuel Dako	Non-Executive Director	SH31401888	241,555	0.15
Mrs. Roberta K. Ankamah	Non-Executive Director	SH31402451	160,000	0.10
Dr. Ernest Obuobisa-Darko	Vice- Chairman	SH31402310	122,660	0.08
Mr. Daniel Asare-Mintah	Non-Executive Director	SH31402337	15,332	0.01
			2,170,480	**1.39**

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

31.3 Key Management staff/staff

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

The Bank had 16 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
Kenneth Adu-Siaw	SH31401701	130,000	0.083
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
Collins Asamoah	SH31402438	75,925	0.048
Moses Kwabena Agyapong	SH31401389	70,913	0.045
Agyapong Livingstone Kwaasi	SH31402292	53,664	0.034
Kingsley Kyere	SH31402363	4,917	0.003
Juliet Okyere	SH31402464	3,066	0.002
Cynthia Manteaw	SH31401408	1,917	0.001
Total employee shareholding		**2,151,814**	**1.379**
Other than employee shareholding		**155,109,286**	**98.621**
Total shareholding		**157,261,100***	**100**

**Total shares of 7,223,169 yet to be regularized with the Office of the Registrar of Companies (ORC) were presented as deposit for shares in 2023.*

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.

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

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

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

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

33. 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, 2023 is the carrying amount of the financial assets as set out below:

	Notes	2023	2022
Balance with other banks	11.1	**7,301,706**	5,912,205
Investment securities	12	**90,272,416**	75,765,476
Loans and advances	15	**43,515,889**	27,920,719
Equity investments	14	**181,213**	636,211
		141,271,224	**110,234,611**

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.

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.

Notes & Significant Accounting Policies cont'd

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

2023	0 -3 months	4- 6 months	7 - 12 months	Above 1 year	Total	Carrying amount
Assets						
Cash and cash equivalent	13,509,363	-	-	-	13,509,363	13,509,363
Investment securities	35,092,504	9,802,993	10,414,630	34,962,289	90,272,416	90,150,852
Loans and Advances	891,465	11,966,364	2,956,976	27,679,419	43,494,224	42,538,915
Other assets	2,208,243	-	-	-	2,208,243	2,208,243
Total assets	**51,701,575**	**21,769,357**	**13,371,606**	**62,641,708**	**149,484,246**	**148,407,373**
Liabilities						
Demand and savings	35,936,213	75,352,390	-	-	111,288,603	111,288,603
Time deposits	-	25,834,180	-	-	25,834,180	25,834,180
Other liabilities (bill & dividend payable)	975,135	-	-	-	975,135	975,135
Total liabilities	**36,911,348**	**101,186,570**	**-**	**-**	**138,097,918**	**138,097,918**
Net liquidity gap (2023)						**10,309,455**
Net liquidity gap (2022)						**8,552,644**

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.

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.

Notes & Significant Accounting Policies cont'd

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

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

	Level 1	Level 2	Level 3	Total
2023				
Financial assets				
Equity investment	-	-	181,213	181,213
2022				
Financial assets				
Equity investment	-	-	636,211	636,211

34 Stated capital and reserves

34.1 Stated capital

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

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

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

(c) the total amount which the Bank by special resolution shall have resolved to transfer to stated capital from surplus, as defined in section 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 Deposit-Taking Institutions 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.

(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	2023	2022
Tier 1 capital	15,355,575	11,986,722
Tier 2 capital	2,785,554	3,298,093
Total regulatory capital	18,141,129	15,284,815
Adjusted capital base (a)	17,722,621	14,373,887
Adjusted asset base (b)	81,069,387	59,177,227
Capital adequacy ratio (a/b)	21.86	24.29
Capital surplus (adjusted capital base less 10% of adjusted asset base	9,615,682	8,456,164

	2023	2022
Capital adequacy by BOG	10%	10%
Capital adequacy of the Bank	21.86%	24.29%
NPL Benchmark	5%	5%
NPL	2.11 %	1.12%
Liquid Assets Ratio	75.60%	81.93%
Default in Regulatory Compliance	Nill	1

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.

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. Prior year adjustment

This relates to a customer's fixed deposit recognised as income upon maturity as a result of system glitch now corrected.

