ASANTE-AKYEM
RURAL BANK PLC

Annual Reports And Financial Statements
Year Ended 31St December, **2022**

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ASANTE-AKYEM RURAL BANK PLC. JUANSA

NOTICE OF 36TH ANNUAL GENERAL MEETING (AGM)

NOTICE IS HEREBY GIVEN THAT; The 36TH Annual General Meeting (AGM) of Shareholders of the Asante-Akyem Rural Bank Plc. will be held at CHRIST CONGREGATION OF PRESBYTARIAN CHURCH-JUANSA on Saturday,9th December,2023 At 10.00 am.

AGENDA

1. To read the Notice convening the Meeting.
2. To confirm the minutes of the 35th Annual General Meeting.
3. To consider the Report of the Chairman of the Board of Directors.
4. To consider the Report of the Directors and the Accounts for the year ended 31st December, 2022 and the Auditors Reports.
5. To authorize the Directors to fix the remuneration of the Auditors.
6. To fix the remuneration of Directors.
7. Election Of Directors

Dated: 2nd October, 2023

Mr. Samuel Asiamah Snr.
(Board Secretary)

NOTE

A member is entitled to attend and vote at the meeting or appoint a proxy to attend and vote on his or her behalf, such a proxy may not necessarily be a member of the Bank. A proxy form is enclosed with the accounts. Completed Proxy Form should be lodged with the Board Secretary of Asante-Akyem Rural Bank Plc, P. O. Box 25,Juansa not less than (48) hours to the time of the meeting.

ASANTE AKYEM RURAL BANK PLC, JUANSA

MINUTES OF THE 35TH ANNUAL GENERAL MEETING (AGM) OF SHAREHOLDERS HELD ON SATURDAY, 10TH DECEMBER, 2022 AT JUANSA, PRESBY CHURCH

PRESENT

a. BOARD OF DIRECTORS

1.	Prof. Rexford Assasie Oppong	-	Director/Board Chairman
2.	Mr. Ricky Osei Owusu	-	Director/Vice Chairman
3.	Mr. Prince Osei	-	Director
4.	Mr. Henry Attah –Owusu Serbeh	-	Director
5.	Ms. Gyamfuaah Sarpong, Esq.	-	Director
6.	Mr. Frank Gyamfi	-	Director
7.	Mr. Samuel Asiamah Snr.	-	Director / Board Secretary

b. MANAGEMENT

1.	Mr. Atta Gyamfi	-	Chief Executive Officer
2.	Mr. Ernest Osei	-	Deputy General Manager
3.	Mr. Frederick Osei Tutu	-	Head of Operations
4.	Ms. Joyce Osei	-	Head of Credit
5.	Mr. Daniel Anarfi Yamoah	-	Head, Legal & Recovery
6.	Mr. Bright Ofori Amoako	-	Head, Risk & Compliance
7.	Mr. Louis Owusu Gyimah	-	Head, Internal Audit
8.	Mr. Amoako Ebenezer	-	Head, Human Resource

c. INVITED GUEST

Thirty-three (33) guests attended including Police and ARB Apex Bank Representative

d. SISTER RURAL BANKS

Seven (7) Sister Banks in the region attended

e. NANANOM

The Juansa Manhene, represented by the Kontihene- Nana Tenkonang Wadie, the Queen Mother- Nana Adwoa Afrakoma, Nana Adu Gyamfi Ampem, Agogo, Nana Pekyerekye Hene, Nana Sarfo Adu and other Chiefs from the Municipality attended.

f. EXTERNAL AUDITORS

John Allotey & Associates was in attendance.

g. MEDIA

Eleven (11) Media stations attended including EBITS

h. SHAREHOLDERS

Five hundred and ninety-one (591) Shareholders attended the Annual General Meeting.

S/NO	SUBJECT
1.0	**OPENING/PRAYER** The Annual General Meeting commenced at exactly 10:09am with opening prayer by Rev. Fr. Peter Kwame Owusu Mensah, the Catholic Priest St. John Catholic Church, Juansa.
2.0	**INTRODUCTION OF CHAIRMAN AND INVITED GUESTS** The M.C. for the occasion, Mr. Daniel Anarfi Yamoah, took the opportunity to introduce Prof. Rexford Assasie Oppong as the Chairman for the occasion. He also introduced all the Board of Directors present at the meeting. He followed up with the introduction of all the Ex-Directors and other dignitaries around.
3.0	**CHAIRMAN'S RESPONSE** The Chairman for the occasion, Prof. Rexford Assasie Oppong, accepted the call to chair the occasion.
4.0	**READING OF NOTES CONVENING THE MEETING** The M.C. for the occasion read the notes convening the 35th Annual General Meeting.
5.0	**CONFIRMATION OF THE PREVIOUS MINUTES (34RD AGM)** The M.C. for the occasion drew the attention of the Shareholders to the minutes of the 34rd AGM in the Report and Financial Statement distributed. Mr. S.K. Obeng moved for the acceptance of the previous minutes and was seconded by Mr. Kwame Appiah after the necessary corrections.
6.0	**REPORT OF DIRECTORS** Mr. Ricky Osei Owusu, the Vice Chairman, on behalf of the Board of Directors read the Directors report.

7.0	**REPORT BY THE BOARD CHAIRMAN** The Board Chairman presented the operational report and others as contained in the Financial Statement as follows: ***a. Operational Environment*** The chairman stated that the year under review saw uncertainties in the Ghanaian economy due to the ripple effects of Covid - 19. The Real Gross Domestic Product (GDP) was 5.4%, which was slightly above the previous year (2020) by 0.4%. The rate of inflation increased from 10.4% in 2020 to 12.6% for the year under review. Similarly, The Bank of Ghana prime rate remained 14.5% whiles the rate for 91 days treasury bills average 12.10%. These factors, the Board Chairman stated, had direct and indirect consequences on our operations during the year under review but through prudent measures by the Board and Management, the Bank sailed through successfully. ***b. Deposits*** Total deposits of the Bank for the year under review increased from GHS.62.38 million in 2020 to GHS 63.20million, representing an increase of 1.3%. The Board Chairman stated that 60% of savings accounted for the total increase in the deposit for the year under review. He said, this was a clear demonstration of the public confidence in the Bank. He therefore, assured the Customers of quality service and good decision to protect their deposits. ***c. Investment*** Touching on investment, the Board Chairman stated that investment in Government Securities and Call Account increased by 8.15% from GHS 36.83 million in 2020 to GHS.39.83 million for the year under review. The Board Chairman stated that the Bank met all the reserve requirement and remained solvent throughout the year under review. ***d. Loans and Advances*** The Board Chairman stated that total loans and advances for the year under review increased from GHS. 15.43 million in 2020 to GHS. 18.47 million in the year 2021, representing 19.70%. The Board Chairman pleaded with Shareholders who are also customers of the Bank to pay off their loans and advances when they fall due. ***e. Profit and Loss*** The Board Chairman stated that the Bank recorded profit before tax of GHS 453,948 for the year under review as compared to GHS 290,430 in 2020 representing an increase of 56.30%. He stated that out of this, a Corporate Tax of GHS.113, 487 had been paid leaving a profit after tax of GHS.340, 461 representing an increase of 69.49% over the previous year of GHS.200, 875.

f. Dividend

Touching on dividend, the Board Chairman stated that the issue of dividend had occupied the Board attention since their last meeting.

He further stated that the Board perfectly understood the grave concern being expressed by the Bank's distinguished Shareholders and really support them in their endeavour. However, since the Bank operates strictly under the direct control of the Bank of Ghana, going contrary to their directive will result in serious consequences. Accordingly, the Board Chairman stated that the Board once more, were unable to recommend for dividend for the year under review. The Board Chairman, however, assured the Shareholders of the Bank's readiness to pay dividend as soon as the directives from the Bank of Ghana is removed.

g. Total Assets

The Board Chairman stated that the total assets of the Bank increased from GHS. 73.29million in 2020 to GHS 75.21 million representing a percentage increase of 2.62%.

h. Corporate Social Responsibilities

Under this, the Board Chairman stated that GHS.76, 114 was spent on Corporate Social Responsibilities. This covered areas such as Farmers day, Schools, The Security services and the Traditional Institutions.

i. Directors

The Board Chairman stated that in accordance with section 325 of the Companies Act, 2019 (Act 992), and further to the Corporate Governance Directives by the Bank of Ghana, the following Directors were retiring on rotation after serving their first term in office:

Prof. Rexford Assasie Oppong - (Board Chairman)

Mr. Samuel Asiamah Snr - (Board Secretary)

The Board Chairman stated that the retiring Directors were however, seeking for re-election.

j. Change of the Company's Name.

The Board Chairman stated that he was very happy to inform the Shareholders about the successful change of the Bank's name from Asante Akyem Rural Bank Limited to Asante Akyem Rural Bank Plc.

The Board Chairman also informed the Shareholder that the acronym "Asakyem" with its response "where money grows" had been changed to reflect the logo and mission statement of the Bank as "Asakyem" with new response as "Crafted Eagles to grow Wealth".

k. Board Charter

The Board Chairman stated that in line with Corporate Governance Directives by the Bank of Ghana, the Board had successfully developed a Board Charter to regulate and guide the Board for the efficient direction of the Bank.

