



MPONUA

RURAL BANK LTD.

REPORTS AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

AWARDS & CERTIFICATE



GHANA CLUB 100 AWARDS 2024
MPONUA RURAL BANK PLC



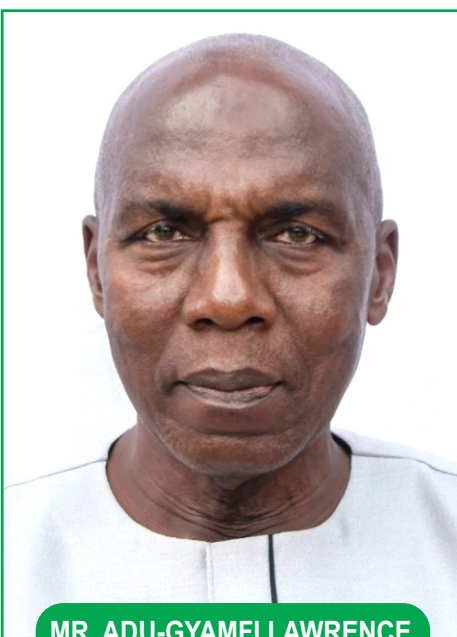
BOARD OF DIRECTORS



MR. DANIEL OHENE KWAKU OWUSU
(Board Chairman)



MR. GEORGE OKYERE
(Board Secretary)



MR. ADU-GYAMFI LAWRENCE
(Board Member)



MR. OFFEI DAUTEY ANKOBEA
(Board Member)

MANAGEMENT TEAM



MISS FELICIA BOAMAH HALL
(Chief Executive Officer)



MR. KWABENA LARBI DONKOR
(Head of Operations)



MISS CHERUB KENI OKOTO
(Head of Accounts)



MR. EBENEZER NORTEY
(Head of Internal Audit)



MR. BISMARK AGYEKUM
(Head of Risk & Compliance)



MR. GYAMERA ABANKWA BRIGHT
(Head of Human Resource)



MR. ERIC OSEI AMEYAW
(Head of Credits)



MISS ESTHER AKYAA DAPAAH
(Head of Micro Finance)



MR. OSEI-MIREKU DANKYI ANTHONY
(Head of Information Technology)



MR. MANU AUGUSTINE
(Head of Recovery, Mobilization & Marketing)

AGENCY HEADS



MISS ESTHER VICTORIA ODEI
(Head of Nkawkaw Agency)



MISS JANET SOMUAH
(Head of Asankare Agency)



MR. CHARLES SARPONG
(Head of Obogu Agency)



MR. EMMANUEL N. AMLALO
(Head of Koforidua Agency)



MR. HARRISON BOADI
(Head of Konongo Agency)



MR. KOFI GYAMFI
(Head of New Abirem Agency)



MR. OFORI LARBI ANDRE
(Head of Asuboni Rails Agency)



MR. SAMUEL OFORI ADARKWA
(Head of Amuana Praso Agency)

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**NOTICE OF THE 30TH ANNUAL GENERAL MEETING
ON SATURDAY, DECEMBER 14, 2024**

Notice is hereby given that the 30th Annual General Meeting of shareholders of Mponua Rural Bank Limited will be held at the Roman Catholic Church Premises at Amuana Praso on Saturday, December 14, 2024 at 10:00 a. m. to transact the following business:

AGENDA

1. To read the notice convening the meeting.
2. To receive the Report of the Chairman of Board of Directors.
3. To receive the Report of the Board of Directors.
4. To receive the Auditors' report on the Financial Statements for the year ended December 31, 2023.
5. To ratify the appointment of new External Auditors and to authorize Directors to fix the Auditors' Remuneration.
6. To elect directors in place of those retiring.
7. To declare Dividend
8. To fix the Remuneration of Directors.
9. Any other business.



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BOARD SECRETARY

DATED 30TH OCTOBER, 2024
BY ORDER OF THE BOARD

NOTE: *All shareholders are to act on this notice and attend.*

CORPORATE INFORMATION

Board of Directors : **Mr. Andrews Ameyaw** **Chairman** (Retired on 16/12/2023)
Mr. Daniel O.K. Owusu **Vice Chairman** (Appointed on 19/05/2022)
Mr. Offei Dautey Ankobea **Member** (Appointed on 19/09/2022)
Mr. George Okyere **Member** (Appointed on 25/09/2010)
Mr. Lawrence Adu-Gyamfi **Member** (Appointed on 06/06/2023)

Board Secretary : **Mr. George Okyere**

**Registered Office
and Address** : **Opp. Total 2 Filling Station**
P. O. Box NK. 401
GPS: EJ-0000-4789
Nkawkaw- Eastern Region

Auditors : **Osei Owusu - Ansah & Associates**
(Chartered Accountants)
P. O. Box KS 1301
Kumasi - Ghana

Solicitors : **Baako Apem Chambers**
Legal Practitioners & Consultant
P. O. Box 32
Koforidua- Eastern Ghana

Banks : **ARB Apex Bank PLC**

CHAIRMAN'S REPORT

1.0 INTRODUCTION

Nananom, Fellow Directors, Shareholders, Distinguish Guests, friends from the media, ladies and gentlemen, on behalf of the Board of Directors and Management of Mponua Rural Bank Ltd, I warmly welcome you to the 30th Annual General Meeting of our Bank. I am delighted to present to you, our Bank's achievements and performance in 2023 and highlights on the way forward.

2.0 THE BANK'S IMAGE

Nananom, Distinguished Guests, ladies and gentlemen, it is worthy to note that Mponua Rural Bank Limited was rated “Strong” throughout the four quarters in 2023 and due to its persistent hard work has been ranked as the **NUMBER ONE** Rural and Community Bank in the whole country for the first quarter ended 31st March 2024 by the ARB Apex Bank PLC. This is the third time that Mponua Rural Bank as attained this prestigious feat. I humbly dedicate this achievement to all stakeholders who have played very meaningful roles in bringing our Bank to this prominent position.

We are delighted to inform you that our Bank has been admitted into the Ghana Club 100 by the Ghana Investment Promotion Centre. During the recent 21st Edition of Ghana Club 100 Awards Ceremony, Mponua Rural Bank was ranked 55th among the elite companies in Ghana and 3rd in the rural banking sector. These prestigious Awards have given recognition of the unwavering commitment of our Bank in delivering exceptional quality banking services to the public towards the realization of our strategic corporate objectives and values.

The Chairman of the Board, Mr. Daniel Ohene K. Owusu was also elected to represent the Eastern Regional Chapter of the Association of Rural Banks-Ghana on the ARB Apex Bank PLC Board in July, 2023. Further, Miss Felicia Boamah Hall, the Chief Executive Officer of our Bank, was conferred Fellowship Honours by the Chartered Institute of Credit Management (Ghana). On behalf of the Board, Management and Staff of Mponua Rural Bank, I congratulate the Bank and the personalities concerned for bringing the image of the Bank into high focus.

3.0 OVERVIEW OF THE ECONOMIC ENVIRONMENT IN GHANA

The economic challenges of 2022 continued into 2023 which was a reflection of the global economy. The economy however, eased after the International Monetary Fund (IMF) Board approved Ghana's first tranche release of US\$600million under an Extended Credit Facility with prescribed conditions.

The Ghanaian economy gradually indicated signs of recovery during the year. The composite index of economic activity reported by Bank of Ghana rebounded with an annual growth of 9.6% compared to a contraction of 6.2% in 2022. The Ghana Statistical Service data showed an expansion in overall real GDP by an annual rate of 2.9 percent, driven by the services and agriculture sectors, relative to 3.1 percent in 2022. Ghana's economic growth is expected to surge to 3.7% in 2024, driven by increased consumer activity.

In terms of the general performance of the economy, the year 2023 was characterized by the following economic factors:

I. Inflation

Headline inflation saw a significant slowdown, dropping to 23.2 percent in December 2023 from its peak of 54.1 percent at the end of December 2022. This decline was attributed to both a reduction in food and non-food prices. Food inflation decelerated sharply to 28.7 percent in December 2023, compared to 59.7 percent in December 2022, while non-food inflation also decreased to 18.7 percent from 49.9 percent over the same comparative period.

II. Interest Rate

The 91-day and 182-day Treasury bill rates declined to 29.49 per cent and 31.70 per cent respectively in December 2023, from 35.48 per cent and 36.23 per cent in the corresponding period of 2022. Further, the interest rate on the 364-day instrument dipped to 32.97 per cent in December 2023 from 36.06 per cent in December 2022.

III. Bank of Ghana Policy Rate

The monetary policy rate, according to Bank of Ghana report, increased by 300 basis points to 30 per cent at the end of 2023 compared with 27 per cent at end 2022.

IV. Depreciation of the Cedi

The Ghana cedi recorded a cumulative depreciation of 6.6% against the US dollar between February and December, 2023, after 20.6% depreciation in January 2023. The Ghana cedi depreciated by 7.76% over the year.

4.0 BANKING INDUSTRY

The performance of the banking sector improved significantly from the previous year, 2022, which was challenging for banks, because of the unfavourable effects of the Domestic Debt Exchange Programme (DDEP).

The banking industry's Total Assets inched up by 29.7 percent to GH¢274.9 billion in 2023 compared with GH¢212.0 billion in 2022, which was funded significantly by Deposits, growing by 34.6 percent to GH¢214.5 billion with support from the Ghana Financial Stability Fund and Retained Earnings.

The industry recorded an impressive Net Profit of GH¢8.3 billion in 2023 as against a loss of GH¢6.6 billion in 2022. The Non-Performing Loans Ratio in the industry worsened in 2023 by reaching a level of 20.7 percent from 16.0 percent in 2022 as borrowers faced repayment challenges. However, Loans and Advances increased by 13.8 percent to GH¢77.0 billion, thus further deepening financial intermediation.

5.0 THE RURAL BANKING SUB-SECTOR

The performance of the rural banking sub-sector mirrored that of the banking industry with growth in the key performance indicators. Total Assets appreciated by 30.1 percent to a level of GH¢11.0 billion in 2023, compared with GH¢8.4 billion in 2022.

The remarkable growth in total assets was contributed mainly by deposits, with increase of 31.1 percent to GH¢9.7 billion and profit indicating a growth of 122.4 percent to GH¢164.0 million. Loans and Advances benefited from the growth in total assets by recording an increase of 26.9 percent to GH¢3.3 billion, with Non-Performing Loan (NPL) Ratio improving to 9.9 percent down from 11.2 percent over the period under review. Capital Adequacy Ratio (CAR), a measure of solvency, posted a marginal improvement from 10.7 percent in 2022 to 12.5 percent in 2023.

The performance of the rural banking sub-sector in 2023 is largely satisfactory.

6.0 FINANCIAL HIGHLIGHTS AND PERFORMANCE

The Bank despite operating under economic and social challenges, recorded an unprecedented performance in some of the key performance indicators as portrayed by the comparative data for 2022 and 2023 below.

Indicators	2023 (GH¢)	2022 (GH¢)	% Charge
Total Assets	83,338,536.00	64,960,306.00	28.29%
Deposits	67,908,637.00	53,660,372.00	26.55%
Loans (Net)	15,341,157.00	11,761,126.00	30.44%
Investments	45,462,538.00	34,500,000.00	31.78%
Profit Before Tax	7,125,792.00	2,548,763.00	179.58%
Tax Charged	1,708,607.00	873,736.00	95.55%
Profit After Tax	5,417,186.00	1,675,027.00	223.41%
Stated Capital	2,467,665.00	2,462,145.00	0.22%
Shareholders' Funds	14,232,015.00	8,988,310.00	58.34%

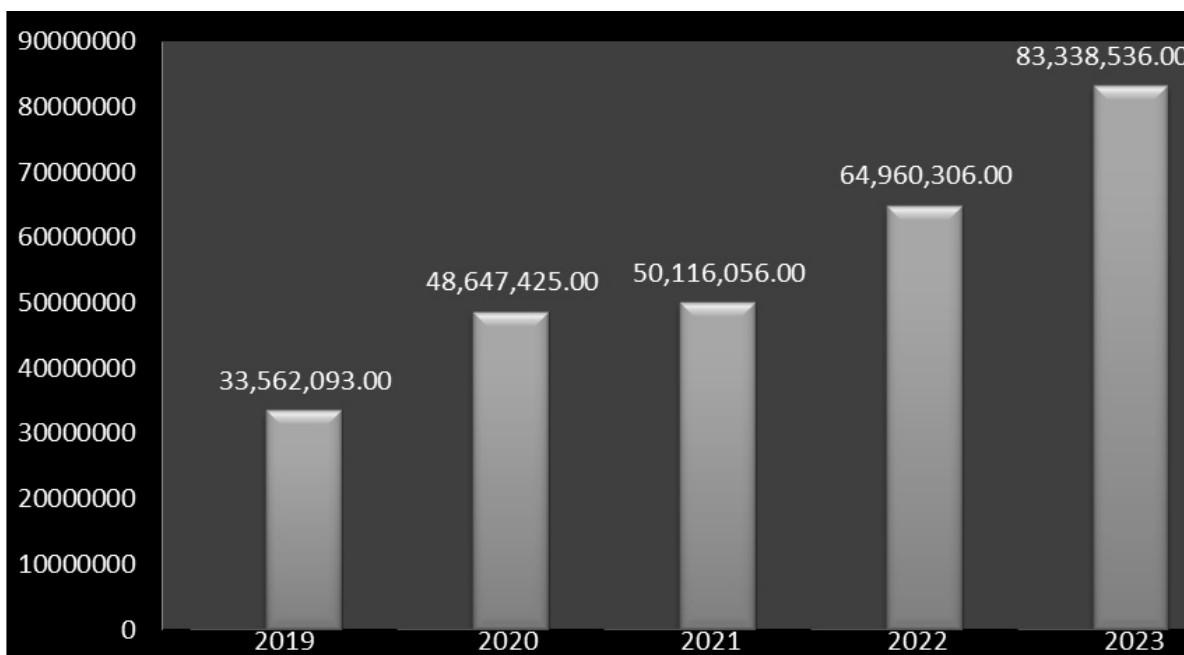
6.1 PERFORMANCE ANALYSIS

Fellow shareholders, our Bank recorded a growth in total assets from 2022 level of GH¢64.96 million to GH¢83.34 million in 2023, representing an increase of 28.29%. This increase was largely financed by the growth in Deposits and Shareholders' Funds by 26.55% and 58.34% to the levels of GH¢67.91 million and GH¢14.23 million, respectively.