Notes & Significant Accounting Policies cont'd

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

40. Value added statement	2023	2022
Interest and banking income	**31,595,637**	23,155,490
Direct cost	**(4,814,668)**	(2,891,066)
Value added by banking services	**26,780,969**	**20,264,424**
Non-banking income	**1,249,270**	945,571
Write off	**-**	(529,491)
Impairment	**(3,352,328)**	(1,206,295)
Value added	**24,677,911**	**19,474,208**
Distributed as follows To employees:		
Directors	**(181,710)**	(162,186)
Other employees	**(12,351,185)**	(10,134,627)
To Government:		
Income tax	**(1,053,269)**	(393,281)
Bank's expansion and growth:		
Depreciation and amortisation	**(1,334,881)**	(1,375,620)
Other operating cost	**(8,410,425)**	(6,304,173)
To retained earnings	**1,346,441**	**1,104,320**

41. Shareholders' information

41.1 Shareholding distribution as at 31 December, 2023

41.1 Shareholding distribution as at 31 December, 2023

Holding	Number of shareholders	Percentage of shareholders (%)	Number of shares	Percentage of holding (%)
1-1,000	-	-	-	-
1,001-5,000	786	32.48	2,272,966	1.45
5,001-10,000	250	10.33	1,966,542	1.25
10,001-50,000	990	40.91	21,982,877	13.98
Over 50,000	394	16.28	131,038,715	83.32
	2,420	**100.00**	**157,261,100***	**100.00**

**Total shares of 7,223,169 yet to be regularized with the Office of the Registrar of Companies (ORC) were presented as deposit for shares in 2023*

Notes & Significant Accounting Policies cont'd

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

41.2 Twenty largest Shareholders as at 31 December, 2023

Number	Customer number	Shareholders	Number of shares	Percentage of shareholding
1.	SH31402378	Dordunoo Cletus Kwashi	9,199,464	5.85
2.	SH31402311	Akua Aboabea Aboah	9,017,391	5.73
3.	SH31401315	Samuel Okyere Ayisi	7,189,116	4.57
4.	SH31401895	Owusu Amoah Ammishaddai/Emma	6,835,844	4.35
5.	SH31401766	Samuel Larbi Darko	4,132,057	2.63
6.	SH31401209	Kwabena Boadu Oku Afari	3,072,779	1.95
7.	SH31401879	Prof Benjamin Kwadjo Ahunu	2,874,833	1.83
8.	SH31401586	Samuel Dadzie	2,510,687	1.60
9.	SH31401165	Edward Henaku Boohene	2,215,558	1.41
10.	SH31401002	Ernestina Siebe Ayisi	2,187,079	1.39
11.	SH31401616	Vivian Korkor Agbozo	2,099,645	1.34
12.	SH31401396	Tettey Dziedzorm Gaenyedzi Kwami	2,019,166	1.28
13.	SH31402197	Cedars Investment Limited	2,010,985	1.28
14.	SH31401909	Cynthia Mullings-Akuffo	1,820,727	1.16
15.	SH31401881	Dr Esther Odofoley Sakyi-Dawson	1,804,628	1.15
16.	SH31402455	Adu Dosia Adjeley	1,724,900	1.10
17.	SH31401612	Ayisi Blessed Rexford	1,580,819	1.01
18.	SH31401821	Anane-Kyeremeh Kofi	1,533,244	0.97
19.	SH31402087	Regina Obu	1,475,747	0.94
20.	SH31400801	Irene Anang -Tetteh Mrs	1,227,981	0.78
		Total	**66,532,650**	**42.31**
		Others	**90,728,450**	**57.69**
		Grand Total	**157,261,100***	**100.00**

**Total shares of 7,223,169 yet to be regularized with the Office of the Registrar of Companies (ORC) were presented as deposit for shares in 2023*

AKUAPEM RURAL BANK PLC
EST. 1980

Akumicro Loan

0303 965 730

Email: **info@akuapemruralbank.com** • Website: **www.akuapemruralbank.com**

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,**

9th November, 2024 at 10:00 O'clock in the forenoon and at any adjournment thereof.

Signed………………………………………………………this…………………………day of…………………………………2024.

…………………………………………………

Shareholder's Signature

AKUAPEM RURAL BANK PLC

ADMISSION FORM

ANNUAL GENERAL MEETING to be held at **METHODIST GIRLS' SENIOR HIGH SCHOOL, Mamfe** and **VIRTUALLY on Zoom platform on Saturday, 9th November, 2024 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.

OUR PRODUCTS

STRATEGIC PRODUCTS

- Credit with Education
- 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
- USSD

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

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Larteh
Adawso

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