Conclusion

The Board Chairman concluded his annual report by thanking Nananom, Invited Guest and distinguished Shareholder present at the 35th AGM. He further expressed his appreciation to his brilliant colleague Directors, Management and Staff of the Bank for their commitment and hard work.

AUDITORS REPORT

The Auditor's report was read by Mr. Anyass Mumuni of John Allotey & Associates and interpreted in the local language by The Chief Executive Officer of the Bank.

APPROVAL OF VARIOUS REPORTS

Mr. Agyenim Boateng moved for the acceptance of the three (3) reports for discussion and was seconded by Ms. Vivian Asare Botchwey.

DISCUSSION OF VARIOUS REPORTS

The three reports namely Chairman's address, Auditors report and the 34thAGM minutes were discussed as follows:

a. **Mr. Kwame Appiah**

   Mr. Appiah wanted to find out the current situation of the Bank's lands at Agogo. He also wanted to find out whether loans given to customers had insurance on them.

b. **Mr. S.K. Obeng**

   Mr. Obeng used the opportunity to thank the Board for making profit for the Shareholders. He however, wanted to find out how his shares at the Bank would be inherited on his death.

c. **Nana Adu Gyamfi Ampem II**

   Nana wanted to find out whether in the absence of dividend being declared, it would be possible for those with bigger shares to receive something as dividend.

d. **Nana Sarfo Adu.**

   Nana wanted to find out whether the Bank bought the Co-operative land at Agogo leaving the building or the Bank bought both the land and the building.

e. **Mr. Samuel Gyekye**

Mr. Gyekye thanked the Board, Staff and Management for making profit for the Bank.

f. **Mr. Agyemang Wiredu.**

Mr. Agyeman wanted to find out about the condition of service for the Staff of the Bank.

7.1 g. **Mad. Abenaa Tutuwaa.**

Mad. Tutuwaa wanted to find out what the Bank would do for shareholders in the absence of dividend being declared.

7.2 h. **Mr. Stephen Dua Agyeman.**

Mr. Agyeman wanted to find out what percentage of the profit the Bank had for shareholders in the absence of dividend.

i. **Hon. Agyemang Prempeh.**

Hon. Prempeh on his part, pleaded with the Board to facilitate the approval of loans on time to enable business to move on time.

7.3 j. **Mr. Owusu Achaw.**

Mr. Achaw pleaded with the Board and Management to facilitate the process in obtaining money for deceased pensioners.

k. **Mr. Eric Kwame Boadi**

Mr. Boadi pleaded with the Board to extend part of the Bank's Corporate Social Responsibilities to the Ofoase Township in future

RESPONSES BY THE BOARD CHAIRMAN AND THE CHIEF EXECUTIVE OFFICER.

a. **Mr. Kwame Appiah**

In response to Mr. Appiah, the Board Chairman took the opportunity to explain to shareholders the resistance that the Bank had been facing ever since the Bank made an attempt to develop the Co-operative land at Agogo. With respect to other lands at Agogo, he explained that all the necessary documentations had been acquired. He also explained that all loans at the bank are duly insured

b. **Mr. S.K. Obeng**

In response to Mr. Obeng, the Board Chairman explained to the shareholders that the Board hoped to pay dividend next year after the directives from the Bank of Ghana had been removed. With respect to the one to inherit his shares, he explained that shareholders should always add their next of kins anytime they were filling their share forms.

	c. Nana Adu Gyamfi Ampem 11 The Board Chairman plead with Nana Adu to hold on small and pray for good response from the Bank of Ghana with respect to the release of the directive on the payment of the dividends. **d. Nana Sarfo Adu** In response to Nana Adu, the Board Chairman pleaded with all the Shareholder to help solve the issues surrounding the development of the Bank's Co-operative land at Agogo. **e. Mad. Abenaa Tutuwaa / Mr. Dua Agyeman** In response to Mad. Tutuwaa and Mr. Dua's issues which were the same, the Board chairman explained to them that the Bank would take their issue into consideration. **f. Hon. Agyemang Prempeh.** In response to Hon. Prempeh's issue, the Board Chairman explained that due to complex nature of loans, it's always advisable to do due diligence before they are given out to customers otherwise a lot of them will go bad which will affect shareholders capital.
7.4	**g. Mr. Owusu Achaw** In response to the difficulties in processing money for deceased pensioners, the Board Chairman explained that most of the issues bothers on acquisition of necessary documentation from Court, without which the Bank cannot effect the change of name or process any document at the Bank. **h. Mr. Eric Kwame Boadi** In response to the request made by Mr. Boadi, the Board Chairman assured him that it would be considered. However, he advised him to make official request to the Board on the type of Corporate Social Responsibility that the Ofoase township would want the Bank to do for them. **FIXING OF DIRECTORS REMUNERATION** The Board Chairman stated that Directors have maintained the same remuneration for the past six (6) years and have decided not to ask for any increment. Nana Tenkonang Wadie moved for Directors remunration to remain at GHS 600.00 & 500.00 for Chairman and Directors respectively and was seconded by Nana Adu Gyamfi Ampem 11.

OPTIONAL SPEECHES

Hon. Amoah Afrifa who represented the Association of Rural Banks, Ashanti Chapter used the opportunity to thank the Shareholders for comporting themselves throughout the whole program. He also used the opportunity to thank the Board, Management and Staff of the Bank for making Profit for the Shareholders in spite of the economic situation that we find ourselves as a country. He stated that none of the Rural Banks that he had visited at their AGM, had declared dividend except one which was yet to receive response from the Bank of Ghana for the intention to declare dividend. He therefore, pleaded with the Shareholders to exercise patience. He also pleaded with the Board to look at the Staff condition of service. He also admonished the customers to also do well to pay their loans to the Bank.

ELECTIONS OF DIRECTORS

Since two of the Directors were retiring on rotational basis, there was the need to conduct elections to fill those vacancies. At the close of filling for the two vacant positions, four persons had filled for the position. However, before the elections, one of the candidates (Mr Nti Obeng) opted out leaving three namely:

1. Prof. Rexford Assasie Oppong
2. Mr. Samuel Asiamah Snr.
3. Ms. Florence Ofosu Aburam

The election was officially supervised by the Electoral Commission office, the Asante Akyem North District, Agogo.

At the end of the elections, the followings results were declared by the Head of the Electoral Commission and which was accepted by all the candidates who contested for the vacant positions:

No.	Name	Total Votes	Total Shares	% Obtained
1.	Samuel Asiamah Snr.	242	19,462,831	35.78%
2.	Florence Ofosu Aburam	267	18,640,476	34.27%
3.	Prof. Rexford Assasie Oppong	82	16,293,792	29.95%
		591	54,397,099	100%

From the above results, Mr. Samuel Asiamah Snr and Ms. Florence Ofosu Aburam were duly elected as the two new Directors of the Bank by the District Head of the Electoral Commission, subject to the approval by the Bank of Ghana.

CHAIRMAN'S CLOSING REMARKS

The Chairman, on behalf of the Board thanked Nananom, Directors, Invited Guests, Dignitaries, Shareholders, Management and Staff for a successful Annual General Meeting.

CLOSING

Sister Anastasia Esi Acheampong gave the vote of thanks and closing prayer was said by Rev. Felicia Nyarkoh. The AGM came to an end at exactly 2:55pm.

Prepared by:

Asiamah Samuel Snr

(Board Secretary)

ASANTE-AKYEM RURAL BANK PLC

BOARD OF DIRECTORS AND OFFICIALS

Directors	Mr. Henry Atta - Owusu Serbeh	— Chairman
	Mr. Ricky Osei Owusu	— Vice Chairman
	Mr. Osei Prince	— Member
	Miss. Gyamfuaa Sarpong (Esq)	— Member
	Mr. Frank Gyamfi	— Member
	Mr. Samuel Asiamah Snr (Esq)	— Member / Secretary
Chief Executive	Mr. Atta Gyamfi	
Registered Office	Head Office, Juansa Asante-Akyem Rural Bank Plc	
Auditors:	Messrs John Allotey & Associates Prudential Plaza P. O. Box 884 Kumasi - Ashanti	
Bankers:	ARB Apex Bank Plc Zenith Bank Ghana Limited	
Branches:	Juansa Juaso Konongo Odumasi Agogo Ayeduase Afful-Nkwanta Roman Hill Ofoase	

BOARD OF DIRECTORS AND THE CHIEF EXECUTIVE OFFICER

Mr. Henry Atta-Owusu Serbeh
(Chairman, Finance/ Audit/ Risk Committee)

Mr. Ricky Osei Owusu
(Vice Chairman of the Board)

Miss Gyamfuaa Sarpong, Esq.
(Director)

Mr. Samuel Asiamah Snr.
(Director/ Board Secretary)

Mr. Prince Osei
(Chairman, Credit Committee)

Mr. Frank Gyamfi
(Director)

Mr. Atta Gyamfi
(Chief Executive Officer)

VISION

To grow the bank to be a first class leader in community banking dedicated to protecting the interest of the various stakeholders.