The Total Assets expansion was prudently deployed on Earning Assets with Investments growing by 31.78% to end of year balance of GH¢45.46 million as well as Net Loans increasing by 30.44% to GH¢15.34 million.

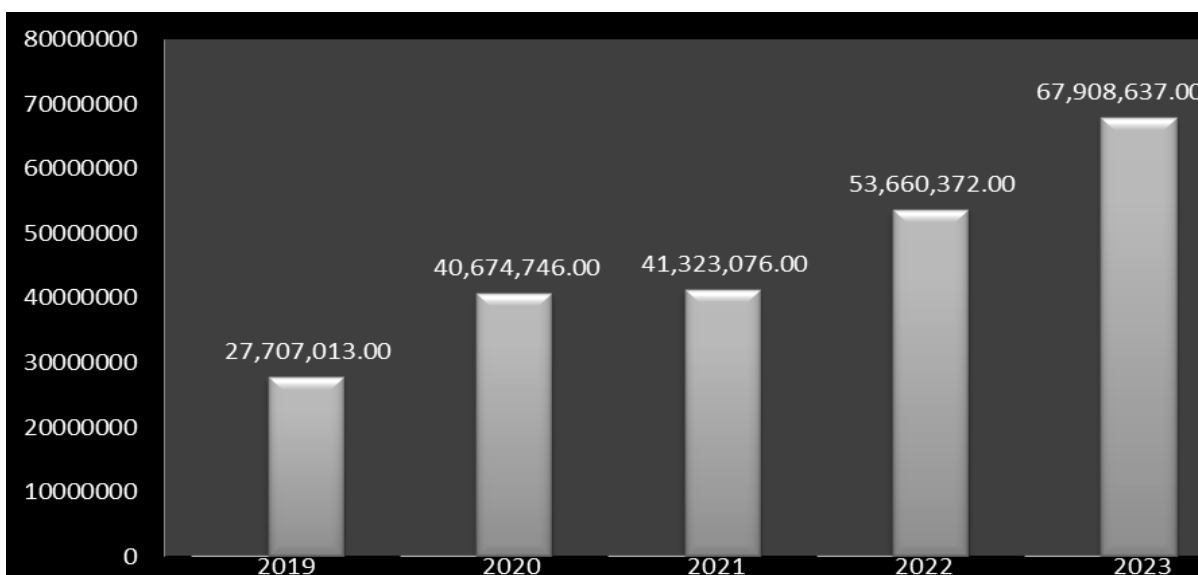
The graphic presentation of the data on the growth trends for Total Assets, Deposits and Investments for the past five years are shown below.

6.2 GROWTH TREND IN TOTAL ASSETS FOR THE PAST 5 YEARS (2019 – 2023)



Total Assets recorded persistent growth over the period with annualized rate of 25%, while 2023 indicated a growth rate of 28.29%. The highest growth recorded was 44.9% in the year 2020.

6.3 GROWTH TREND IN TOTAL DEPOSITS FOR THE PAST 5 YEARS (2019 – 2023)



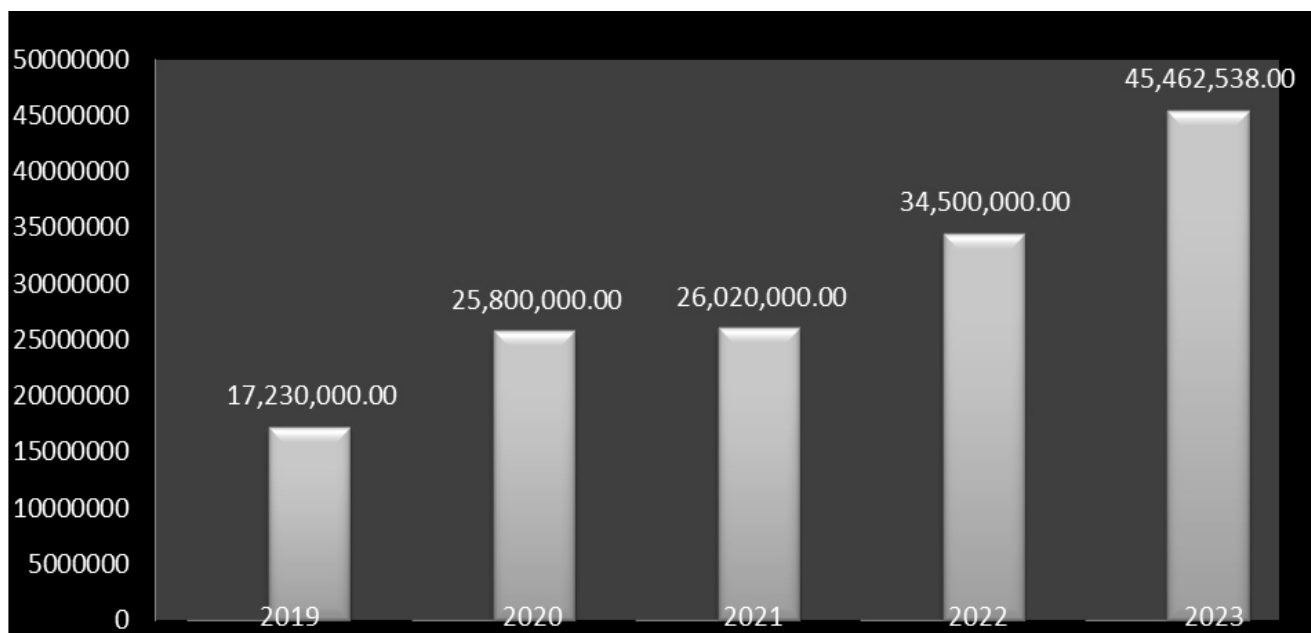
Deposits experienced persistent increasing trend and recorded an annualised growth of 25% for the period, with 26.55% attained in 2023.

Deposit Mix for 2023 in contrast with 2022

Deposit Product Category	2023 (GH¢)	% Share	2022 (GH¢)	% Share	% Increase
Savings	28,590,512.00	42.10%	23,194,289.00	43.22%	23.27%
Current	7,397,130.00	10.89%	5,835,763.00	10.88%	26.76%
Fixed Deposit	7,042,914.00	10.37%	5,597,102.00	10.43%	25.83%
Susu	24,878,081.00	36.63%	19,033,218.00	35.47%	30.71%

Savings Deposit continued to be the major source of fund mobilisation, with a share of 42.10% and Susu followed with 36.63%. However, Susu deposit grew by 30.71% over 2022 level of GH¢19,033,218.00, followed by Current deposit by 26.76% over 2022 level of GH¢5,835,763.00.

6.4 GROWTH TREND IN INVESTMENT FOR THE PAST 5 YEARS (2019 – 2023)



The Investment portfolio grew by 31.78% in 2023 from a portfolio level of GH¢34,50 million in 2022 to GH¢45.46 million in 2023.

6.5 LENDING OPERATIONS

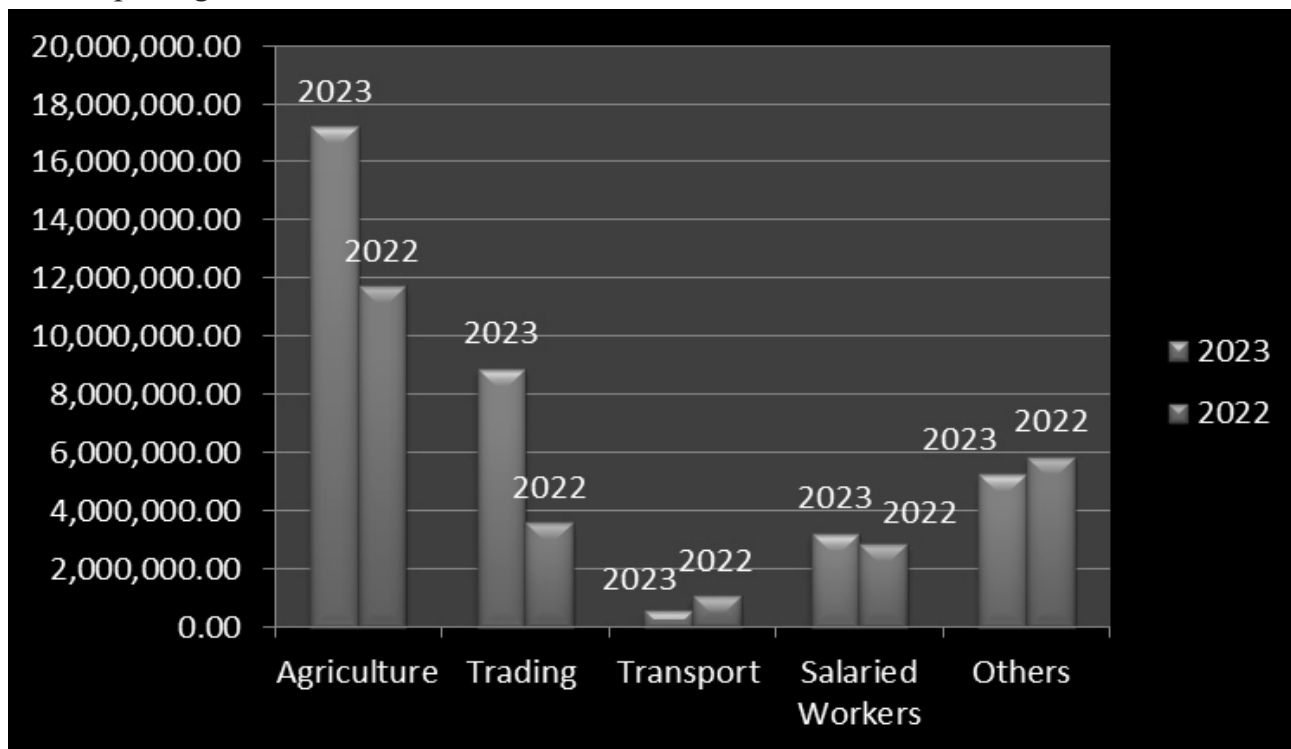
Total Loans and Overdraft disbursed in 2023 amounted to **GH¢35.26 million** and this indicates an increase of **GH¢10.10 million** or **40.19%** over the amount of **GH¢25.15 million** in 2022.

The sectorial distribution of Loans and Overdrafts disbursed in 2023 in comparison with same for 2022 were as below:

	2023 GH¢	2022 GH¢	% CHANGE
Agriculture	17,248,135.00	11,751,434.00	46.77%
Trading	8,912,800.00	3,599,500.00	147.61%
Transport	600,000.00	1,075,000.00	-44.19%
Salaried Workers	3,233,800.00	2,861,950.00	12.99%
Others	<u>5,270,950.00</u>	<u>5,867,300.00</u>	-10.16%
Total	<u>35,265,685.00</u>	<u>25,155,184.00</u>	40.19%

Transport and Others sectors recorded declines in funding by 44.19% and 10.16% respectively in 2023 as compared to Trading sector that recorded a remarkable growth of 147.61% over disbursements in 2022. The Agricultural sector continued to maintain the largest disbursed funds with a growth of 46.77%, with substantial amount going into cocoa farming.

The Chart depicting the sectorial shares of loan disbursement for 2023 and 2022 are shown below:



6.6 LIQUIDITY RESERVE POSITION

The Bank maintained Primary Reserve (ie Cash and Bank balances) and Secondary Reserve (ie investments in Government Securities) of 23.92% and 66.95% as against the minimum regulatory requirements of 6.0% and 30.0% respectively, at end December, 2023. The Bank in its prudent funds management complied with the prudential liquidity reserve requirements throughout the year under review. It is refreshing to indicate that the Liquidity Cover for Deposits stood at 90.87% at end December 2023, pitched against 89.42% at end December 2022. This situation provides a well secured position for depositors.

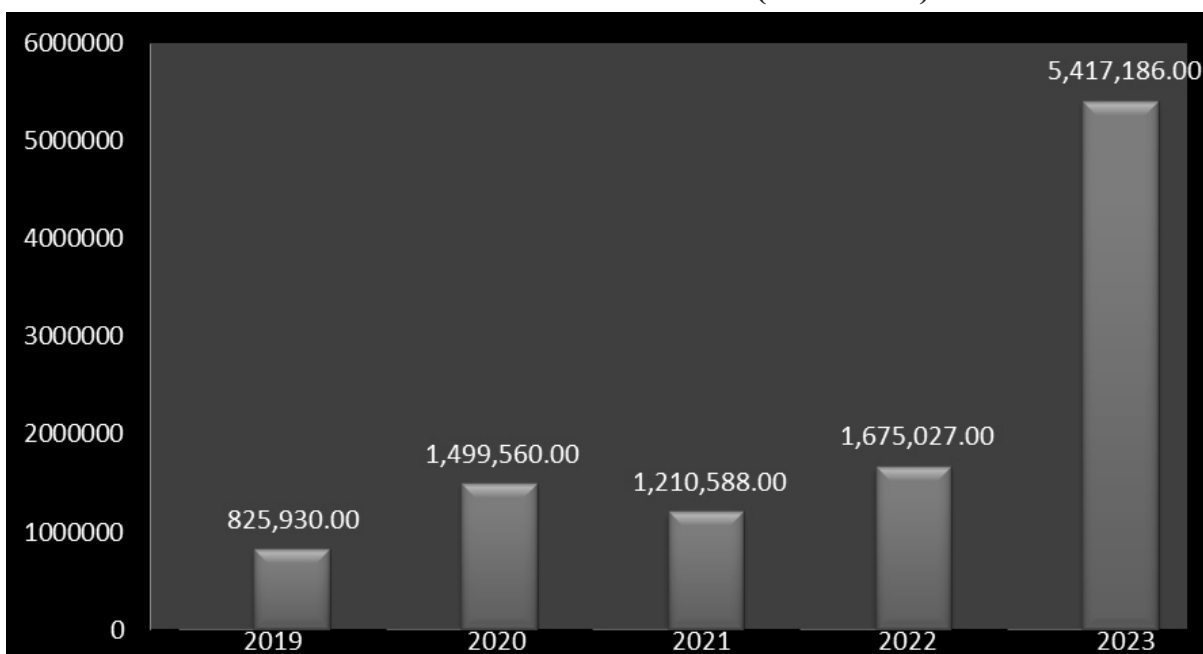
6.7 PROFIT AND SHAREHOLDERS' FUNDS

I. PROFIT:

Nananom, Fellow Directors, Shareholders, Distinguish Guests, Ladies and Gentlemen, our Bank has made giant stride in achieving a remarkable profit, by crossing five million Ghana Cedis in 2023 for the first time.

Our Bank recorded a profit before taxation of GH¢7,125,792.00 in 2023, from which taxation of GH¢1,708,607.00 was provided, giving a net profit of GH¢5,417,186.00. This net profit showed a growth of 223.41% as against a growth of 38.86% with GH¢1,675,027.00 recorded in 2022. This was mainly attributed to significant increases in income realized from Investments and Loans and Advances coupled with stringent cost control measures during the year under review.

II GROWTH TREND IN PROFIT FOR THE PAST 5 YEARS (2019 – 2023)



III. STATED CAPITAL AND SHAREHOLDERS' FUNDS

The Bank's Stated Capital in 2023 stood at **GH¢ 2,467,665.00** from 2022 level of **GH¢2,462,145.00**, giving a marginal increase of **GH¢5,520.00** or 0.22%. Even though our Bank has been able to comply with the prescribed minimum capital requirement of GH¢1 million by the Bank of Ghana, in order to enhance its capacity to expand operations and maintain facilities to establish desirable standards. Shareholders and the public are being entreated to buy more shares to increase the Stated Capital.

The Bank also recorded an increase of 58.34% in Shareholders' Funds from 2022 level of **GH¢8,988,310.00** to 2023 level of **GH¢14,232,015.00**. The growth in the Bank's Net Profit largely accounted for the appreciable growth of the Shareholders' Funds.

7.0 DIVIDEND

Shareholders, the Board is delighted to propose cash dividend of GH¢0.3616 per share for the first time in the history of our bank. The amount involved is GH¢541,718.60, constituting 10.0 percent of Net Profit and this has been duly approved by Bank of Ghana.

Shareholders should however note that, the current directive by the Registrar of Companies stipulates the payment of dividend through bank accounts. In this respect, shareholders are required to update their bank accounts with the Heads of the Bank's Agencies to ensure smooth payment of the dividend, that would be approved at this meeting.

8.0 EXTERNAL AUDITORS

The Shareholders mandated the Board to engage external auditors to replace Opoku Andoh & Co for exhausting their service period. The Board made a search and the mantle fell on Osei Owusu-Ansah & Associates as the Bank's external auditors. The Board recommends to shareholders to ratify the appointment of Osei Owusu-Ansah & Associates as the Bank's external auditors and for them to remain in office.

9.0 ELECTION OF DIRECTORS

In accordance with Section 325(a) of the Companies Act, 2019 (Act 992), one-third of the Directors shall step down at every Annual General Meeting. Further, in accordance with Section 75 of the Corporate Governance Directive for Rural and Community Banks, 2021, Mr. George Okyere has fully completed his term of office and therefore, not eligible for re-election. Mr. George Okyere has faithfully and diligently served the Bank to his utmost best. He indeed contributed immensely towards the progress of this Bank and we shall forever cherish him. The Board, Management and Staff are very much grateful to Mr. George Okyere and wish him well in his full-time career and other endeavors. Election would be conducted to fill the vacancy from nominations available.

10.0 CORPORATE SOCIAL RESPONSIBILITY

Nananom, Shareholders, ladies and gentlemen, Corporate Social Responsibility remained a key part of our operating model during the year. The Bank continued to support Asante Akim South and Birim North District Assemblies as well as Kwahu West and Asante Akim Central Municipal Assemblies during the celebration of the 2023 National Farmers' Day. The Bank in addition donated (50) bags of cement to Ghana Fire Service towards the renovation of their office at Nkawkaw.

11.0 FUTURE OUTLOOK

Nananom, Fellow Directors, ladies and gentlemen our Bank's focus remains steadfast in continuing to improving asset quality, maintaining strong liquidity position, meeting customers' needs, and achieving our strategic objectives of expanding operations. These would be achieved through enhancing Information Communication Technology (ICT), improved credit management practice and providing competitive interest rates to further stimulate economic activities.

The Board is committed to providing a supportive environment, including robust controls and opportunities for our employees to be competitive through tailored courses, on-the job training and motivating conditions of service. In the year 2024, we continue to deepen stakeholder relationship as well as engaging our customers, communities and relating with regulators on emerging trends in banking. To this end our Bank would make banking convenient to the public by rolling the USSD platform to enable the use of the mobile phone to access banking services and further introduce agency banking at feasible locations.

12.0 CONCLUSION

Nananom, Fellow Directors, Shareholders, Distinguished Guests, ladies and gentlemen, the strong performance posted in 2023 stands as a testimony to the committed diligence of our talented staff, Management and the Board of Directors for which all should be much proud of and very appreciative.

On behalf of my colleague Directors, the Management Team and the staff, I wish to express my deepest appreciation to our shareholders and various stakeholders especially loyal customers, for your continuous support and guidance. Your partnership has been instrumental in our journey in making our Bank very vibrant. We are determined to sustain efforts to enhance the prestigious status of Mponua Rural Bank.

We are much grateful for your attention and may God bless us all to have a fruitful 30th Annual General Meeting.



DANIEL JOHENE K. OWUSU
(BOARD CHAIRMAN)

**DIRECTORS' REPORT TO THE MEMBERS OF
M P O N U A R U R A L B A N K L I M I T E D**

In compliance with section 136 of the Companies Act 2019 (Act 992), and the Banks and Specialised Deposit-Taking Institution Act, 2016 (Act 930), the Board of Directors presents their report and financial statements for the year ended 31st December 2023

Board of Directors

The Board of Directors of the Bank in office during the period were as follows:

Board of Directors

- | | |
|------------------------------|---|
| 1. Mr. Andrews Ameyaw | Chairman (Retired on 16/12/2023) |
| 2. Mr. Daniel O.K. Owusu | Vice Chairman (Appointed on 19/05/2022) |
| 3. Mr. Offei Dautey Ankobeaa | Member (Appointed on 19/09/2022) |
| 4. Mr. George Okyere | Member (Appointed on 25/09/2010) |
| 5. Mr. Lawrence Adu-Gyamfi | Member (Appointed on 06/06/2023) |

Directors' Responsibility Statement

The Board of Directors are responsible for the preparation and fair presentation of the financial statements, comprising the statements of financial position at 31st December, 2023, statement of profit or loss and other comprehensive income, statement of changes in equity, statement of cash flows for the year then ended and the notes to the financial statements, which include a summary of significant accounting policies and other explanatory notes in accordance with International Financial Reporting Standards (IFRS) with the IAS 29 directive issued by the Institute of Chartered Accountants, Ghana, Banks and Specialized Deposit –Taking Institutions Act, 2016 (Act 930) and in the manner required by the Companies Act 2019 (Act 992).

In preparing these financial statements, the Board of Directors are required to select suitable accounting policies and then apply them consistently, make judgments and estimates that are reasonable and prudent and prepare the financial statements on the going concern basis

The Board of Directors are responsible for keeping adequate accounting records which disclose with reasonable accuracy at any time the financial position of the Bank and enable them to ensure that the financial statements comply with the Companies Act 2019 (Act 992).

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.

Corporate Governance Compliance Declaration

The Board is responsible to ensure compliance to the Corporate Governance Directive for Rural and Community Banks, 2021 as issued by Bank of Ghana. The Board therefore declares that, the Bank has complied with this Directive.

Financial Results

The financial results of the Bank for the year ended December 31, 2023 are set out below

	2023	2022
	GH¢	GH¢
The Bank made a profit of	7,125,792	2,548,763
from which is deducted tax expense of	<u>(1,708,607)</u>	<u>(873,736)</u>
giving a net profit after taxation of	5,417,186	1,675,027
which when added to the opening balance on retained earnings of	3,744,816	2,696,932
from which transfers are made to statutory reserve fund of	(677,148)	(418,757)
and deducted prior year adjustment of	0	(208,386)
and deducted dividend paid to shareholders of	<u>0</u>	<u>0</u>
it leaves a closing balance on the retained earnings of	<u>8,484,853</u>	<u>3,744,816</u>

Principal Activity

The principal activity of the Bank in the year under review continues to be that of Rural Banking

Interest Register

The Bank did not make any entry into the interest register during the financial year.

Corporate Social Responsibility

The Bank donated bags of cement worth GH¢2,400 to Ghana Fire Service as part of its corporate social responsibility activities during the financial year.

Auditor's Fees

The fee charged by the auditors for their services was GH¢20,000 (Twenty Thousand Ghana Cedis).

Capacity building of Board of Directors to discharge their duties

During the year under review, the Directors attended the following workshops;

- a) Corporate Governance Certification Programme for Directors organized by ARB Apex Bank PLC
- b) Understanding Provisions of Acts 930 organised by ARB Apex Bank PLC
- c) Legal Aspect of Credit Administration and Lenders and Borrowers Act organized by ARB Apex Bank PLC
- d) Managing RCBs through crises: What leaders should do, organized by ARB Apex Bank PLC

Retiring Directors

The following Director is due to retire by rotation:

- 1. George Okyere

Approval of the Financial Statements

The Financial statements of the Bank as indicated above were approved by the Board of Directors on the date stated below.


.....
DIRECTOR


.....
DIRECTOR

30TH APRIL 2024
.....
DATE

CORPORATE GOVERNANCE REPORT FOR THE YEAR 2023

Mponua Rural Bank Limited (the Bank) is committed to strong corporate governance practices that is in accordance with the Companies Act, 2019 (Act 992), the Banks & Specialized Deposit - Taking Institutions Act, 2016 (Act 930), and Bank of Ghana Corporate Governance Directive for Rural and Community Banks 2021.

The Bank's purpose, vision and values conform to good corporate governance principles, and is committed to fulfilling the corporate governance obligations and responsibilities to guarantee the collective best interests of the Bank's shareholders and other stakeholders.

The Board of Directors (the Board)

The Board is the highest decision-making body of the Bank, which provides strategic direction and oversight of the Bank by promoting the interests of the Bank's shareholders and other stakeholders by generating sustainable value. The Board is governed by a Charter which is compliant with the Companies Act, 2019 (Act 992), the Banks & Specialized Deposit - Taking Institutions Act, 2016 (Act 930), and Bank of Ghana Corporate Governance Directive for Rural and Community Banks 2021. The Bank's corporate governance framework outlines the roles and responsibilities of the Board. The Board also ensures that the Bank's governance procedures follow the guidelines and structure by the regulator's directives. The Board defines roles and duties, aligns strategies with goals, and successfully manages risk. It also upholds high standards of ethics and integrity.

Roles and Responsibilities

The Board guides the strategic direction of the Bank and represents the interests of the Bank's shareholders by overseeing activities that create sustainable value. The roles and responsibilities of the Board, including the matters that are specifically reserved to the Board and those delegated to management, are set out in the corporate governance framework.

Corporate Governance Framework

The Board provides strategic direction and oversight of the Bank within the boundaries of risk appetite and a framework which enables risk to be identified, assessed, measured, and controlled. The Board sets strategic objectives and risk appetite to support the strategy, ensuring that the necessary resources are in place for the Bank to meet its objectives. The laws and regulators' directives ensure the separation of the board chairman and chief executive officer's roles.

The board chairman for the year under review is Mr. Andrews Ameyaw, and the Chief Executive officer (CEO) is Madam Felicia Boamah Hall.

Separation of the Chairman and the CEO's roles

The Chairman's role includes but not limited to the following:

- Providing leadership to the Board in relation to all Board matters;
- Directing the agenda and conducting all Board meetings to facilitate discussions, challenges and decision-making;
- Acting as a conduit between Management and the Board, and being the key point of communication between the CEO;
- Taking a leading role in creating and maintaining an effective corporate governance system.

The CEO has delegated duties with authority from, and accountable to the Board for the development and successful implementation of the Bank's strategic plan. His role among others includes but not limited to the following:

- Implementation of the Bank's strategic plan and achievement of planned results; and
- The day-to-day management of the Bank's operations, subject to the specified delegation of authority approved by the Board.

The boundaries of authority are well established in the Corporate Governance Framework which guides relationships in the Bank. This enhances independent oversight of the management by the Board and helps to ensure that no one individual on the Board has autonomous power, influence or authority.