MISSION

To be a reliable rural financial intermediary capable of mobilizing idlefunds to support viable economic ventures in its operational areas, as a way of promoting growth and improving the standard of living of its clients in an efficient and competitive manner, through a value-oriented workforce dedicated to maximizing shareholders wealth.

Core Values

a. ***Commitment to Service:***
We commit to providing our clients and all stakeholders with the most efficient banking services.

b. ***Responsibility:***
We produce results in every task assigned to us and ensure that all our actions are always in the best interest of the Bank and the communities from which we owe our continued existence.

c. ***Accountability:***
We take responsibility for our decisions at the company and individual levels.

d. ***Flexibility:***
We are well-rounded and responsive to the needs of our clients and co-employees.

e. ***Trustworthiness.***
Excellence is our prime concern.

f. ***Efficiency:***
We perform our tasks in a timely and accurate manner.

g. ***Discipline:***
We practice self-restraint.

ASANTE AKYEM RURAL BANK PLC

THE YEAR AT A GLANCE

Major Income Statement Items	2022 GH¢	2022 GH¢	APPROX. PERCENTAGE CHANGE
Gross Earnings	13,269,318	11,555,852	14.83%
Interest Expenses	1,423,748	1,406,017	1.26%
Overhead Expenses	11,040,851	9,567,903	15.39%
Loan-Loss Charge	135,461	127,984	5.84%
Profit before Taxation	669,258	453,948	47.43%
Profit after taxation	405,471	340,461	19.09%
Major Balance Sheet Items			
Total Assets	88,916,331	75,218,330	18.21%
Deposit Liabilities	74,721,590	63,200,638	18.23%
Loans and Advances	17,224,012	18,472,218	-6.76%
Shareholder's Funds	8,674,134	8,046,987	7.79%
Per Share Data			
Earnings Per Share	0.0064	0.0055	16.67%
Total Assets Per Share	1.3997	1.2087	15.81%
Shares Issued to date	63,524,875	62,232,650	2.08%
Dividend Per Share	0.0000	0.0000	0.00%
Net Assets Per Share	0.1365	0.1293	5.60%

ASANTE AKYEM RURAL BANK PLC

REPORT OF THE DIRECTORS

The Directors in submitting to the shareholders the financial statements of the Bank for the year ended 31 December 2022 report as follows:

Directors' Responsibility Statement

The Bank's Directors are responsible for the preparation of the financial statements that give a true and fair view of Asante Akyem Rural Bank Limited financial position at 31 December 2022, and of the profit or loss and 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, and in the manner required by the Companies Act, 2019 (Act 992), and the Banks and Specialised Deposit-Taking Institutions Act, 2016 (Act 930). In addition, the directors are responsible for the preparation of this directors' report.

The Directors are also responsible 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, and for maintaining adequate accounting records and an effective system of risk management.

The Directors have made an assessment of the Bank's ability to continue as a going concern and have no reason to believe the business will not be a going concern.

Financial results and dividend

The financial results of the Bank for the year ended 31 December 2022 are set out in the attached financial statements, highlights of which are as follows:

31 December	**2022**	**2021**
	GH₵	GH₵
Profit before taxation is	669,258	453,948
from which is deducted taxation of	(263,787)	(113,487)
giving profit after taxation for the year of	405,471	340,461
less net transfer to statutory reserve fund and other reserves of	(101,368)	(85,115)
leaving a balance of	304,103	255,346
to which is added a balance brought forward on retained earnings of	4,756,411	4,445,562
add transfer from credit risk reserves	113,543	56,985
less final dividend paid of	(2,744)	(1,482)
leaving a balance of	**5,171,313**	**4,756,411**

In accordance with Section 34(1) (b) of the Banks and Specialised Deposit-Taking Institutions Act, 2016 (Act 930), an amount of GH¢101,368 (2021: GH¢85,115) was transferred to the statutory reserve fund from profit for the year, bringing the cumulative balance on the statutory reserve fund to GH¢1,586,107 (2021:GH¢1,484,739) at the year end.

Dividend

The Board of Directors do not recommend any dividend payment based on Bank of Ghana directive (NOTICE NO. BG/GOV/SEC/2021/06) dated 12th April,2021.

Nature of Business

The Bank is authorised by Bank of Ghana to carry on the business of rural banking.
There was no change in the nature of business of the Bank during the year.

Particulars of entries in the Interest Register during the financial year

No Director had any interest in contracts and proposed contracts with the Bank during the year under review,hence there were no entries recorded in the Interest Register as required Sections 194(6), 195(1)(a) and 196 of the Companies Act, 2019 (Act 992).

Corporate Social Responsibilities

The Bank spent a total of GH¢ 78,730 (2021: GH¢ 76,114) on corporate social responsibilities during the year. These are mainly in the form of education,health, security and sponsorships of major social events.

Capacity of directors

The Bank ensures that only fit and proper persons are appointed to the Board after obtaining the necessary approval from the regulator, Bank of Ghana. Relevant training and capacity building programs, facilitated by the Ghana Banking College and the Bank of Ghana, are put in place to enable the directors discharge their duties.

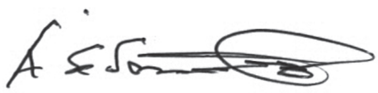
Auditor and Audit Fees

The auditor, John Allotey & Associates, will continue in office in accordance with Section 139 (5) of the Companies Act, 2019 (Act 992) and Section 81 of the Banks and Specialised Deposit-Taking Institutions Act, 2016 (Act 930).

Audit fee for the year ended 31 December 2022 is disclosed in Note 10 to the financial statement.

Approval of the Financial Statements

The Financial Statements of the Bank were approved by the Board of Directors on 3rd May 2023 and were signed on their behalf by:



Mr. Henry Atta-Owusu Serbeh	**Mr. Samuel Asiamah Snr**
(Member/Board Chairman)	(Member/Secretary)

John Allotey & ASSOCIATES

CHARTERED ACCOUNTANTS

1ST FLOOR PRUDENTIAL PLAZA ADUM
P.O. BOX KS884, KUMASI
TEL: +233-322092957
MOB: 0245326489
E-mail: ababioja@yahoo.com
Bankers: Barclays Bank Of Ghana Limited

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ASANTE-AKYEM RURAL BANK PLC

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Asante Akyem Rural Bank Plc, which comprise the statements of financial position as at 31 December 2022 and the statements of comprehensive income, changes in equity and cash flows for the year the ended and notes to the financial statements which include a summary of significant accounting policies and other explanatory information, as set out on pages 13 to 42.

In our opinion, these financial statements give a true and fair view of the financial position of Asante Akyem Rural Bank Plc as at 31 December 2022, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) and in the manner required by the Companies Act, 2019 (Act 992), and the Banks and Specialised Deposit–Taking Institutions Act, 2016 (Act 930).

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 Bank in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code), together with the ethical requirements that are relevant to our audit of the financial statements in Ghana and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

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

Key audit matter

Impairment allowances represent management 's best estimate of expected credit loss ('ECL') within each portfolio at the balance sheet date. The identification and the determination of allowances is inherently judgemental.

During the year,impairment allowances increased from GHS 2,039,486 as at 31 December 2021 to GHS 2,174,946 as at 31 December 2022. The key areas where we identified significant levels of management judgement and therefore increased levels of audit focus in the Bank's implementation of IFRS 9 are:

- Economic scenarios – IFRS 9 requires the Bank to measure ECLs on a forward-looking basis reflecting a range of future economic conditions. Significant management judgement is applied to determining the economic scenarios used, particularly in the context of COVID 19, and the probability weightings applied.
- Significant Increase in Credit Risk ('SICR') –the criteria selected to identify a significant increase in credit risk is a key area of judgement within the Bank's ECL calculation as these criteria determine whether a 12-month or lifetime provision is recorded. Increased

  judgement exists in the current year relating to the treatment of those customers who were granted one or more COVID 19 payment reliefs.
- ECL estimations – Inherently judgemental modelling is used to estimate ECLs which involves determining Probabilities of Default ('PD'), Loss Given Default ('LGD'), and Exposures at Default ('EAD'). The PD models used are the key drivers of the Bank's ECL results and are therefore the most significant judgemental aspect of the Bank's ECL modelling approach.
- Adjustments to the model driven ECL results are raised by management to address known impairment model limitations, model responsiveness or emerging trends relating to

How the matter was addressed in our audit

Based on our risk assessment and industry knowledge, we have examined the impairment allowance on loans and advances to customers and evaluated the methodology applied as well as the assumptions made according to the description of the key audit matter.

Our procedures included:

- Assessing and testing the design, implementation and operating effectiveness of key controls over the capture, monitoring and reporting of loans and advances to customers.
- Assessing and testing the design and operating effectiveness of controls over the Bank's loan impairment process regarding management's monitoring of loan performance.
- Using financial risk model specialists to independently assess and substantively validate the impairment models by re-performing calculations and agreeing data inputs to source documentation.
- Assessing whether key data inputs used in the ECL calculation are complete and accurate through testing relevant data fields and their aggregate amounts against data in the source system.
- Assessing the ongoing effectiveness of the SICR criteria through loan file reviews and independently determining the staging of the Bank's loans and advances portfolio, including determining the reasonableness of the Bank's treatment of COVID 19 payment relief to customers from a SICR perspective.