Board Composition

Membership of the Board is made up of five (5) persons. The Board at all times, is regulated by the Companies Act, 2019 (Act 992), the Banks & Specialized Deposit - Taking Institutions Act, 2016 (Act 930), Bank of Ghana Corporate Governance Directive for Rural and Community Banks 2021, and Fit and Proper Persons Directive 2019. The Directors of the Board have varied experience and backgrounds and are well equipped to discharge their responsibilities as required. The membership of the Board is detailed below;

Names	Designation	Term	Appointment Dates	Qualification
Mr. Andrews Ameyaw	Chairman	5	29 November, 2008	Bachelor of Science in Zoology
Mr. Daniel O.K Owusu	Member	1	19 May, 2022	MBA in Accounting
Mr. Offei Dautey Ankobea	Member	1	19 September, 2022	MBA in Corporate Finance
Lawrence Adu-Gyamfi	Member	1	6 June, 2023	General Certificate of Education
Mr. George Okyere	Member	4	25 September, 2010	BA (Economics)

Independence of Board of Directors

All Directors are expected to bring independent and unfettered judgment to the Board's deliberations. Each Director is expected to disclose any business or other relationship that he or she has directly, or as a partner, shareholder or officer of a company or other entity that has an interest in the Bank.

The Board considers information about any such interests or relationships, including any related financial or other details, in all the Board's deliberations.

Board Committees

The Board has three sub-committees which assist the Board in carrying out its responsibilities. Membership of the committee is carefully determined considering the skills and experience of members and also to share responsibility. Membership of the Committees is reviewed on an annual basis or as and when the need arises. To ensure effective oversight leadership, the Board receives the minutes/reports of all Committee meetings at Board meeting for ratification and approval.

The Committees' membership and functions are as follows:

Loans, mobilization and Procurement (LMP) Committee

The LMP is chaired by Mr. Andrews Ameyaw. Mr. Daniel Ohene Kwaku Owusu is a member and Mr. Eric Osei Ameyaw is the secretary to the committee.

The functions of the Committee among others include the following:

- Meet regularly to approve all loans/advances within its limit
- Establish appropriate benchmark for efficient and effective credit delivery and marketing of the Bank's credit product
- Review the credit policy of the Bank on timely basis.
- Review of appropriate data on risk/delinquent outstanding credit facilities
- Review as well as develop strategies for mobilization of deposits.
- Review of Procurement Policy and monitor implementation practices.

Finance, Audit, Strategic, IT, and Risk (FASIR) Committee

The FASIR Committee is chaired by Mr. Daniel Ohene Kwaku Owusu. Mr. Offei Dautey Ankobea as a member and Mr. Kwabena Larbi Donkor as the Secretary.

The functions of the Committee among others include the following:

- Initiate proposals for the formulation of fund management policies for the Bank
- Review, monitor and evaluate the Banks Budget on periodic basis.
- Establish appropriate Prudential and Financial benchmark for effective and efficient operations of the Bank
- Strategize for improving prudential and financial management to ensure viable operations for the Bank.
- Review Internal Audit and Risk/Compliance as well as Information Technology reports and modus operandi of their functions
- Review External Auditors' Reports as well as examination reports from Bank of Ghana and ARB Apex Bank for the attention of the Board.

Human Resource and Staff Welfare (HRSW) Committee

This Committee is chaired by Mr. George Okyere. Mr. Offei Dautey Ankobea and Mr. Adu-Gyamfi Lawrence are committee members whilst Mr. Bright Abankwa Gyamera is the Secretary.

The functions of the Committee among others include the following:

- Recommend to the Board on all staff contracts and appointment.
- Identify and nominate persons for approval of the Board to fill vacant position as and when such arises.
- Analyse staff grievances through hearing, resolving and counselling as they may occur.
- Review the yearly work plan of the Human Resource Manager for Board's approval
- Review Staff Annual Appraisal Reports for consideration of the Board
- Analyse and recommend training programmes for Directors, Management and Staff for the approval of the Board
- Review Staff Annual Appraisal Reports for consideration of the Board.
- Review Management Proposal for staff remuneration for consideration by the Board.
- Monitor the ethical conduct of the Bank. Etc.

Board Development/Certification

The Board offers continuing education and training so that Directors can acquire and maintain the skills and information necessary for successful performance of their duties as Directors.

Courses attended by Directors during the year to update their capacity include:

- a) Corporate Governance Certification Programme for Directors organized by ARB Apex Bank PLC
- b) Understanding Provisions of Acts 930 organised by ARB Apex Bank PLC
- c) Legal Aspect of Credit Administration and Lenders and Borrowers Act organized by ARB Apex Bank PLC
- d) Managing RCBs through crises: What leaders should do, organized by ARB Apex Bank PLC

Board Performance Evaluation

The Board reviews its performance, and the performance of the individual Directors and the Board Chair every year. The Board assesses the standard of Board meetings and the manner in which the Chairman conducts meetings as part of the yearly evaluation process. To enhance leadership, the various Committees and their meeting processes are also assessed, roles and responsibilities clarified to improve Board and the Committees performance.

The Board uses an In-house self and peer performance evaluation instrument, and the results are compiled with.

Retirements and Additions

During the year under review Mr. Lawrence Adu Gyamfi was approved as a Director of the Bank by Bank of Ghana and Mr. Andrews Ameyaw retired as a Director on rotation.

Board/Key Management Shareholding

Listed below are the Directors, Key Management Personnel and Related Parties' shareholding in the Bank:

	No. of Shares
1. Directors	4,930
2. Key Management	14,449
3. Related Parties	0

Key Management

Profile of the Key Management Staff is shown below:

Names	Position	Employment/ Approval Dates	Qualification
Mrs. Felicia Boamah Hall	Chief Executive Officer	2 Dec, 1991 / 13 July, 2021	BSs. (Banking & Finance)
Mr. Kwabena Larbi Donkor	Head of Operations	18 Feb, 2008 / 13 July, 2021	BA (Political Science & Sociology)
Mrs. Cherub Keni Okoto	Head of Finance	15 Aug, 2006 / 13 July, 2021	BSc. (Accounting & finance) & ICAG
Mr. Eric Ameyaw Osei	Head of Credit	1 Oct, 2010 / 13 July, 2021	BA Economics with Philosophy
Augustine Manu	Head of Marketing & Mobilisation	15 Aug, 2006 / 13 July, 2021	Bachelor of Commerce
Mr. Ebenezer Nortey	Head of Internal Audit	11 Feb., 2008 / 13 July, 2021	MBA Finance
Mr. Anthony Dankyi Osei-Mireku	Head of IT	15 Feb, 2010 / 13 July, 2021	BSc. (Information & Communication)
Mr. Bright Abankwa Gyamera	Human Resource Manager	16 May, 2011 / 13 July, 2021	MBA Finance
Mr. Bismark Agyekum	Risk and Compliance manager	1 Oct, 2006 / 29 Feb, 2024	Bachelor of Commerce
Esther Akyaa Dapaah	Microfinance Cordinator	1 August, 1996	Professional Cert. in Micro Financing

Remuneration Policies

The Board has in place a remuneration policy which is implemented and reviewed periodically. The board oversees the implementation process through its Human Resource and Staff welfare Committee. Among the responsibilities carried out includes:

Designing and operating a compensation system and monitoring review of these systems to ensure that it is effectively aligned with prudent risk taking;

Ensuring that remuneration of Management and staff is sufficient to attract, retain, and motivate executive officers of the Bank and how the remuneration is balanced to avoid excessive risk taking or potential risks to the Bank's capital base;

Ensuring that remuneration that is tied to performance and any variable remuneration scheme are designed in such a way as to prevent excessive risk taking;

- The Board, based on the recommendation of Human Resource and Staff Welfare Committee, approves the compensation of Key Management and Staff.
- The Directors' remuneration is guided appropriately by the Companies Act, 2019 (Act 992)

Board Meetings and Attendance

The Board Meetings were held periodically.

The Board's annual meeting calendar and a summary of work carried out during the year is circulated to members at the beginning of the year and shown below;

The board met Six (6) times during the year. The number of meetings attendance for the year 2023 is disclosed below:

	Name of Director	Board meetings attended
1.	Mr. Andrews Ameyaw	6/6
2.	Mr. Daniel O.K. Owusu	6/6
3.	Mr. Offei Dautey Ankobea	6/6
4.	Mr. George Okyere	6/6
5.	Mr Lawrence Adu Gyamfi	4/6

Internal Control Framework

The Board has in place preventive and detective control measures for the Bank which it reviewed periodically. These measures include;

- the key internal control policies and procedures for managing each key/material risk and the changes made to the policies and procedures during the year to ensure that they remain relevant;
- the key points concerning its risk exposures and risk management strategies without necessarily breaching confidentiality;
- the internal control over financial reporting; and
- the procedures used to report internal control deficiencies or breaches and any preventive actions.

The Control measures stated above are reviewed by the Board periodically in maintaining and ensuring the effectiveness of risk management systems, and for determining the aggregate level and types of risks the Bank is willing to take in achieving its strategic objectives.

Internal Audit

Internal audit function to provide an independent assessment of the adequacy of, and compliance with established policies and procedures, the lines of reporting of the internal audit department, the roles and responsibilities of the internal audit department as well as the scope and nature of audit work is in place.

Conflicts of Interest

The Bank through the Board has established a documented conflict of interest policy for identifying, disclosing and addressing any transaction or events that may arise or result in conflict of interest.

Ethics and Professionalism

The Bank has put in place a Code of Conduct which is made available to all persons to whom it applies;

- The Directors and employees have signed as having read and understood the Code of Conduct and sanctions for breaching the policy.
- There are policies in place to maintain public confidence in the Bank.
- There are policies in place to ensure that the Bank, its employees, management, and Board commit to the highest standards of professional behavior, business conduct, and sustainable business practices;
- There are policies established by the Bank in governing trading in the shares by the directors, Key Management Personnel and employees; and
- The Bank has a corporate culture and values established that promotes and reinforces norms for responsible behavior in terms of the Bank's risk awareness, risk-taking and risk management.

Related Party Transactions

The Related party transaction of the bank for the year under review includes;

- The Bank disbursed loans to 110 staffs during the financial year. The total amount of loans outstanding from these staffs amount to GH¢1,424,094.82

There were no loans due to Directors as at the end of the financial year.



INDEPENDENT AUDITOR'S REPORT

To the shareholders of **MPONUA RURAL BANK LIMITED**

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Mponua Rural Bank Limited set out on pages 17 to 52, which comprise the statement of financial position as at 31 December 2023, and the statement of profit or loss and other comprehensive income, the statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory disclosures.

In our opinion, the financial statements present fairly, in all material respects, the financial position of Mponua Rural Bank Limited as at 31 December 2023, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards with the IAS 29 directive issued by the Institute of Chartered Accountants Ghana (ICAG) and in the manner required by of the Companies Act, 2019 (Act 992).

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 are independent of the company in accordance with the requirements of the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and other independence requirements applicable to performing audits of Mponua Rural Bank Limited. We have fulfilled our other ethical responsibilities in accordance with the IESBA Code and other ethical requirements applicable to performing the audits of Mponua Rural Bank Limited in Ghana. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the pages 3 to 5 of this document titled "Director's report to the members of Mponua Rural Bank Limited". 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 and will not express an audit opinion or 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. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the financial statements

The directors are responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards with the IAS 29 directive issued by the Institute of Chartered Accountants Ghana (ICAG) and in the manner required by the Companies Act, 2019 (Act 992) and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance are responsible for overseeing the company's financial reporting processes.

Auditor's Responsibilities for the Audit of the financial statements

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

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

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

Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.

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

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

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when,

in extremely rare circumstances, we determine that a matter should not be communicated in 5 our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

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

- 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.
- In our opinion, proper books of account have been kept by the company, so far as appears from our examination of those books.
- The statement of financial position and the statement of profit or loss and other comprehensive income are in agreement with the books of account and returns.
- In our opinion, to the best of our information and according to the explanations given to us, the accounts give the information required under the Act, in the manner so required and give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit or loss for the financial year then ended.
- We are independent of the company pursuant to section 143 of the companies Act, 2019 (Act 992).

The engagement partner on the audit resulting in this independent auditor’s report is **Osei Owusu-Ansah (ICAG/P/1033)**



Osei Owusu-Ansah and Associates (ICAG/F/2023/049)
(Chartered Accountants)
Cocobod Jubilee House)
P. O. Box KS 1301
Adum - Kumasi

30/04/2024

**STATEMENT OF PROFIT OR LOSS AND OTHER
COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2023**

		<u>2023</u>	<u>2022</u>
		<u>GH¢</u>	<u>GH¢</u>
Interest income	3	18,252,921	11,364,734
Interest expense	4	(1,722,064)	(1,235,944)
Net interest income		16,530,857	10,128,789
Net commission and fees	5	1,324,967	919,243
Other operating income	6	314,044	284,766
Total income		18,169,868	11,332,799
Personnel expenses	7	(7,561,416)	(5,533,102)
Operating expenses	8	(3,366,880)	(2,583,386)
Depreciation & amortisation	9	(502,565)	(356,293)
Impairment (charge)/credit	14b	386,786	(311,255)
Profit before taxation		7,125,792	2,548,763
Income tax expense	10	(1,708,607)	(873,736)
Profit for the year		5,417,186	1,675,027
Other comprehensive income		0	0
Total comprehensive income		5,417,186	1,675,027
Earnings per share	11	3.62	1.12

Notes 1 - 28 form an integral part of the financial statements.