- Testing over key inputs and assumptions impacting ECL calculations to assess the reasonableness of economic forecasts, weights, and PD, LGD and EAD assumptions applied.COVID 19. Such adjustments are inherently uncertain and significant management judgement is involved in estimating these amounts.

- Disclosure quality - the disclosures regarding the Bank's credit risks are key to understanding the key judgements and material inputs to the IFRS 9 ECL results.

  Given the high degree of estimation uncertainty and significance of the balance, we considered impairment allowances on loans and advances to customers to be akey audit matter.

- Considering the adequacy of the Bank's disclosures in relation to impairment about changes in estimates occurring during the period and its sensitivity to key assumptions. In addition, we assessed whether the disclosure of the key judgements and assumptions made, including COVID 19 related disclosures, was reasonable.

Other Information

The Directors are responsible for the Other Information. The other information comprises the Directors Report as requested by the Companies Act, 2019 (Act 992), notice and agenda for the Annual General Meeting, Corporate information, chairman's report. Other information does not include financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. 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 of financial statements that give a true and fair view in accordance with International Financial Reporting Standards and the requirements of the Companies Act, 2019 (Act 992) and the Banks and Specialised Deposit–Taking Institutions Act, 2016 (Act 930), and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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

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 have communicated 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 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

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

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

ii. In our opinion, proper books of account have been kept, so far as appears from our examination of those books.

iii. The Bank's statements of financial position and comprehensive income are in agreement with the accounting records and returns.

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

Compliance with the requirements of Section 85 of the Banks and Specialised Deposit-Taking Institutions Act, 2016 (Act 930).

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

ii. The Bank's transactions were within their powers and the Bank generally complied with the relevant provisions of the Banks and Specialised Deposit-Taking Institutions Act, 2016 (Act 930).

iii. The Bank have generally complied with the provisions of the Anti-Money Laundering Act, 2020 (Act 1044), the Anti-Terrorism Act, 2008 (Act 762) and all relevant Amendments and Regulations.

The engagement partner on the audit resulting in this independent auditor's report is: Barima Ogyeabour Amankwaah Adunan II(ICAG/P/1154).

For and on behalf of John Allotey & Associates

(ICAG/F/2022/161)
Chartered Accountants
Prudential Plaza
Adum Kumasi, Ghana
Date: 21st April, 2023.

ASANTE AKYEM RURAL BANK PLC

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER, 2022

NOTES		**2022**	**2021**
		GH¢	**GH¢**
Interest Income	4	11,046,740	9,270,327
Interest Expense	5	(1,423,748)	(1,406,017)
Net Interest Income		9,622,992	7,864,310
Commission and Fees	6	2,222,578	2,196,025
Fees & Commission Expenses	7	(694,476)	(541,069)
Net Commission Income		1,528,102	1,654,956
Other Operating Income	8	-	89,500
Total Income		**11,151,094**	**9,608,766**
Loan Impairment Charge	13c	(135,461)	(127,984)
Personnel Expenses	9	(4,847,330)	(4,397,480)
Depreciation & Amortisation	18 & 19	(713,289)	(817,565)
Operating Expenses	10	(4,785,756)	(3,811,789)
Profit Before Taxation		**669,258**	**453,948**
Income Tax Expenses	16a	(263,787)	(113,487)
Profit for the year		**405,471**	**340,461**
Other Comprehensive Income (Net of Income Tax)			
Total Comprehensive Income for the year		**405,471**	**340,461**
Basic Earning Per Share (Cedis)	**29**	**0.0063**	**0.0055**
Diluted Earnings Per Share (Cedis)	**29**	**0.0063**	**0.0055**

ASANTE AKYEM RURAL BANK PLC

STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER, 2022

	NOTES	2022	2021
		GH¢	GH¢
Assets			
Cash and Cash Equivalents	11	11,741,177	7,130,737
Non-Pledged Trading Assets	12	49,830,713	39,830,713
Loans & Advances to customers	13	17,224,012	18,472,218
Investment Security - Available for sale	14	82,558	82,558
Other Assets	15	6,777,629	6,276,183
Current Tax Assets	16	593,569	575,521
Deferred Tax Assets	17	671,266	583,101
Intangible Assets	18	255,654	288,791
Property,Plant and Equipment	19	1,739,753	1,978,508
Total Assets		**88,916,331**	**75,218,330**
Liabilities			
Deposits from Customers	21	74,721,590	63,200,638
Creditors & Accruals	22	5,520,607	3,970,705
Total Liabilities		**80,242,197**	**67,171,343**
Equity and Reserves			
Stated Capital	23	1,750,760	1,526,340
Retained Earnings	24	5,171,313	4,756,411
Statutory Reserve	25	1,586,107	1,484,739
Credit Risk Reserve	26	126,550	240,093
Capital Surplus	27	39,404	39,404
Total Equity and Reserves		**8,674,134**	**8,046,987**
Total Liabilities, Equity and Reserves		**88,916,331**	**75,218,330**

Approved by the Board of Directors on 3rd May, 2023 and signed on its behalf by:

DIRECTOR: ....

DIRECTOR: ....

ASANTE-AKYEM RURAL BANK PLC
STATEMENT OF CHANGES IN EQUITY

2022	STATED CAPITAL GH¢	INCOME SURPLUS GH¢	STATUTORY RESERVE FUND GH¢	CREDIT RISK RESERVE GH¢	CAPITAL SURPLUS GH¢	TOTAL GH¢
At 1 January, 2022	1,526,340	4,756,411	1,484,739	240,093	39,404	8,046,987
Profit for the year	-	405,471	-	-	-	405,471
Dividend		(2,744)				(2,744)
Issue of additional shares	224,420	-	-	-	-	224,420
Transfer to:						
Statutory Resrve	-	(101,368)	101,368	-	-	-
Credit risk Transfer	-	113,543	-	(113,543)	-	-
At 31 December, 2022	**1,750,760**	**5,171,313**	**1,586,107**	**126,550**	**39,404**	**8,674,134**

2021	CAPITAL GH¢	SURPLUS GH¢	RESERVE FUND GH¢	RESERVE GH¢	SURPLUS GH¢	TOTAL GH¢
At 1 January, 2021	1,488,352	4,445,562	1,399,624	297,078	39,404	7,670,020
Profit for the year	-	340,461	-	-	-	340,461
Dividend		(1,482)				(1,482)
Issue of additional shares	37,988	-	-	-	-	37,988
Transfer to:						
Statutory Resrve	-	(85,115)	85,115	-	-	-
Credit risk Transfer	-	56,985	-	(56,985)	-	-
At 31 December, 2021	**1,526,340**	**4,756,411**	**1,484,739**	**240,093**	**39,404**	**8,046,987**

ASANTE AKYEM RURAL BANK PLC

STATEMENT OF CASH FLOWS

	Year Ended 31 December	
Cash Flows from Operating Activities	**2022**	**2021**
	GH¢	**GH¢**
Profit before Tax	669,258	453,948
Depreciation & Amortisation	713,289	817,565
Profit on Disposal	-	(89,500)
Cash Flows from Operating activities before changes in operating Assets & Liabilities	**1,382,547**	**1,182,013**
Changes in Operating Assets & Liabilities		
Change in Loans and Advances to Customers	1,248,206	(3,040,830)
Change in Other Assets	(501,446)	(1,965,380)
Change in Deposits from customers	11,520,952	818,889
Change in Creditors & Accruals	1,549,902	728,007
Cash generated from operating Activities	**15,200,161**	**(2,277,301)**
Tax Paid	(370,000)	(300,253)
Net Cash generated from operating Activities	**14,830,161**	**(2,577,554)**
Cash Flows from Investing Activities		
Purchase of Property and Equipment	(441,397)	(105,000)
Purchase of Treasury bills and other eligible bills	(10,000,000)	(3,000,000)
Proceeds from disposal	-	89,500
Dividend Paid	(2,744)	(1,482)
Net Cash used in Investing Activities	**(10,444,141)**	**(3,016,982)**
Cash flows from financing Activities		
Additional Shares Issued	224,420	37,988
Net Cash used in Financing Activities	**224,420**	**37,988**
Net (decrease)/Increase in Cash and Cash Equivalent	**4,610,440**	**(5,556,550)**
Cash and Cash Equivalent at beginning of period	7,130,737	12,687,287
Cash and Cash Equivalent at end of the year	**11,741,177**	**7,130,737**

ASANTE AKYEM RURAL BANK PLC

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER, 2022

1.0 REPORTING ENTITY

Asante Akyem Rural Bank Plc is a public Limited Liability Company incorporated and domiciled in Ghana.The address of the registered office of the bank is Asante Akyem Rural Bank Plc building, Juansa, Ashanti. The Bank is licensed by the Bank of Ghana (BOG) to receive deposits from and grant loans to customers and also provide any other service ancillary to financial services allowed by the regulator.

2.0 BASIS OF PREPARATION

The financial statements have been prepared on a historical cost basis, except for land and buildings and available-for-sale financial assets that have been measured at fair value.

2.1 Statement of Compliance

These financial statements of the Bank have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standard Board (IASB) and accounting requirements as dictated by the guide for financial publication 2017 issued by the Bank of Ghana and in a manner required by the Companies Act, 2019 (Act 992) and the Banks and Specialised Deposits - Taking Institutions Act, 2016 (Act 930).

2.2 Functional and Presentation Currency

The financial statements are presented in Ghana Cedis (GH¢) which is the bank's functional and presentation currency.

3.3 SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies adopted by the Bank and which have been applied in preparing these financial statements are stated below:

3.3.1 Revenue Recognition

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

3.3.2 Interest Income

Under IFRS 9, interest income is recorded using the effective interest rate (EIR) method for all financial instruments measured at amortised cost,financial instruments designated at FVPL. Interest income on interest bearing financial assets measured at FVOCI under IFRS 9. The EIR is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument or, when appropriate, a shorter period, to the net carrying amount of the financial asset.

The EIR (and therefore, the amortised cost of the asset) is calculated by taking into account any discount or premium on acquisition, fees and costs that are an integral part of the EIR. Hence, it recognises the effect of potentially different interest rates charged at various stages, and other characteristics of the product life cycle (including prepayments, penalty interest and charges). If expectations regarding the cash flows on the financial asset are revised for reasons other than credit risk, the adjustment is booked as a positive or negative adjustment to the carrying amount of the asset in the statement of financial position with an increase or reduction in interest income

The adjustment is subsequently amortised through Interest and similar income in the statement of comprehensive income.

3.3.3 Interest and similar income

The Bank calculates interest income by applying the EIR 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 amortised cost of the financial asset. If the financial assets cures and is no longer credit-impaired, the Bank reverts to calculating interest income on a gross basis.

Interest income on all trading assets and financial assets mandatorily required to be measured at FVPL is recognised using the contractual interest rate in net trading income.

3.3.4 Fees and commissions

Fees and commission income and expenses that are an integral part of the effective interest rate on financial instruments are included in the measurement of the effective interest rate. Other fees and commission income, including account servicing fees, management fees, sales commission, placement and arrangement fees and cheque clearing fees are recognised as the related services are performed.

Other fees and commission expense relates mainly to transaction and service fees, which are expensed as the services are received.

3.3.5 Other Operating Income

This is made up of other operating income including profit or loss on sale of property, plant and equipment, Bad debt recovered and other miscellaneous incomes.

3.3.6 Interest Expense

Interest expense is recognized in profit or loss for all interest-bearing financial instruments measured at amortized cost, including loans and advances, as interest accrues using the effective interest rate method.

The effective interest method is a method of calculating the amortized cost of a financial liability and of allocating the interest expense.

The effective interest rate is the rate that exactly discounts the estimated future cash payments over the expected life of the instrument or, when appropriate, a shorter period, to the net carrying amount of the financial liability.

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

The calculation includes fees paid by the Bank that are an integral part of the the acquisition, issue or disposal of a financial instrument .

3.3.7 Income tax expense

Income tax expense comprises current and deferred tax. Income tax expense is recognised in profit or loss except to the extent that it relates to items recognised directly in other comprehensive income (OCI) or equity, in which case it is recognised in OCI or equity.

3.3.8 Current Taxation

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

3.3.9 Deferred Taxation

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the corresponding amounts used for taxation purposes.However, deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss.

Deferred tax is measured at tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date. A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. 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 realised.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or the tax assets and liabilities will be realised simultaneously.

Deferred tax is provided using the statement of financial position method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax is not recognised for the following temporary differences: the initial recognition of goodwill, the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit, and differences relating to investments in subsidiaries to the extent that they probably will not reverse in the foreseeable future.

3.4 Financial assets and liabilities

Initial recognition and measurement Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions of the instrument or regular way purchases and sales of financial assets are recognised on trade-date, the date on which the Bank becomes party to the contractual provisions of the instrument or commits to purchase or sell the asset.

At initial recognition, the Bank measures a financial asset or financial liability at its fair value plus or minus, in the case of a financial asset or financial liability not at fair value through profit or loss, transaction costs that are incremental and directly attributable to the acquisition or issue of the financial asset or financial liability, such as fees and commissions. Transaction costs of financial assets and financial liabilities carried at fair value through profit or loss are expensed in profit or loss. Immediately after initial recognition, an expected credit loss allowance (ECL) is recognised for financial assets measured at amortised cost and investments in debt instruments measured at FVOCI, which results in an accounting loss being recognised in profit or loss when an asset is newly originated.

When the fair value of financial assets and liabilities differs from the transaction price on initial recognition, the entity recognises the difference as follows:

a. When the fair value is evidenced by a quoted price in an active market for an identical asset or liability (i.e. a Level 1 input) or based on a valuation technique that uses only data from observable markets, the difference is recognised as a gain or loss.

b. In all other cases, the differences is deferred and the timing of recognition of deferred day one profit or loss is determined individually. It is either amortised over the life of the instrument, deferred until the instrument's fair value can be determined using market observable inputs, or realised through settlement.

3.4.1 Classification and subsequent measurement

From 1 January 2018, the Bank has applied IFRS 9 and classifies its financial assets in the following measurement categories:

- Fair value through profit or loss (FVPL);
- Fair value through other comprehensive income (FVOCI); or
- Amortised cost.

The classification requirements for debt and equity instruments are described below:

3.4.2 Debt instruments

Debt instruments are those instruments that meet the definition of a financial liability from the issuer's perspective, such as loans and investment securities.

Classification and subsequent measurement of debt instruments depend on:

- the Bank's business model for managing the asset; and
- the cash flow characteristics of the asset.

Based on these factors, the Bank classifies its debt instruments into one of the following three measurement categories:

a. Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represents solely payments of principal and interest ('SPPI'), and that are not designated at FVPL, are measured at amortised cost. The carrying amount of these assets is adjusted by any expected credit loss allowance recognised and measured. Interest income from these financial assets is included in 'Interest income' using the effective interest rate method.

b. ***Fair value through other comprehensive income (FVOCI):*** Financial assets that are held for collection of contractual cash flows and for selling the assets, where the assets' cash flows represent solely payments of principal and interest, and that are not designated at FVPL, are measured at fair value through other comprehensive income (FVOCI). Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses on the instrument's amortised cost which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in 'other operating income'. Interest income from these financial assets is included in 'Interest income' using the effective interest rate method.

c. ***Fair value through profit or loss:*** Assets that do not meet the criteria for amortised cost or FVOCI are measured at fair value through profit or loss. A gain or loss on a debt investment that is subsequently measured at fair value through profit or loss and is not part of a hedging relationship is recognised in profit or loss and presented in the profit or loss statement within 'Net trading income' in the period in which it arises. Interest income from these financial assets is included in 'Interest income' using the effective interest rate method.

The above classifications are done using:
Business model: The business model reflects how the Bank manages the assets in order to generate cash flows. That is, whether the Bank's objective is solely to collect the contractual cash flows from the assets or is to collect both the contractual cash flows and cash flows arising from the sale of assets. If neither of these is applicable (e.g. financial assets are held for trading purposes), then the financial assets are classified as part of 'other' business model and measured at FVPL. Factors considered by the Bank in determining the business model for a Bank of assets include past experience on how the cash flows for these assets were collected, how the asset's performance is evaluated and reported to key management personnel, how risks are assessed and managed and how managers are compensated. Securities held for trading are held principally for the purpose of selling in the near term or are part of a portfolio of financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking. These securities are classified in the 'other' business model and measured at FVPL.

SPPI: Where the business model is to hold assets to collect contractual cash flows or to collect contractual cash flows and sell, the Bank assesses whether the financial instruments' cash flows represent solely payments of principal and interest (the `SPPI test'). In making this assessment, the Bank considers whether the contractual cash flows are consistent with a basic lending arrangement i.e. interest includes only consideration for the time value of money, credit risk, other basic lending risks and a profit margin that is consistent with a basic lending arrangement. Where the contractual terms introduce exposure to risk or volatility that are inconsistent with a basic lending arrangement, the related financial asset is classified and measured at fair value through profit or loss.

The Bank reclassifies debt investments when and only when its business model for managing those assets changes. The reclassification takes place from the start of the first reporting period following the change. Such changes are expected to be very infrequent and none occurred during the period.

3.4.3 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 recognised 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 recognised in profit or loss as other income when the Bank's right to receive payments is established.

3.4.4 Impairment

The Bank assesses on a forward-looking basis the expected credit losses ('ECL') associated with its debt instrument assets carried at amortised cost and FVOCI and with the exposure arising from loan commitments and financial guarantee contracts. The Bank recognises a loss allowance for such losses at each reporting date. The measurement of ECL reflects:

- An unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
- The time value of money; and
- Reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

3.4.5 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 derecognises the original financial asset and recognises 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 recognised 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 recognised in profit or loss as a gain or loss on de-recognition.