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER, 2023

	NOTES	2023 GH¢	2022 GH¢
Assets			
Cash and bank balances	12	19,564,419	16,272,872
Trading assets	13	45,462,538	34,500,000
Loans and advances	14	15,341,157	11,761,126
Investment security-available for sale	15	89,514	41,404
Other assets account	16	1,021,617	636,280
Intangible assets	17	185,308	0
Property, plant & equipment	18	1,673,984	1,748,624
Total assets		83,338,536	64,960,306
Liabilities			
Deposits & current accounts	19	67,908,637	53,660,372
Creditors and accruals	20	1,057,725	2,125,520
Current income tax	10	(17,894)	40,577
Deferred tax liability/(asset)	10c	(140,474)	145,526
Borrowed fund	21	119,525	0
Other liabilities	22	179,000	0
Total liabilities		69,106,519	55,971,995
Equity and reserves			
Stated capital	23	2,467,665	2,462,145
Retained earnings	24	8,484,853	3,744,816
Statutory reserve	25	3,264,683	2,587,535
Capital surplus	26	14,814	14,814
Credit risk reserve	27	0	0
Building fund	22	0	179,000
Total equity and reserves		14,232,016	8,988,310
Total liabilities, equity and reserves		83,338,536	64,960,306

The financial statements were approved on 30th April, 2024 and signed on behalf of the Board by


.....
DIRECTOR


.....
DIRECTOR

Notes 1 - 28 form an integral part of the financial statements.

STATEMENT OF CHANGES IN EQUITY - 2023

	Stated Capital GH¢	Retained Earnings GH¢	Statutory Reserve Fund GH¢	Capital Surplus GH¢	Credit Risk Reserve GH¢	Building fund GH¢	Total GH¢
Balance at 1 January 2023	2,462,145	3,744,816	2,587,535	14,814	0	179,000	8,988,310
Issue of additional shares	5,520	0	0	0	0	0	5,520
Dividend paid	0	0	0	0	0	0	0
Profit for the year	0	5,417,186	0	0	0	0	5,417,186
Transfer to statutory reserve	0	(677,148)	677,148	0	0	0	0
Transfer from credit risk reserve	0	0	0	0	0	0	0
Transfer to other liability	0	0	0	0	0	(179,000)	(179,000)
Balance at 31 December, 2023	2,467,665	8,484,853	3,264,683	14,814	0	0	14,232,016
Balance at 1 January, 2022	2,460,235	2,696,932	2,168,778	14,814	0	0	7,340,759
Prior year adjustment	0	(208,386)	0	0	0	0	(208,386)
Issue of additional shares	1,910	0	0	0	0	0	1,910
Dividend paid	0	0	0	0	0	0	0
Profit for the year	0	1,675,027	0	0	0	0	1,675,027
Transfer to statutory reserve	0	(418,757)	418,757	0	0	0	0
Transfer from credit risk reserve	0	0	0	0	0	0	0
Transfer to building fund	0	0	0	0	0	179,000	179,000
Balance at 31 December, 2022	2,462,145	3,744,816	2,587,535	14,814	0	179,000	8,988,310
Notes 1 - 28 form an integral part of the financial statements.							

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER, 2023

		2023	2022
	NOTES	GH¢	GH¢
Cash flows from operating activities			
Profit before tax		7,125,792	2,548,763
Adjustments for:			
Depreciation & amortisation		502,565	356,293
Prior year adjustment		0	(208,386)
Non cash expenses		0	15,311
Bad debt recovery		1,000	32,560
Loan write off		0	(150,737)
Impairment on loans and advances		(386,786)	311,255
Income tax paid		(2,053,078)	(1,124,369)
		5,189,493	1,780,690
Changes in operating assets & liabilities			
Change in loans & advances to customers		(3,193,245)	1,782,359
Change in other assets		(385,337)	(292,273)
Change in deposit & current accounts		14,248,265	12,337,296
Change in other liabilities, creditors & accruals		(699,021)	1,080,648
Net cash inflows from operating activities		15,160,157	16,688,720
Cash flows from investing activities			
Purchase of property, plant and equipment		(983,007)	(519,957)
Purchase of intangible assets		0	0
Changes in trading assets		(10,962,538)	(8,480,000)
Change in investment security		(48,110)	0
Net cash outflows from investing activities		(11,993,655)	(8,999,957)
Cash flows from financing activities			
Issue of shares		5,520	1,910
Dividend paid		0	0
Change in borrowed fund		119,525	0
Net cash inflows from financing activities		125,045	1,910
Net increase in cash and cash equivalents		3,291,547	7,690,671
Cash and cash equivalent at 1st January, 2023	12	16,272,872	8,582,201
Cash and cash equivalent at 31st December, 2023	12	19,564,419	16,272,872

Notes 1 - 28 form an integral part of the financial statements.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023**

1. Reporting Entity

Mponua Rural Bank Limited referred to as “the Bank” in this financial statements is a Public Company incorporated under the Companies Act 2019 (Act 992) and licensed by the Bank of Ghana with its operational head office at Nkawkaw in the Eastern Region of Ghana. The address of its registered office is Opposite the total 2 filling station P. O. Box NK 401, Nkawkaw –Eastern Region and the principal place of business is at Nkawkaw.

The principal activity of the Bank in the year under review continues to be that of Rural Banking

2. Basis of preparation

2.1 Statement of Compliance

The financial statements of the Bank have been prepared in accordance with International Financial Reporting Standards with the IAS 29 directive issued by the Institute of Chartered Accountants, Ghana and in the manner required by the Companies Act 2019 (Act 992) and the Banks and Specialized Deposit -Taking Institutions Act, 2016 (Act 930).

2.2 Basis of measurement

The financial statements of the Bank have been prepared on a historical cost basis except for certain properties and financial instruments that are measured at fair values at the end of each reporting period, as explained in the accounting policies below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services. 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 in the principal or, in the absence, the most advantageous market to which the Bank has access at that date. When available, the Bank measures at fair value for an instrument using the quoted price in an active market for the instrument. A market is regarded as active if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis. If there is no quoted price in an active market, then the Bank determines the fair value of a financial instrument at initial recognition using normally the transaction price-i.e. the fair value of the consideration given or received.

The fair value of a demand deposit is not less than the amount payable on demand, discounted from the first date on which the amount could be required to be paid.

2.3 Functional and presentation currency

The financial statements are presented in Ghana cedi which is also the functional currency of the Bank and all values are rounded to the nearest Ghana cedi.

2.4 Significant Accounting Policies

The significant accounting policies used in the preparation of these financial statements are as follows:

2.4.1 Revenue recognition

The Bank recognizes revenue from the following major sources:

- * Interest income
- * Fee and commission income
- * Net trading income

Revenue is measured based on the consideration to which the Bank expects to be entitled in a contract with a customer and excludes amounts collected on behalf of third parties. The Bank recognizes revenue when it transfers control of a product or service to a customer.

2.4.2 Interest income and expenses

Under IFRS 9, interest income and expense are recorded using the effective interest rate method for all financial assets measured at amortized cost, interest income and expenses are recognized in the statement of profit or loss and other comprehensive income for all interest-bearing financial instruments including loans and advances as interest accrues using the effective interest rate method.

Thus, interest income and expenses recognized on financial assets and liabilities respectively, accrue on a time basis, by reference to the principal outstanding and the effective interest rate applicable which is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial asset and or financial liability to their net carrying amount on initial recognition.

2.4.3 Interest and Similar Income

Net interest income comprises interest income and interest expense calculated using both the effective interest method and other methods. These are disclosed separately on the face of the income statement for both interest income and interest expense to provide symmetrical and comparable information. The Bank calculates income by applying the effective interest rate to the gross carrying amount of financial assets other than credit-impaired assets.

When a financial asset becomes credit-impaired and is, therefore, regarded as 'Stage 3', the Bank calculates interest income by applying the effective interest rate to the net amortized cost of the financial asset. If the financial asset cures and is no longer credit-impaired, the Bank reverted to calculating interest income on a gross basis.

2.4.5 Fees and commissions

Fees and commissions are generally recognized on an accrual basis when the service has been provided. The fees included in this part of the Bank's statement of profit or loss include among other things fees charged for servicing a loan, non-utilization fees relating to loan commitments when it is unlikely that these will result in a specific lending arrangement and loan syndication fees.

Other fees and commission income and expenses are recognized on an accrual basis when the related services are performed. Loan commitment fees for loans that are not likely to be drawn down are deferred, together with related direct costs and recognized on a straight-line basis over the commitment period. Incomes arising from service fees are recognized as the services are provided.

2.4.6 Net trading income

Net trading income comprises gains less losses relating to trading assets and liabilities, including realized and unrealized fair value changes and foreign exchange differences, and fair value gains and losses on financial assets measured.

2.5. Financial instruments

2.5.1 Initial recognition

Financial assets and liabilities, with the exception of loans and advances to customers and balances due to customers, are initially recognized on the trade date, i.e., the date on which the Bank becomes a party to the contractual provisions of the instrument. This includes regular way trades, i.e., purchases or sales of financial assets that require delivery of assets within the time frame generally established by regulation or convention in the marketplace. Loans and advances to customers are recognized when funds are transferred to the customers' accounts.

The Bank recognizes balances due to customers when funds are transferred to the Bank.

2.5.2 Initial measurement of financial instruments

The classification of financial instruments at initial recognition depends on their contractual terms and the business model for managing the instruments.

Financial instruments are initially measured at their fair value, except in the case of financial assets and financial liabilities recorded at fair value through profit or loss, transaction costs are added to, or subtracted from this amount. Trade receivables are measured at the transaction price. When the fair value of financial instruments at initial recognition differs from the transaction price, the Bank accounts for this in the Statement of Profit or Loss.

2.6 Financial assets and liabilities

All financial assets and liabilities are recognized in the statement of financial position and measured in accordance with their assigned category. The Bank recognizes loans and receivables on the date when they are originated. All other financial assets and financial liabilities are initially recognized on the trade date which is the date the Bank becomes a party to the contractual provisions of the instrument.

2.6.1 Financial Assets

The Bank classifies its financial assets in the following categories: held to maturity, loans and receivables and available-for-sale. Management determines the classification of its financial assets on initial recognition.

2.6.2 Held-to-maturity

The Bank classifies investments in Government securities and fixed deposits with other financial institutions as held-to-maturity.

Held-to-maturity investments are non-derivative assets with fixed or determinable payments and fixed maturity that the Bank has the positive intent and ability to hold to maturity and which are not designated as fair value through statement of profit or loss or available-for-sale.

Held to maturity assets are initially measured at fair value plus incremental direct transaction costs, and subsequently measured at amortized cost using the effective interest method.

Any sale or reclassification of a significant amount of held-to-maturity assets not close to their maturity would result in the reclassification of all held-to-maturity assets as available-for-sale and would prevent the Bank from classifying investment securities as held-to-maturity for the current and the following two financial years. Differences between the carrying amount (amortized cost) and the fair value on the date of the reclassification are recognized in other comprehensive income.

2.6.2 Loans and receivables

Loans and receivables comprise cash and cash equivalent, loans and advances to customers and other assets.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market, and that the Bank does not intend to sell immediately or in the near term.

Loans and receivables are initially recognized at fair value plus incremental direct transaction costs, and subsequently measured at amortized cost using the effective interest method less any impairment losses.

2.6.3 Available-for-sale financial assets

Available-for-sale financial assets are financial assets that are intended to be held for an indefinite period of time, which may be sold in response to needs for liquidity or changes in interest rates, exchange rates or equity prices that are not classified as held-to-maturity, at fair value through statement of profit or loss or loan and receivables.

Available-for-sales financial assets comprise investments in equity securities. Unquoted equity securities whose fair value cannot be measured reliably are carried at cost. All other available-for-sale financial assets are measured at fair value after initial recognition.

Interest income on available-for-sale financial assets is recognized in statement of profit or loss using the effective interest method. Dividends on available-for-sale equity instruments are recognized in statement of profit or loss in dividend income when the Bank's right to receive payments is established.

Other fair value changes, other than impairment losses are recognized in other comprehensive income and presented in the fair value reserve within equity. When the investment is sold, the gain or loss accumulated in equity is reclassified to statement of comprehensive income.

2.6.4 Debt instruments

The ECL (Expected Credit Losses) 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 amortized cost is recognized in OCI as an accumulated impairment amount, with a corresponding charge to profit or loss. The accumulated loss recognized in OCI is recycled to the profit and loss upon de-recognition of the assets.

2.6.5 Equity instruments

Equity instruments are instruments that meet the definition of equity from the issuer's perspective; that is, instruments that do not contain a contractual obligation to pay and that evidence a residual interest in the issuer's net assets. Examples of equity instruments include basic ordinary shares.

The Bank subsequently measures all equity investments at fair value through profit or loss, except where the Bank's management has elected, at initial recognition, to irrevocably designate an equity investment at fair value through other comprehensive income. The Bank's policy is to designate equity investments as FVOCI when those investments are held for purposes other than to generate investment returns. When this election is used, fair value gains and losses are recognized in OCI and are not subsequently reclassified to profit or loss, including on disposal. Impairment losses (and reversal of impairment losses) are not reported separately from other changes in fair value. Dividends, when representing a return on such investments, continue to be recognized in profit or loss as other income when the Bank's right to receive payments is established.

2.6.6 Impairment of financial assets

The adoption of IFRS 9 has fundamentally changed the Bank's accounting for loan loss impairments by replacing IAS 39's incurred loss approach with a forward-looking expected credit loss (ECL) approach. IFRS 9 requires the Bank to record an allowance for ECLs for all loans and other debt financial assets not held at FVPL, together with lease receivables loan commitments and financial guarantee contracts. No impairment loss is recognized on equity investments.