If the terms are not substantially different, the renegotiation or modification does not result in de-recognition, and the Bank recalculates the gross carrying amount based on the revised cash flows of the financial asset and recognises 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).

3.4.6 De-recognition other than on a modification

Financial assets

The Bank derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Bank neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

On derecognition of a financial asset, the difference between the carrying amount of the asset (or the carrying amount allocated to the portion of the asset derecognised) and the sum of

i. the consideration received (including any new asset obtained less any new liability assumed) and

ii. any cumulative gain or loss that had been recognised in OCI is recognised in profit or loss. Any interest in transferred financial assets that qualify for derecognition that is created or retained by the Bank is recognised as a separate asset or liability.

3.4.7 Identification and measurement of impairment

At each reporting date, the Bank assessed whether there was objective evidence that financial assets not carried at fair value through profit or loss were impaired. A financial asset was impaired when objective evidence demonstrated that a loss event had occurred after the initial recognition of the asset(s) and that the loss event had an impact on the future cash flows of the asset(s) that could be estimated reliably.

Objective evidence that financial assets were impaired included:

- significant financial difficulty of the borrower or issuer;
- default or delinquency by a borrower;
- the restructuring of a loan or advance by the Bank on terms that the Bank would not consider otherwise;
- indications that a borrower or issuer will enter bankruptcy;
- the disappearance of an active market for a security; or
- observable data relating to a Bank of assets such as adverse changes in the payment status of borrowers or issuers in the Bank, or economic conditions that correlate with defaults in the Bank.

The Bank considered evidence of impairment for loans and advances and held-to-maturity investment securities at both a specific asset and a collective level. All individually significant loans and advances and held-to-maturity investment securities were assessed for specific impairment.

Those found not to be specifically impaired were then collectively assessed for any impairment that had been incurred but not yet identified. Loans and advances and held-to-maturity investment securities that were not individually significant were collectively assessed for impairment by Banking together loans and advances and held-to-maturity investment securities with similar risk characteristics.

In assessing collective impairment, the Bank used statistical modelling of historical trends of the probability of default, the timing of recoveries and the amount of loss incurred, and made an adjustment if current economic and credit conditions were such that the actual losses were likely to be greater or lesser than was suggested by historical trends. Default rates, loss rates and the expected timing of future recoveries were regularly benchmarked against actual outcomes to ensure that they remained appropriate.

Impairment losses on assets measured at amortised cost were calculated as the difference between the carrying amount and the present value of estimated future cash flows discounted at the asset's original effective interest rate.

If the terms of a financial asset were renegotiated or modified or an existing financial asset was replaced with a new one due to financial difficulties of the borrower, then an assessment was made of whether the financial asset should be derecognised. If the cash flows of the renegotiated asset were substantially different, then the contractual rights to cash flows from the original financial asset were deemed to have expired. In such case, the original financial asset was derecognised and the new financial asset was recognised at fair value.

The impairment loss before an expected restructuring was measured as follows.

- If the expected restructuring will not result in derecognition of the existing asset, then the estimated cash flows arising from the modified financial asset were included in the measurement of the existing asset based on their expected timing and amounts discounted at the original effective interest rate of the existing financial asset.
- If the expected restructuring will result in derecognition of the existing asset, then the expected fair value of the new asset was treated as the final cash flow from the existing financial asset at the time of its derecognition. This amount was discounted from the expected date of derecognition to the reporting date using the original effective interest rate of the existing financial asset.

Impairment losses were recognised in profit or loss and reflected in an allowance account against loans and receivables or held-to-maturity investment securities. Interest on the impaired assets continued to be recognised through the unwinding of the discount. If an event occurring after the impairment was recognised caused the amount of impairment loss to decrease, then the decrease in impairment loss was reversed through profit or loss.

The Bank wrote off a loan or an investment in debt security, either partially or in full, and any related allowance for impairment losses, when the Bank Credit Committee determined that there was no realistic prospect of recovery and approval for write-off granted by the Board of Directors and theCentral Bank.

3.4.8 Assets carried at amortised cost

For loans and receivables, the amount of the loss was measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that had not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset was reduced and the amount of the loss was recognised in profit or loss. If a loan or held-to-maturity investment had a variable interest rate, the discount rate for measuring any impairment loss was the current effective interest rate determined under the contract. As a practical expedient, the Bank could measure impairment on the basis of an instrument's fair value using an observable market price.

If, in a subsequent period, the amount of the impairment loss decreased and the decrease could be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss was recognised in profit or loss.

3.4.9 (e) Derecognition of financial assets and liabilities

The derecognition policies for financial assets and liabilities have not changed on the adoption of IFRS 9.

3.5 Financial Liabilities

i. Classification

The Bank classifies its financial liabilities, other than financial guarantees and loan commitments, asmeasured at amortised cost.

ii. Measurement

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

iii. Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a de-recognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

3.6 Fair value measurement

'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 its absence, the most advantageous market to which the Bank has access at that date. The fair value of a liability reflects its non-performance risk.

When available, the Bank measures the fair value of an instrument using the quoted price in an active market for that 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 uses valuation techniques that maximise the use of relevant observable inputs and minimise the use of unobservable inputs. The chosen valuation technique incorporates all of the factors that market participants would take into account in pricing a transaction.

The best evidence of the fair value of a financial instrument at initial recognition is normally the transaction price – i.e. the fair value of the consideration given or received. If the Bank determines that the fair value at initial recognition differs from the transaction price and the fair value is evidenced neither by a quoted price in an active market for an identical asset or liability nor based on a valuation technique that uses only data from observable markets, then the financial instrument is initially measured at fair value, adjusted to defer the difference between the fair value at initial recognition and the transaction price.

Subsequently, that difference is recognised in profit or loss on an appropriate basis over the life of the instrument but no later than when the valuation is wholly supported by observable market data or the transaction is closed out.

If an asset or a liability measured at fair value has a bid price and an ask price, then the Bank measures assets and long positions at a bid price and liabilities and short positions at an ask price.

Portfolios of financial assets and financial liabilities that are exposed to market risk and credit risk that are managed by the Bank on the basis of the net exposure to either market or credit risk are measured on the basis of a price that would be received to sell a net long position (or paid to transfer a net short position) for a particular risk exposure. Those portfolio-level adjustments are allocated to the individual assets and liabilities on the basis of the relative risk adjustment of each of the individual instruments in the portfolio.

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. The Bank recognises transfers between levels of the fair value hierarchy as of the end of the reporting period during which the change has occurred.

3.7 Cash and cash equivalents

For the purposes of the statement of cash flow, cash and cash equivalents comprises cash on hand, cash and balances with the ARB Apex Bank and amount due from banks and other financial institutions.

3.8 Loans and advances

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

Loans and advances to banks are classified as hold to collect.

Loans and advances to customers include:

- those classified as loans and receivables; and
- finance lease receivables.

Loans and advances are initially measured at fair value plus incremental direct transaction costs, andsubsequently measured at their amortised cost using the effective interest method. Loans and advances also include finance lease receivables in which the Bank is the lessor.

When the Bank purchases a financial asset and simultaneously enters into an agreement to resell the asset (or a substantially similar asset) at a fixed price on a future date (reverse repo or stock borrowing), the arrangement is accounted for as a loan or advance, and the underlying asset is not recognised in the Bank's financial statements.

3.9 Investments

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

3.9.1 Non pledged and pledged trading assets

The non-pledged trading assets portfolio comprises debt securities purchased with the intent of short-term profit taking. The Bank values these securities with reference to quoted prices in active markets for identical assets. These securities are designated at fair value, with fair value changes recognized immediately in profit or loss.

3.10 Offsetting financial instruments

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Bank has a legal right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously. Income and expenses are presented on a net basis only when permitted under IFRS, or for gains and losses arising from a Bank of similar transactions such as in the Bank's trading activity.

3.11 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.

3.12Property, plant and equipment

i. Recognition and measurement

Items of property and equipment are measured at cost less accumulated depreciation and impairment losses. Cost includes expenditures that are directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the assets to a working condition for their intended use, the costs of dismantling and removing the items and restoring the site on which they are located, and capitalised borrowing costs.

Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment. When parts of an item of property or equipment have different useful lifes, they are accounted for as separate items (major components) of property and equipment. The gain or loss on disposal of an item of property and equipment is determined by comparing the proceeds from disposal with the carrying amount of the item of property and equipment, and is recognised in other income/other expenses in profit or loss.

ii. Subsequent costs

The cost of replacing part of an item of property or equipment is recognised in the carrying amount of the item if it is probable that the 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 and equipment are recognised in profit or loss as incurred.

iii. Depreciation

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lifes of each part of an item of property and equipment since this must closely reflect the expected pattern of consumption of the future economic benefits embodied in the asset. Leased assets under finance leases are depreciated over the shorter of the lease term and their useful lifes.

The estimated useful lifes are as follows:

Ofifice Buildings	5%
Plant & Machinery	20%
Motor Vehicles	33%
Office Furniture and Equipment	20%
Computers & Accessories	25%

Right of use assets are amortised over the shorter of the lease term and the asset's useful life.

3.13 Leasehold property

Leasehold property is initially recognised at cost. Subsequent to initial recognition, leasehold property is amortised over the lease term of the property. The amortisation is recognised in profit or loss.

3.14 Intangible assets

Computer software

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

Intangible assets with indefinite useful lifes are not amortized. Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful life of the software, from the date that it is available for use. The estimated useful life of software is five years. Amortisation methods, useful lifes and residual values are reviewed at each financial year-end and adjusted if appropriate.

3.15 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 recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. A cash-generating unit is the smallest identifiable asset that generates cash flows that are largely independent from other assets. Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of cash generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of the other assets in the unit (Bank of units) on a pro rata basis.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

3.16 Deposits and borrowings

This is mainly made up of customer deposit accounts, other finncial institutions and medium term borrowings.They are categorised as other financial liabilities measured in the statement of financial position at amortised cost.

3.17 Provisions

The Bank recognises provisions when it has a present obligation (Legal or Constructive) as a result of past events and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Bank expects some or all of a provision to be reimbursed, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the Profit or Loss net of any reimbursement.

If the effect of the Time Value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as Borrowing Cost.

3.18 EMPLOYEE BENEFIT

Short-Term Benefits

a. Short Term Benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as therelated service is provided. A provision is recognised for the amount expected to be paid under short term cash bonus or profit sharing plans if the Bank has a present legal or constructive obligation to pay this amount as s result of past service provided by the employee and the obligation can be estimated reliably.

b. Post Employment Benefits

Defined Contribution Plans

i. Social Security and National Insurance Trust (SSNIT)

Under a National Deferred Benefit Pension Scheme, the bank contributes 13% of employees's basic salary to the SSNIT for employee pensions. The bank's obligation is limited to the relevant contributions which were settled on due dates. The pension liabilities and obligations, however, rest with SSNIT.

ii. Provident Fund

The Bank has a Provident Fund Scheme for all employees who have successfully gain employment with the Bank. Employees contribute 4.5% of their basic salary to the Fund whilst the Bank contributes 11%. The obligation under the plan is limited to the relevant contribution and these are settled on due dates to the fund manager as required by National Pension Regulatory Authority (NPRA).

3.19 Events after the Reporting Date

Events subsequent to the reporting date are reflected only to the extent that they relate to the Financial Statements and the effect is material.

3.20 Dividend

Dividend on ordinary shares is recognized on equity in the period in which they are approved by the company's shareholders. Dividend proposed for approval at AGM is not recognized as a liability as at 31 December, 2022.

The Directors do not recommend the payment of dividend for the year ended 31 December, 2022.

3.21 Earnings per share

The Bank presents basic earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Bank by the weighted average number of ordinary shares outstanding during the year.

3.22 Risk Management

Risk in a banking organisation is the possibilty that the outcome of an action or event could bring up adverse impacts. Such outcomes could either result in a direct loss of earnings/capital or may result in imposition of constaints on the bank's ability to meet its business objectives. Such constraints pose a risk as these could hinder a bank's ability to conduct its ongoing business or to take benefit of opportunities to enhance its business.

Risk is inherent in every Bank's activities but it is managed through a process ofconstant identification, measurement and monitoring, subject to risk limits and other controls.This process of risk management is critical to AKRB's continuing profitability and each staff/board member within the Bank is answerable for the exposures relating to his or her responsibilities.

The key risks the Bank is exposed to are credit risk, liquidity risk, market risk and operating risks.

a. Risk Management Structure

The Board of Directors has overall oversight responsibiliy about the bank's risk management framework. The Board's Audit Committee gives direction for overall risk monitoring and control and it is assisted in its functions by the Internal Control Department of the Bank. The Credit Committee , Assets and Liabilities Management Committee (ALCO) are directly responsible for developing and monitoring risks in their specific areas of operation. All these structures work together to ensure effective implementation of the risk management policies and procedures of the bank.

b. Risk Measurement and Reporting System

Risk taking is an integral part of banking business. In undertaking its business, AARB Limited has to strike an appropriate balance between the level of risk it is willing to take and 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 AKRB'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 aeas of its operations as well as gathering information on the Bank's risk exposure for management decision making.

Asante Akyem Rural Bank Plc has the following types of Risk exposures:

- Operational Risk
- Liquidity Risk
- Reputational Risk
- Market Risk Credit
- Risk Write-of Policy

These inherent risks are managed througha process of continuous identification, measuement, monitoring and controls.The bank continues to intensify measures to minimize the effects of these risks on its financial perfomance.

c. Operational Risk

'Operational risk' is the risk of direct or indirect loss that the Bank will suffer due to an event or action resulting from the failure of its internal processes, people and systems, or from external events. Key operational risks are managed in a timely and effective manner through a framework of policies, procedures and tools to identify, assess, monitor, control and report such risks. The Bank manages its operational risk at three distinct levels, each with clearly defined roles and responsibilities as follows:

- ***Business Units and Support Functions***

  Business Units and Support Functions own and are responsible for understanding the operational riskinherent in their material products, activities, processes and systems. They are responsible for the consistent implementation of the operational risk management framework in their area of responsibility on a day-to day basis. This includes identifying the risks, establishing controls, and managing the risks in accordance with the Bank's overall risk tolerance and operational risk policies.

- ***Operational Risk Management (ORM)***

  The ORM function has direct responsibility for formulating and implementing the Bank's ORM framework including methodologies, policies and procedures approved by the Board. ORM function works with the Business Units and Support Functions to ensure that the day-to-day operations of the Bank are in line with the approved ORM policies. The unit provides trainings and workshops to facilitate interpretation and implementation of the various ORM programs. The unit continuously monitors the effectiveness and the quality of the controls and risk mitigation tools.

- ***Internal Audit***

  The mission of Internal Audit is to provide an independent assurance of the design and effectiveness of internal controls over the risks to the Bank's business performance. In carrying out this function, Internal Audit provides specific recommendations for improving the governance, risk & control framework. The role of the Internal Audit function is to conduct regular independent evaluation and review of the Bank's policies, procedures and practices in relation to the ORM Policy Framework and report the results to the Board.

d. Market Risk

Market risk' is the risk that changes in market prices – such as interest rates, foreign exchange rates and credit spreads (not relating to changes in the obligor's/issuer's credit standing) – will affect the Bank's income or the value of its holdings of financial instruments. The objective of the Bank's market risk management is to manage and control market risk exposures within acceptable parameters to ensure the Bank's solvency while optimising the return on risk.

The Bank recognizes market risk as the exposure created by potential changes in market prices and rates, such as interest rates, equity prices and foreign exchange rates. The Bank's exposure to market risk arises principally from customer driven transactions.

Overall authority for market risk is vested in the ALCO. The Risk Management unit is responsible for the development of detailed risk management policies (subject to review and approval by ALCO) and for the day-to-day review of their implementation.

e. Write-off Policy

The bank writes off a loan when the credit committee determines that the loan is non- recoverable. Upon the recommendation of the credit committee,write -offs are referred to the Board and then to the Bank of Ghana for ratification.

f. Reputational Risk

Reputation,though an intangible asset, is considered as one of the prized assets of the bank. The Bank's definition of reputational risk is the risk of loss or under-performance caused by deterioration in public perception of (any part) the Bank, arising from adverse publicity or rumour. This can affect the Bank's ability to establish new relationships or retain existing relationships.

Reputational risk can expose the Bank to financial loss, decline in customer base, litigation and loss of business generally. By the nature of its operations, reputational risk management plays a very significant role within the bank. The Bank ensures compliance with all legal, statutory & Regulatory Requirements.

The Business Development and Marketing Department continue to monitor and manage repuitonal risk to the Bank by undertaking customer surveys and reporting to the appropriate business unit. Reputational risk is difficult to quantify yet the damage from such reputational risk events canbe devastating. The Bank, therefore, ensures to minimize the negative impact of reputational risk exposures on its image, earnings and capital by instituting the following measures:

- Strong Financial Stability
- Excellent Customer Services
- Timely and periodic review of service agreements

- Good Corporate Governance and control Practices
- Balancing the interest of all significant Stakeholders
- Professionalism of Employees
- Adherence to Corpotate Social and Enviromental Responsibility.
- Adequate annual budgetary allocation for donation and sponsorship.

g. Credit Risk

Credit Risk arises from the credit exposure to a borrower or a counter-party, in that either the borrower or the counter-party is unable to redeem an obligation or the liability to perform such obligation is impaired resulting in economic loss to the Bank.