The allowance is based on the ECLs associated with the probability of default in the next twelve months unless there has been a significant increase in credit risk since origination. If the financial asset meets the definition of purchased or originated credit impaired (POCI), the allowance is based on the change in the ECLs over the life of the asset.

The Bank measures loss allowances at an amount equal to lifetime ECL, except for the following, for which they are measured as 12-month ECL:

- * debt investment securities that are determined to have low credit risk at the reporting date; and
- * other financial instruments (other than lease receivables) on which credit risk has not increased significantly since their initial recognition.

Loss allowances for lease receivables are always measured at an amount equal to lifetime. The Bank generally considers a debt security to have low credit risk when their credit risk rating is equivalent to the globally understood definition of 'investment grade'.

12-month ECL is the portion of ECL that results from default events on a financial instrument that are possible within the 12 months after the reporting date.

2.6.7 Modification of loans

The Bank sometimes renegotiates or otherwise modifies the contractual cash flows of loans to customers. When this happens, the Bank assesses whether or not the new terms are substantially different to the original terms.

The Bank does this by considering, among others, the following factors:

- * If the borrower is in financial difficulty, whether the modification merely reduces the contractual cash flows to amounts the borrower is expected to be able to pay.

- * Significant extension of the loan term when the borrower is not in financial difficulty.
- * Significant change in the interest rate.

If the terms are substantially different, the Bank derecognizes the original financial asset and recognizes a 'new' asset at fair value and recalculates a new effective interest rate for the asset. The date of renegotiation is consequently considered to be the date of initial recognition for impairment calculation purposes, including for the purpose of determining whether a significant increase in credit risk has occurred. However, the Bank also assesses whether the new financial asset recognized is deemed to be credit-impaired at initial recognition, especially in circumstances where the renegotiation was driven by the debtor being unable to make the originally agreed payments. Differences in the carrying amount are also recognized in profit or loss as a gain or loss on derecognition.

If the terms are not substantially different, the renegotiation or modification does not result in derecognition, and the Bank recalculates the gross carrying amount based on the revised cash flows of the financial asset and recognizes a modification gain or loss in profit or loss. The new gross carrying amount is recalculated by discounting the modified cash flows at the original effective interest rate (or credit-adjusted effective interest rate for purchased or originated credit-impaired financial assets).

2.6.8.1 Derecognition other than on a modification

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

2.7 Collateral

The Bank obtains collateral in respect of customer liabilities where this is considered appropriate. The collateral normally takes the form of cash or securities in respect of other credit instruments or a lien over the customer's assets and gives the Bank a claim on these assets for both existing and future liabilities.

Collateral received in the form of securities is not recorded on the statement of financial position. Collateral received in the form of cash is recorded on the statement of financial position with a corresponding liability. These items are assigned to deposits received from banks or other counterparties. Any interest payable or receivable arising is recorded as interest payable or interest income respectively except for funding costs relating to trading activities which are recorded in net trading income.

2.8. Cash and cash equivalents

Cash and cash equivalents in the Bank's statement of financial position and cash flow statement include notes and coins on hand, balances held with ARB Apex Bank, other bank balances and highly liquid financial assets with original maturities of three months or less from the date of acquisition that are subject to an insignificant risk of changes in their fair value and are used by the Bank's in the management of its short-term commitments.

2.9 Property, plant and equipment

2.9.1 Recognition and Measurement

Items of property, plant and equipment, are measured at cost less accumulated depreciation and any accumulated impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the assets. Purchased software that is necessary to the functionality of the related equipment is capitalized as part of that equipment.

Any gain or loss on disposal of an item of property plant and equipment (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognized within other income in statement of profit or loss.

2.9.2 Subsequent costs

The cost of replacing part of an item of property or equipment is recognized in the carrying amount of the item if it is probable that future economic benefits embodied within the part will flow to the Bank and its cost can be measured reliably. The costs of the day-to-day servicing of property, plant and equipment are recognized in the statement of profit or loss as incurred.

2.9.3 Depreciation

Parts of items of property or equipment with different useful lives are accounted for as separate items (major components) of property and equipment.

Depreciation is recognized in the statement of profit or loss pro-rata, on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted, if appropriate.

The estimated useful lives are as follows:

	Useful lives
Building	50 years
Motor vehicle	3 years
Office equipment	4 years
Furniture and fittings	5 years
Computer & accessories	4 years
Software	10 years

2.10. Intangible assets

2.10.1 Computer software

Intangible assets comprise computer software licenses. Software acquired by the Bank is measured at cost less accumulated amortization and any accumulated impairment losses.

Subsequent expenditure on software is capitalized only when it increases future economic benefits embodied in the specific asset to which it relates. All other expenditure is expensed as incurred.

Software is amortized on a straight-line basis in statement of profit or loss over its estimated useful life, from the date it is available for use.

Useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

At the end of each reporting year, intangible assets are reviewed for indications of impairment or changes in estimated future economic benefits. If such indications exist, the intangible assets are analyzed to assess whether their carrying amount is fully recoverable. An impairment loss is recognized if the carrying amount exceeds the recoverable amount.

2.11 Impairment of non-financial assets

The carrying amounts of the Bank's non-financial assets other than deferred tax assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. An impairment loss is recognized if the carrying amount of an asset or its cash-generating unit (CGU) exceeds its recoverable amount. The recoverable amount is the greater of its value in use and its fair value less costs of disposal. In assessing value in use, the estimated future cash flows are discounted to their present value using pre-tax discount rates that reflect current market assessments of the time value of money and risks specific to the asset. A previously recognized impairment loss is reversed where there has been a change in circumstances or in the basis of estimation used to determine the recoverable value, but only to the extent that the asset's net carrying amount does not exceed the carrying amount of the asset that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

2.12 Income tax

Tax expense represents the aggregate amount included in the statement of profit or loss and other comprehensive income for the period with respect to current and deferred tax

2.12.1 Current tax

Current tax is the amount of income tax payable in respect of the taxable profit for the current period using the tax rates enacted at the reporting date and any adjustment to tax payable in respect of previous years.

2.12.2 Deferred tax

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets for financial reporting purposes and the corresponding amounts used for taxation purposes. Deferred tax is measured at tax rates that are expected to be applied to temporary differences when they reverse based on laws that have been 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.

The Bank compute deferred tax on its property, plant and equipment and on its loans portfolio.

The deferred tax on its property, plant and equipment is the temporary difference between the Bank's Net Book Value and the Written Down Value. The detailed computation is shown below

	Computers GH¢	Motor Vehicle GH¢	Furniture Fittings & equipment GH¢	Intangible asset GH¢	Total GH¢
Net Book value(A)	135,917	310,377	397,190	138,308	1,028,792
Written down value(B)	<u>167,146</u>	<u>543,917</u>	<u>663,195</u>	<u>211,459</u>	<u>1,585,717</u>
Temp. diffe rence(A-B) (31,229)		(233,540)	(266,004)	(26,151)	(556,925)
Differed tax @25% (D)	(7807)	(58,385)	(66,501)	(6,538)	(139,231)
2022 deferred tax per financial statement (E)					<u>145,526</u>
Change in deferred tax/charge for the year (D-E)					<u>(284,757)</u>

The deferred tax on the Bank's loan portfolio is the temporary difference between the loan provision based on Bank of Ghana loan classification guideline and loan provision based on IFRS 9 provision guideline. The detailed computation is shown below;

Loan classification	GH¢
Bank of Ghana classification (A)	917,650
IFRS 9 Classification(B)	<u>922,624</u>
Temporary difference (A-B)	(1,243)
2022 Deferred tax on loan	<u>0</u>
Change in deferred tax/charge for the year	<u>(1,243)</u>

2.13. Provisions and Contingent Liabilities

2.13.1 Provisions

A provision is recognized if, as a result of a past event, the Bank has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of the economic benefits will be required to settle the obligation. Provisions are not recognized for future operating losses.

Provisions are measured at the present value of expenditures expected to be required to settle obligations using pre-tax rates that reflect current market assessments of the time value of money and risks specific to the obligation. The unwinding of the discount is recognized as finance cost.

The expense relating to any provision is presented in the income statement net of any reimbursement in other operating expenses. When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognized as an asset if it is virtually certain that reimbursement will be received, and the amount of the receivable can be measured reliably.

2.14.1 Contingent liabilities

A contingent liability is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Bank, or a present obligation that arises from past events but is not recognized because it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or the amount of the obligation cannot be measured with sufficient reliability. If the likelihood of an outflow of resources is remote, the possible obligation is neither a provision nor a contingent liability and no disclosure is made.

2.15 Borrowings

Borrowings are recognized initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortized cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognized in profit or loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognized as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalized as a pre-payment for liquidity services and amortized over the period of the facility to which it relates.

2.16 Employment benefits

2.16.1 Defined Contribution Plans

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions to a separate entity and has no legal or constructive obligation to pay further amounts. Obligation for contributions to defined contribution pension plans is recognized as personnel expenses in the statement of profit or loss in the period during which related services are rendered.

The Bank has the following defined contribution schemes:

2.16.2 Social security and national insurance trust

Under this scheme, the company contributes 13% of employees' basic salary to the Social Security and National Insurance Trust for employee pensions. The Bank's obligation is limited to the relevant contributions which have been recognized in the financial statements. The pension liabilities and obligations however rest with Social Security and National Insurance Trust

2.16.3. Provident Fund

The Bank has a Provident Fund Scheme for its employees. Employees contribute 7% of their basic salary to the fund whilst the Bank contributes 5%. These monies are invested in third parties and the Bank has no further obligation under the scheme as required by the National Pension Regulatory Authority (NPRA).

2.17 Financial risk management

Effective risk management is of critical importance and key to the delivery of sustainable returns for shareholders. Risk-taking is an inherent part of the Bank's business activities and is defined as the possibility of losing some or all of an original investment. Risk management systems and governance structures are designed to reduce earnings volatility and achieve an appropriate balance between risk and reward and increased profitability.

Current changes to regulations in the banking sector reinforce the Bank's commitment to embed an enhanced risk-based culture throughout the Bank. Risk policies and procedures are regularly reviewed to reflect these changes as well as best practices in the market.

2.17.1 Risk Management Framework

The risk management framework consists of a comprehensive set of policies, standards, procedures and processes designed to identify, measure, monitor, mitigate and report significant risk exposure in a consistent and effective manner across the Bank. Through the framework, risk is managed at an enterprise-wide level, with the objective of maximizing risk-adjusted returns within the context of the Bank's risk appetite.

The most important types of risk are credit risk, liquidity risk, market risk and operational risk.

- * Credit risk reflects the possible inability of a customer to meet his/her repayment or delivery obligations.
- * Market risk, which includes foreign currency risk, interest rate risk and equity price risk, is the risk of fluctuation in asset and commodity values caused by changes in market prices and yields.
- * Liquidity risk results in the inability to accommodate liability maturities and withdrawals, fund asset growth or otherwise meet contractual obligations at reasonable market rates
- * Operational risk is the potential loss resulting from inadequate or failed internal processes, systems, people, legal issues, external events and non-compliance with regulatory issues.

The Board of Directors has overall responsibility for the establishment and oversight of the Bank's risk management framework. The Board's commitment to good risk management is supported by their continuing professional development in the field of risk management and their support for the implementation and continued improvement of the risk management framework within the Bank.

2.17.2 Risk Measurement and Reporting System

Risk-taking is an integral part of the banking business. In undertaking its business, the Bank has to strike an appropriate balance between the level of returns it desires to achieve. In order to ensure that its risks are well managed within the Bank's risk appetite an effective risk management system that is commensurate with the size and nature of the Bank's operations needs to be in place at all times. As a means of enhancing corporate governance in the Bank, the risk management framework of the Bank seeks to enhance its ability to identify and manage risks that it faces in the discharge of its functions by identifying, assessing, managing and monitoring key risks across all areas of its operations as well as gathering information on the Bank's risk exposure for management decision making.

2.17.3 Operational risk

Operational risk is the risk of direct or indirect loss resulting from inadequate or failed internal processes, systems or human factors, or from external events. Operational risk is inherent in the Bank's business activities and, as with other risk types, is managed through an overall framework designed to balance strong corporate oversight with well-defined independent risk management. The Bank endeavors to minimize operational losses by ensuring that effective infrastructure, controls, systems and individuals are in place throughout the organization.

2.17.3.1 Operational Risk Framework

To monitor, mitigate and control operational risk, the Bank maintains a system of policies and has established a framework for assessing and communicating operational risks as well as the overall effectiveness of the internal control environment across business lines. Each major business segment is expected to implement an operational risk process consistent with the requirements of this framework. The process for operational risk management includes the following steps:

- identify and assess key operational risks;
- establish key risk indicators;
- produce comprehensive operational risk reports; and
- prioritize and ensure adequate resources to actively improve the operational risk environment and mitigate emerging risks.

The operational risk standards facilitate effective communication and mitigation actions both within and across businesses. The Bank is committed to continuously enhancing its operational risk framework to encourage a culture of effective accountability and responsibility.

2.17.4 Market Risk

The Bank takes on exposure to market risk, which is the risk of potential loss of earnings or economic value due to adverse changes in financial market rates or prices. Market risks arise from open positions in interest rates, 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. The Bank's exposure to market risk arises principally from customer-driven transactions and pension obligations.

2.17.5 Risk identification

The Bank identifies market risk through daily monitoring of levels and profit or loss balances of trading and non-trading positions. The Market Risk Controller together with the risk department monitor daily trading activities to ensure that risk exposures taken are within approved limits and overall risk tolerance levels set by the Board. They monitor market risk factors that affect the value of trading and non-trading positions as well as income streams on non-trading portfolios on a daily basis. They also track liquidity indicators to ensure that the Bank meet their financial obligations at all times.

2.17.6 Interest rate risk

Interest rate risk is the exposure of current and future earnings and capital to adverse changes in the level of interest rates. Exposure to interest rate risk can result from a variety of factors, including:

- i. Differences between the timing of market interest rate changes and the timing of cash flows (repricing risk);
- ii. Changes in the market interest rates producing different effects on yields on similar instruments with different maturities (yield curve risk); and
- iii. Changes in the level of market interest rates producing different effects on rates received or paid on instruments with similar repricing characteristics (basis risk).

2.18 Write off policy

The Bank writes off a loan balance (and any related allowances for impairment losses) when the Bank determines that the loans are uncollectible. This determination is reached after considering information such as the occurrence of significant changes in the borrower's financial position such that the borrower can no longer pay the obligation, or that proceeds from collateral will not be sufficient to pay back the entire exposure.

The Bank did not write off asset during the year.

2.19 Credit Risk Management

Credit risk is the potential for financial loss due to the failure of counterparties to meet obligations to pay the Bank in accordance with agreed terms. Credit risk is the most important risk for the Bank's business. Management carefully manages its exposure to credit risk. Credit risk is attributed to financial instruments such as loans, overdrafts, cash held with other financial institutions, debt securities and other bills, investments, and acceptances and credit equivalent amounts related to off - statement of financial position financial items. The Bank's approach to credit risk management preserves the independence and integrity of risk assessment, while being integrated into business management processes. Credit risk is managed through a framework that sets out policies and procedures covering the identification, measurement and management of credit risk.

The goal of credit risk management is to evaluate and manage credit risk in order to further enhance a strong credit culture. The maximum amount of credit risk emanating from these sources is as follows:

	2023	2022
	GH¢	GH¢
Loans and Advances to customers	<u>15,341,157</u>	<u>11,761,126</u>
	<u>15,341,157</u>	<u>11,761,126</u>

The Bank's loans and advances were categorized by the Bank of Ghana prudential guidelines as follows

- i. Exposures that are neither past due nor impaired;
- ii. Exposures that are past due but not impaired; and
- iii. Individually impaired facilities

	2023
Maximum exposures to credit risk	GH¢
Carrying amount	<u>15,341,157</u>
Grade 1-3 : Low-fair risk-Current	12,772,383
Grade 4-5 : Low- watch list	2,640,210
Grade 6 : Substandard	531,418
Grade 7 : Doubtful	115,042
Grade 8 : Loss	<u>204,727</u>
Total Gross Amount	16,263,781
Allowance for impairment	<u>(922,624)</u>
Net Carrying Amount	<u>15,341,157</u>
a. Neither past due nor impaired	
Grade 1-3 : Low-fair risk	<u>12,772,383</u>
b. Past due but not impaired	
Grade 4-5 : watch list	2,640,210
c. Impaired classified by number of days due	
90-180 days	531,418
180-360 days	115,042
360 day +	<u>204,727</u>
	851,188
Individually Impaired	
Substandard	531,418
Doubtful	115,042
Loss	<u>204,727</u>
	<u>851,188</u>

Neither past due nor impaired

The quality of credit exposure to customers and other institutions that were neither past due nor impaired were assessed with reference to Bank of Ghana prudential guidelines adopted by the Bank for its internal grading purposes.

This category is made up as follows:

GRADE: December 2023	Term loans	Overdraft	Staff Loans	Total
Current	<u>14,752,242</u>	<u>87,444</u>	<u>1,424,095</u>	<u>16,263,781</u>

At 31 December 2023, the Bank's loans and Advances were categorized under IFRS 9 as follows:

Stage 1- At initial recognition-Performing

Stage 2- Significant increase in credit risk since initial recognition- Underperforming

Stage 3- Credit Impaired- Non- performing

	2023			
	Stage 1	Stage 2	Stage 3	Total
	GH¢	GH¢	GH¢	GH¢
Investment Securities	45,462,538	0	0	5,462,538
Loans & Advances to customers	12,772,383	2,640,210	851,188	16,263,781
Gross Carrying amount	58,234,920	2,640,210	851,188	61,726,318
Loss allowances	(58,235)	(13,201)	(851,188)	(922,624)
Carrying amount	58,176,685	2,627,009	0	60,803,694

2.20. Liquidity management risk

Liquidity risk is the risk that the Bank will not be able to meet payment obligations associated with financial liabilities when they fall due and replace funds when they are withdrawn. The consequence may be the failure to meet obligations to repay depositors and fulfill commitments to lend. It is the policy of the Bank to maintain adequate liquidity at all times and to be in a position to meet all obligations, repay depositors, fulfill commitments to lend and meet any other commitments as and when they fall due.

The primary objective of liquidity risk management is to provide a planning mechanism for unanticipated changes in demand or needs for liquidity created by customer behavior or abnormal market conditions. Liquidity is managed on a short to medium-term basis. In the short term, the focus is on ensuring that cash flow demands can be met as and when required. The focus, in the medium term, is on ensuring that the statement of financial position remains structurally sound and aligned to the Bank's strategy.

A substantial portion of the Bank's assets are funded by customer deposits made up of current and savings accounts and other deposits. These customer deposits, which are widely diversified by type and maturity, represent a stable source of surplus funds. Lending is normally funded by liability in the same currency.

2.21 Capital management

The Bank's objectives when managing capital include:

- * Complying with capital requirements set by the Bank of Ghana
- * Safeguarding the Bank's ability to continue as a going concern to enable it to continue providing returns for shareholders and benefits for other stakeholders
- * Maintaining a strong capital base to support the development of its business

The Bank's regulatory capital is divided into two tiers:

- * **Common Equity Tier 1 capital:** includes ordinary (common) shares issued by the Bank that meet the criteria for classification as ordinary shares for regulatory purposes, retained earnings, statutory reserves and disclosed reserves after deducting specified assets such as intangibles and certain classes of investments.
- * **Common Equity Tier 2 capital:** includes qualifying subordinated loan capital, property revaluation reserves and unrealized gains arising on the fair valuation of instruments held as hold to collect and sell.

The risk-weighted assets are measured using the standardized approach to reflect an estimate of the credit market and operational risks associated with each counterparty for on and off-statement of financial position exposures.

The Bank of Ghana Capital Requirements Directive (CRD or 'the Directive') issued under Section 92(1) of the Banks and Specialized Deposit-taking Institutions Act 2016 (Act 930) ('the BSDI Act') and Section 4(d) of the Bank of Ghana Act 2002 (Act 612) prescribes a risk-based capital adequacy requirement effective 1 January 2020. The tables below summarize the composition of regulatory capital adequacy ratios of the Bank.

2.21.1 The Capital Adequacy ratio as at 31 December, 2023

Item	GH¢	GH¢
Capital Base (A)		
Paid up Capital		2,467,653
Disclosed Capital		11,749,536
Permanent Preference shares		<u>13</u>
		14,217,202
Less Investment in the capital other banks and financial institution		<u>(89,514)</u>
Tier 1 Capital		14,217,202
Tier 2 Capital (revaluation reserve)		<u>14,814</u>
Adjusted Capital Base (A)		14,142,502
 Assets Base (B)		
Total Assets		83,338,536
Less:		
Cash in Hand	3,308,186	
5% ARB Apex	3,318,131	
ARB Apex Current	4,438,102	
ACOD	8,500,000	
Treasury security(bills and bond)	37,892,775	
Investing in Capital of other banks	89,514	
		<u>65,116,471</u>
Total Adjusted Assets		18,222,065
Add 100% of 3 years average annual gross income		<u>9,026,955</u>
Adjusted Assets Base (B)		<u>27,249,020</u>
 Capital Adequacy Ratio = A/B*100		51.90%
 Capital surplus/(deficit)	A-(10%*B)	11,417,600

Non-performing loan (NPL) ratio as at 31 December, 2023

This is defined as the ratio of the substandard to loss loans divided by the gross loans and expressed as a percentage. The NPL ratio as at 31 December, 2023 is shown below;

$$\text{Non-Performing Loan (NPL) ratio} = \frac{\text{Substandard to loss loans} * 100}{\text{Total gross loans}}$$

$$\text{NPL ratio} = \frac{851,188}{16,263,781}$$

$$\text{NPL Ratio} = 5.23\%$$

2.21.1 Non-Performing Loan Ratio

2.22 Related Party Transactions

2.22.1 Loan Transactions with Directors and Key Management Personnel

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

Details	2023	2022
	GH¢	GH¢
Directors	0	0
Management & Staff members	<u>1,424,095</u>	<u>1,978,661</u>
	<u>1,424,095</u>	<u>1,978,661</u>

2.22.3 Shareholding structure

2.22.3.1 Directors Shareholding

The total number of shares held by the Directors of the bank at the reporting date represented 4,930 of the total number of shares. Below are the details.

Name of Director	No. of Shares
1. Mr. Andrew Ameyaw	1,258
2. Mr. George Okyere	346
3. Mr. Daniel O. K. Owusu	1,326
4. Mr. Offei Dautey Ankobea	1,000
5. Mr. Lawance Adu-Gyamfi	<u>1,000</u>
TOTAL	<u>4,930</u>

Name of Key Management Person	No. of Shares
1. Madam Felicia Boamah Hall	2,057
2. Mr. Kwabena Donkor Larbi	2,057
3. Mrs. Esther Akyaa Dapaah	2,057
4. Mrs. Cherub Keni Okoto	2,057
5. Mr. Eric Osei Ameyaw	1,337
6. Mr. Augustine Manu	1,028
7. Mr. Bismark Agyekum	1,028
8. Mr. Ebenezer Nortey	1,028
9. Mr. Anthony Dankyi Osei-Mireku	926
10. Mr. Bright Abankwa Gyamera	<u>874</u>
TOTAL	<u>14,449</u>

2.22.3.2 Majority shareholding

The twenty (20) majority shareholding of the Bank as at the reporting dates is detailed below.

Name of Shareholders	No. of Shares
1. Kwesi Ntiamoah	25,468
2. Grace Ofosu Appiah	8,153
3. Apollo Club & trading Enterprise	6,930
4. George Osei Ameyaw	6,289
5. Abudu Aziz Abubakari	6,115
6. Nana Adonten Adjei	5,659
7. Agyekum Nimako Nicholas	4,076
8. Alex Asamoah	4,076
9. Benjamin Opoku Asante	4,076
10. Joseph Asamoah	4,076
11. George Kwabena Asante	4,076
12. Nana Tuffour Apem III	4,076
13. Alfred Twum-Antwi	3,615
14. Kwadwo Farkye	3,144
15. Amoah Sarfo Kwaku	3,144
16. Dickson Osarfo Asante	2,830
17. Kwame Osei Bonsu	2,830
18. Charles Ofori Owusu	2,545
19. Abrah Yaw	2,515
20. George Kwabena Asante	<u>2,515</u>
TOTAL	<u>106,208</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023**

		2023	2022
		GH¢	GH¢
3 Interest income			
Loans and advances		8,571,906	5,952,343
Investments		9,681,015	5,412,390
		18,252,921	11,364,734
4 Interest expense			
Interest on borrowing		15,546	0
Savings account & fixed deposits		1,706,518	1,235,944
		1,722,064	1,235,944
5 Commission and fees			
Cheque clearing fees		10,582	10,788
Commission		541,935	352,373
Commitment fees		1,127,912	774,896
		1,680,429	1,138,057
Less susu commission		(355,462)	(218,814)
		1,324,967	919,243
6 Other operating income			
Service charges		234,804	205,124
Stationery income		28,436	15,591
Interest on placement		44,104	30,321
Other income		5,700	1,170
Bad debt recovery		1,000	32,560
		314,044	284,766
7 Personnel expenses			
Salaries & wages		4,042,930	3,201,410
Employer's 13% Social security contributions		529,378	413,647
Provident fund		200,245	159,095
Other staff cost		360,105	102,397
Staff canteen allowance		271,370	269,632
Staff clothing allowance		196,359	153,113
Staff fuel. Maintenance and T&T		966,507	758,538
Staff annual bonus		656,235	283,271
Medical expenses		26,409	31,060
Staff training expenses		254,773	121,345
Staff transfer grant		35,265	29,366
Long service award		21,840	10,228
		7,561,416	5,533,102

			2023	2022
8 Operating expenses			GH¢	GH¢
Director allowances			100,031	42,188
Board meeting expenses			92,967	76,705
End of service benefit			28,125	0
Specie Movement			54,882	49,577
Travelling and Transport			280,460	258,356
Audit & Inspection Expenses			13,809	9,779
Audit Fees (Levies & VAT inclusive)			24,380	30,841
Legal expenses			15,893	16,225
Legal fees			12,500	10,000
Equipments repairs and maintenance			98,537	87,490
Computer expenses & repairs			12,416	10,993
Building maintenance			52,490	82,100
Office expenses			5,935	4,462
Printing & stationery			228,586	162,817
Rent & rates			119,516	8,698
Police guard			134,550	113,385
Donation and charitable contributions			2,400	0
Insurance premium			123,567	107,162
Postages and telecommunication			18,809	11,968
Subscriptions/Periodicals			48,978	56,482
Ghana Deposit Protection Insurance			155,000	120,000
Motor Vehicle fuel expenses			396,720	300,646
Motor vehicle repairs & maintenance			163,092	72,594
Cleaning and sanitation			35,696	71,905
Electricity and water			215,970	158,623
Business promotion			178,785	232,911
AGM expenses			95,078	68,832
Susu expenses			6,711	11,769
Mobilisation expenses			20,583	25,375
Bank charges			68,239	50,247
Funeral grant			5,250	12,450
Licensing & Support fees			479,003	282,281
Business operating permit/levy			23,955	21,559
Staff & management meeting expenses			53,967	13,973
Defalcation			0	994
			3,366,880	2,583,386
9 Depreciation & amortisation				
Depreciation		Note 18	473,686	327,414
Amortisation		Note 17	28,879	28,879
			502,565	356,293

10 Current Taxation		Balance at		Charge for	Balance
2023		1/1/2023	Payments	the year	12/31/2023
		GH¢	GH¢	GH¢	GH¢
Income tax		40,577	(1,790,578)	1,757,080	7,079
Growth and sustainability levy	10a	0	(262,500)	237,526	(24,974)
Deferred tax	10c	0	-	(286,000)	0
		40,577	(2,053,078)	1,708,607	(17,894)
2022		1/1/2022	Payments	the year	12/31/2022
		GH¢	GH¢	GH¢	GH¢
Year of Assessment 2022		115,981	(915,981)	840,577	40,577
Deferred tax		0	0	33,159	0
		115,981	(915,981)	873,736	40,577
10a Growth and sustainability levy provision			GH¢		
Profit before tax			7,125,792		
Levy @ 5% for 8 months effective period			237,526		
10b Reconciliation of Effective Tax Rate					
Profit before tax			7,125,792		2,548,763
Tax at applicable tax rate at 25%			1,781,448		637,191
Growth and sustainability levy			237,526		0
Tax impact of non-deductible expenses			74,954		213,948
Tax impact on excess repairs			53,278		60,546
Tax impact of capital allowances			(152,599)		(71,107)
Deferred tax			(286,000)		33,159
Current tax charges			1,708,607		873,736
Effective tax rate			24%		34%
10c Deferred Tax liability/(Asset)			Balance at		Balance at
2023			1/1/2023	Movement	12/31/2023
Charge/(Credit) to Income Statement			GH¢	GH¢	GH¢
Loan Impairment			0	(1,243)	(1,243)
Historical Cost-NCA			145,526	(284,757)	(139,231)
			145,526	(286,000)	(140,474)
10d Recognised Deferred Tax Assets and Liabilities					
Deferred tax assets and Liabilities are attributable to the following:					
			Temporary	Tax	Deferred
			Difference	Rate	Tax
			GH¢	%	GH¢
Deferred Tax Asset-Loan Impairment			(4,973)	25%	(1,243)
Deferred Tax Asset-NCA			556,925	25%	139,231
Net deferred Tax(Assets)/Liabilities			551,952		137,988

			<u>2023</u>		<u>2022</u>
11	<u>Earnings per share</u>		GH¢		GH¢
	Net Profit for the year attributable to equity holders of the Bank		5,417,186		1,675,027
	Weighted average number of ordinary shares		1,498,040		1,495,280
	Earnings per share	GH¢	3.62	GH¢	1.12
12	<u>Cash and bank balances</u>				
	ARB Apex Bank Plc - clearing account		4,438,102		4,450,110
	ARB Apex Bank Plc - 5% deposit account		3,318,131		2,292,174
	ARB Apex Certificate of deposit		8,500,000		6,800,000
	Commercial banks		0		0
	E-cash (mobile money)		296,488		0
	Cash on hand		3,011,698		2,730,588
			<u>19,564,419</u>		<u>16,272,872</u>
13	<u>Trading assets</u>				
	Government treasury bills		45,462,538		34,500,000
	Balance At 31 December		<u>45,462,538</u>		<u>34,500,000</u>
	Maturity within 91 days after reporting date		45,284,588		34,300,000
	Maturity after 91 days but within 182 days		177,950		200,000
	Maturity after 182 days but within 365 days		0		0
	Maturity after 365 days		0		0
			<u>45,462,538</u>		<u>34,500,000</u>

			2023	2022
			GH¢	GH¢
14	<u>Loans and advances</u>			
	Loans		16,176,336	13,070,536
	Overdraft		87,444	0
			16,263,781	13,070,536
	Less: Loan impairment allowance		(922,624)	(1,309,410)
			15,341,157	11,761,126
14b	Impairment allowance for loans & advances as per IFRS			
	Balance at 1 January 2023		1,309,410	1,148,892
	Write off		0	(150,737)
	Loans impairment charge/(credit)		(386,786)	311,255
	Balance at 31 December 2023		922,624	1,309,410
14c	Bank of Ghana provisions			
	Balance at 1 January 2023		1,309,410	1,148,892
	Bad debt written-off		0	(150,737)
	Provisions made		(391,760)	311,255
	Balance at 31 December 2023		917,650	1,309,410

Loan provisioning/impairment are carried out in accordance with Bank of Ghana policy as well as the principles of IFRS. Loan Impairment losses calculated based on IFRS principles are passed through the statement of comprehensive income. Where provisions per IFRS is more than the provisions per Bank of Ghana guidelines, no regulatory credit reserve is required. When the credit loss provision calculated under IFRS principles is less than that of Bank of Ghana, transfers are made from the income surplus account into the non-distributable regulatory credit reserves.

		2023	2022
		GH¢	GH¢
15	<u>Investment security-available for sale</u>		
	Balance at 1 January 2023	41,404	41,404
	Additions during the year	48,110	0
	Balance at 31 December 2023	89,514	41,404
	This represents investment in ordinary shares of ARB Apex bank limited		
16	<u>Other assets account</u>		
	Interest & commissions accrued	276,048	225,838
	Interest in arrears	326,514	199,733
	Stationery stock	113,776	101,660
	Rent prepaid	256,361	0
	Prepayment-insurance	45,502	44,322
	Others	1,573	4,964
	Interagency account	1,841	59,763
		1,021,617	636,280
17	<u>Intangible assets</u>		
	<u>Cost</u>		
	Balance at 1 January 2023	0	0
	Asset reclassification	288,791	0
	Acquisitions	0	0
	Balance at 31 December, 2023	288,791	0
	<u>Amortization</u>		
	Balance at 1 January 2023	0	0
	Asset reclassification	74,604	0
	Charge for the year	28,879	0
	Balance at 31 December, 2023	103,483	0
	<u>Carrying amount at</u>		
	December 31, 2023.	185,308	0

2023											
18 <u>Property, plant & equipment</u>											
	Head office										
	Building Premises	Motor Vehicles	Furniture & Fittings	Office Equipments	Computer & Accessories	Land	Software	Right of use	Capital work in progress		
<u>Cost</u>	GH¢	GH¢	GH¢	GH¢	GH¢	GH¢	GH¢	GH¢	GH¢	GH¢	GH¢
Balance at 1 January 2023	0	749,684	184,179	666,446	500,684	70,050	288,791	590,007	775,968		
Additions	0	463,765	172,758	205,356	141,128	0	0	0	0		
Assets reclassification	0	0	0	0	0	0	(288,791)	(590,007)	0		
Transfer to head office building	775,968	0	0	0	0	0	0	0	(775,968)		
Balance at 31 December, 2023	775,968	1,213,449	356,937	871,802	641,812	70,050	0	0	0		
<u>Depreciation</u>											
Balance at 1 January 2023	0	685,306	103,412	564,356	429,274	0	74,604	220,232	0		
Assets reclassification	0	0	0	0	0	0	(74,604)	(220,232)	0		
Charge for the period	15,519	217,766	60,384	103,396	76,621	0	0	0	0		
Balance at 31 December, 2023	15,519	903,072	163,796	667,752	505,895	0	0	0	0		
<u>Carrying amount at</u>											
December 31, 2023.	760,449	310,377	193,141	204,050	135,917	70,050	(0)	0	0		

	2022												
18a	<u>Property, plant & equipment</u>												
		Head office Building Premises	Motor Vehicles /Bikes	Furniture & Fittings	Office Equipments	Computer & Accessories	Land	Software	Right of use	Capital work			
	GH¢	GH¢	GH¢	GH¢	GH¢	GH¢	GH¢	GH¢	GH¢	GH¢	GH¢	GH¢	GH¢
	Balance at 1 January, 2022	0	744,934	183,529	584,089	474,528	70,050	288,791	249,812	710,119			
	Additions	0	4,750	650	82,357	26,156	0	0	340,195	65,849			
	Balance at 31 December, 2022	0	749,684	184,179	666,446	500,684	70,050	288,791	590,007	775,968			
	<u>Depreciation</u>												
	Balance at 1 January, 2022	0	563,795	74,483	504,374	387,012	0	45,725	145,503	0			
	Charge for the period	0	121,511	28,929	59,982	42,262	0	28,879	74,729	0			
	Balance at 31 December, 2022	0	685,306	103,412	564,356	429,274	0	74,604	220,232	0			
	<u>Carrying amount at</u>												
	December 31, 2022.	0	64,378	80,767	102,090	71,410	70,050	214,187	369,775	775,968			

			2023		2022
19	<u>Deposits and current accounts</u>		GH¢		GH¢
	Savings account		28,590,512		23,194,289
	Current account		7,397,130		5,835,763
	Fixed deposit		7,042,914		5,597,102
	Susu & others		24,878,081		19,033,218
			67,908,637		53,660,372
	<u>Analysis by type of deposits</u>				
	Individuals		57,056,553		45,484,913
	Private enterprise		7,174,977		4,547,273
	Public enterprise		543,042		322,883
	Others		3,134,065		3,305,303
			67,908,637		53,660,372
	10 largest depositors to total deposit ratio		5.26%		6.18%
20	<u>Creditors and accruals</u>				
	Payment order		81,245		29,865
	Accrued interest		214,434		205,103
	Interest suspense		180,704		127,014
	Unearned interest on treasury bill		0		1,458,586
	Accrued audit fees (levies & VAT inclusive)		24,380		30,841
	Office account (CR)		444,289		192,154
	Provisions(GDPC)		42,361		31,104
	Provisions(police guard)		13,593		13,593
	Ezwich, ATM remote, Ghanapay, Uconnect		2,995		3,795
	Covid' 19 relief loan		53,724		33,465
			1,057,725		2,125,520
21	<u>Borrowed fund</u>				
	ARB Apex Bank Plc		119,525		0
			119,525		0

			<u>2023</u>		<u>2022</u>
22	<u>Other liabilities</u>				
			Building fund	Total	
			Fund	Fund	
			<u>GH¢</u>	<u>GH¢</u>	
	<u>2023</u>				
	Balance at 1 January 2023		0	0	
	Transfer from equity		179,000	179,000	
	Add: transfer from profit		0	0	
	Less: utilised		0	0	
	Balance at 31 December 2023		179,000	179,000	
	This represents fund set aside by Board of Directors out of profit for office building project				
23	<u>Stated capital</u>		<u>No. of Shares</u>		<u>No. of Shares</u>
	Authorised:		<u>2023</u>		<u>2022</u>
	Ordinary shares		5,000,000,000		5,000,000,000
	Preference shares		125,000		125,000
	Issued and fully paid shares:				
	Ordinary shares		1,498,027		1,495,267
	Preference shares		13		13
	Total		1,498,040		1,495,280
			<u>GH¢</u>		<u>GH¢</u>
	Proceeds from issued shares		2,467,665		2,462,145

Stated Capital

The bank classifies capital and equity instruments in accordance with contractual terms of the instrument. Incremental costs that are directly attributable to the issue of an equity instrument are deducted from the initial measurement of equity instruments.

Dividend proposed which is yet to be approved by shareholders, is disclosed by way of notes.

24 Retained Earnings

This represents the cumulative annual profits that are available for distribution to shareholders

25 Statutory reserve

Statutory reserves are based on the requirements of section 34 of the Banks and Specialized Deposits-Taking Institution Act 2016 (Act 930). Transfers into statutory reserves are made in accordance with the relationship between the Bank's Reserve fund and its paid up capital, determines the proportion of profit for the period that should be transferred to the reserve fund

- i. Where the reserve fund is less than fifty percent of the stated capital, an amount not less than 50% of the net profit for the year is transferred to the reserve fund

- ii. Where the reserve fund is more than 50% but less than 100% of the stated capital, an amount not less than 25% of the year is transferred to the reserve fund.
- iii. Where the reserve is equal to 100% of the stated capital, an amount not less than 12.5% of the net profit for the year is transferred to the reserve fund.

26 Capital surplus

This represents increase in share value with the ARB Apex Bank Plc.

27 Credit risk reserve

This is a reserve created to set aside the excess or shortfalls between amounts recognized as impairment loss on loan and advances based on provisions made for bad and doubtful loans and advances calculated in accordance with IFRS and the Central Bank’s prudential guidelines.

28 Related party transactions

Advances due from directors and staff of the bank amounted to GH¢1,424,095 and it comprises:

	<u>2023</u>	<u>2022</u>
	GH¢	GH¢
Directors and related interest	0	0
Officers and employees	1,424,095	1,978,661
	<u>1,424,095</u>	<u>1,978,661</u>

**VALUE ADDED STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2023**

	2023	2022
	GH¢	GH¢
Interest earned and other operating income	19,577,888	12,707,915
Direct cost of services and other costs	<u>(4,988,913)</u>	<u>(3,919,251)</u>
Value added by banking services	14,588,975	8,788,664
Other banking income	314,044	79,642
Impairments credit/(charge)	386,786	(311,255)
Value added	<u>15,289,805</u>	<u>8,557,051</u>
Distributed as follows		
To employees		
Directors	(100,031)	(118,893)
Staffs	(7,561,416)	(5,533,102)
	<u>(7,661,448)</u>	<u>(5,651,995)</u>
To Government		
Income Tax	<u>(1,708,607)</u>	<u>(873,736)</u>
To providers of capital		
Dividends to shareholders	<u>0</u>	<u>0</u>
To expansion and growth		
Depreciation and amortization	<u>(502,565)</u>	<u>(356,293)</u>
Retained Earnings	<u>5,417,186</u>	<u>1,675,027</u>