The Credit Risk in the Bank's operations arise from largely Loans and Advances to Customers. The Credit Risk is managed through the systems and controls establised by Credit Department that ensure that there is review of the status of the credit at every stage from application to completion of the repayment of the advance by the custmer. There is the Credit Committee that reviews reports of the performance of the Loans and Overdrafts which takes appropriate action for recovery.Credit facilities are also closely monitored to uncover early warning signal or non-performance. The maximum amount of credit risk emanating from these sources is as follows:

	2022	2021
	Ghc	**Ghc**
Loans and Advances to customers	19,398,958	20,511,704
	19,398,958	**20,511,704**

The Bank's loans and advances were categorised 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

	2022	2021
Maximum exposures to credit risk	**Ghc**	**Ghc**
Carrying amount	**17,224,012**	**15,176,854**
Grade 1-3: Low - fair risk - Current	15,999,138	16,912,339
Grade 4-5: Low - watch list	203,514	703,141
Grade 6: Substandard	127,166	601,001
Grade 7: Doubtful	236,146	792,348
Grade 8: Loss	2,832,994	1,502,875
Total Gross Amount	19,398,958	20,511,704
Allowance for impairment	(2,174,946)	(2,039,486)
Net Carrying Amount	**17,224,012**	**18,472,218**

a Neither past due nor impaired		
Grade 1-3: Low - fair risk	15,999,138	16,912,339
b Past due but not impaired		
Grade 4-5: watch list	203,514	703,141
c Impaired classified by number of days due		
90-180 days	127,166	601,001
180-360 days	236,146	792,348
360 day +	2,832,994	1,502,875
	3,196,306	**2,896,224**
Individually Impaired		
Substandard	127,166	601,001
Doubtful	236,146	792,348
Loss	2,832,994	1,502,875
	3,196,306	**2,896,224**

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 the Bank of Ghana prudential guidelines adopted by the bank for its internal grading purposes.

This category is made up as folows:

December

This category is made up as folows:

December

2022	**Term Loans**	**Overdrafts**	**Staff loans**	**Total**
Grade:				
Current	**12,316,481**	**2,377,503**	**1,303,406**	**15,997,389**

December

2021	**Term Loans**	**Overdrafts**	**Staff loans**	**Total**
Grade:				
Current	**10,479,164**	**1,722,000**	**1,407,150**	**13,608,314**

Loans and advances past due but not impaired

Loans and advances graded internally as current and OLEM may be past due but are not considered impaired, unless other information is available to indicate the contrary. Gross amount of loans and advances by class to customers that were past due but not impaired were as follows:

December

2022	**Term Loans**	**Overdrafts**	**Staff loans**	**Total**
Grade:				
Past due but not impaired	**143,287**	**11,974**	**48,252**	**203,514**

December 2021	Term Loans	Overdrafts	Staff loans	Total
Grade:				
Past due but not impaired	**645,224**	**44,014**	**13,903**	**703,141**

Individually impaired loans - Stage 3

The breakdown of the gross of loans and advances individually impaired by class,along with the fair value of related collateral held by the bank as security , are as follows:

December 2022	**Term Loans**	**Overdrafts**	**Staff loans**	**Total**
Grade:				
Individually impaired loans	2,667,020	428,948	102,088	3,198,055
Fair Value of Collateral	**1,281,485**		**-**	**1,281,485**

December 2021	**Term Loans**	**Overdrafts**	**Staff loans**	**Total**
Grade:				
Individually impaired loans	2,896,224		-	2,896,224
Fair Value of Collateral	**1,592,079**		**-**	**1,592,079**

At 31 December 2022, the Bank's loans and Advances were categorised 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-performimg

	2022			
	Stage 1	**Stage 2**	**Stage 3**	**Total**
Cash & Cash equivalents	11,741,177			11,741,177
Investment Securities	49,830,713			49,830,713
Investment other than Securities	82,558.00			82,558
Loans & Advances to Cust.	15,999,138	203,514	3,196,306	19,398,958
Other assets (less Prepayments)	6,777,629			6,777,629
Gross carrying amount	84,431,215	203,514	3,196,306	87,831,035
Loss allowances	(239,774)	(20,351)	(1,914,821)	(2,174,946)
Carrying amount	**84,191,441**	**183,163**	**1,281,485**	**85,656,089**

2021

Stage 1 Stage 2 Stage 3 Total				
Cash & Cash equivalents	7,130,737	-	-	7,130,737
Investment Securities	39,830,713	-	-	39,830,713
Investment other than Securities	82,558	-	-	82,558
Loans & Advances to Cust.	16,912,339	903,141	2,696,224	20,511,704
Other assets (less Prepayments)	6,276,183	-	-	6,276,183
Gross carrying amount	70,232,530	903,141	2,696,224	73,831,895
Loss allowances	(224,840)	(710,501)	(1,104,145)	(2,039,486)
Carrying amount	**70,007,690**	**192,640**	**1,592,079**	**71,792,409**

Collaterals and other credit enhancements

The bank employs a range of policies and practices to mitigate credit risk. The most traditional of these is the taking of security for funds advanced, which is common practice. The bank implements guidelines on the acceptability of specific classes of collateral or credit risk mitigation. The principal collateral types for loans and advances are:

i. Mortgages over residential properties.
ii. Charges over business / personal assets such as premises, Vehicle.
iii. Charges over financial instruments such as debt securities and equities

Collateral held as security for financial assets other than loans and advances depends on the nature of the instrument. Longer-term finance and lending to corporate entities or individuals are generally secured; revolving individual credit facilities are generally unsecured. In addition, in order to minimise the credit loss, the bank will seek additional collateral from the counterparty as soon as impairment indicator are identified for the relevant loans and advances

The Bank's policies regarding obtaining collateral have not significantly changed during the reporting period and there has been no significant change in the overall quality of the collateral held by the Bank since the prior year.

The Bank closely monitors collateral held for financial assets considered to be credit-impaired, as it becomes more likely that the Bank will take possession of collateral to mitigate potential credit losses. Financial assets that are credit impaired and the related collateral in order to mitigate potential loses.

The Bank monitors concentrations of credit risk by sector. An analysis of concemtrations of credit risk on loans and advances is shown below.

Loans and advances to customers

	2022	2021
Carrying amount		
Concentration by product:		
Term loans	15,159,854	17,026,367
Overdraft	2,792,624	2,065,209
Staff loans	1,446,480	1,420,128
Gross loans and advances	**19,398,958**	**20,511,704**
Less: Impairment	(2,174,946)	(2,039,486)
Net loans and advances	**17,224,012**	**18,472,218**
Concentration by industry:		
Agricultural	98,442	203,416
Cottage	312,116	374,449
Trading	224,896	5,867,418
Transport	7,365,777	378,422
Others	11,397,727	13,687,999
Gross loans and advances	**19,398,958**	**20,511,704**
Less: Impairment	(2,174,946)	(2,039,486)
Net loans and advances	**17,224,012**	**18,472,218**

Key ratios on loans and advances

i. Loan loss provision is 11.21% (2021 : 9.94%)

ii. Gross non-performing loans and advances is 16.48% (2021 ; 14.12%)

h Liquidity Risk

'Liquidity risk' is the risk that the Bank will encounter difficulty in meeting obligations associated with its financial liabilities that are settled by delivering cash or another financial asset when they fall due.

The Bank maintains liquidity limit imposed by its regulator, Bank of Ghana and the overall liquidity has always been within the regulatory limit of Bank of Ghana. Treasury monitors compliance of all branches to ensure that the Bank maintains optimum liquid assets. The Bank aims to be in a position to meet all obligations, repay depositors, fulfil commitments to lend and meet any other commitments.

Treasury unit receives information from other business units regarding the liquidity profile of their financial assets and liabilities and details of other projected cash flows arising from projected future business. Treasury unit then maintains a portfolio of short-term liquid assets, largely made up of short-term liquid investment securities, loans and advances to banks and other inter-bank facilities, to ensure that sufficient liquidity is maintained within the Bank.

All liquidity policies and procedures are subject to review and approval by ALCO. Daily reports on the liquidity position of the Bank is submitted to senior management and summary report, including any exceptions and remedial action taken, is submitted regularly to ALCO on monthly basis.

3.23 CAPITAL

a. The Objectives of Capital Management

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

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

b. Regulatory capital

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

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

c. The Level of Capital Adequacy

	2022	2021
	Ghc	**Ghc**
Paid Capital	1,750,760	1,526,327
Disclosed Reserves	6,757,420	6,241,150
Permanent Preference Shares	13	13
Sub-Total	8,508,193	7,767,490
Investments in Apex Shares	(82,538)	(82,538)
Tier 1 Capital	8,425,655	7,684,952
Tier 2 Capital	39,404	39,404
Regulatory Capital	**8,465,059**	**7,724,356**
Required Regulatory Capital	3,903,627	3,850,220
Surplus Capital	**4,561,432**	**3,874,136**

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

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

4 INTEREST INCOME	**2022**	**2021**
	Ghc	**Ghc**
Advances	5,776,126	5,068,097
Investments	5,270,614	4,202,230
	11,046,740	**9,270,327**
5 INTEREST EXPENSE		
Deposits from Customers	1,423,748	1,406,017
	1,423,748	**1,406,017**
6 FEES AND COMMISSION INCOME		
Retail banking customer fees	1,328,319	1,234,294
Cheque Clearing Fees	32,487	29,412
Sundry income	861,772	932,319
	2,222,578	**2,196,025**
7 FEES AND COMMISSION EXPENSES		
Bank charges/ Clearing Expenses	72,884	23,723
Susu & Mobilsation expenses	621,592	517,346
	694,476	**541,069**
8 OTHER OPERATING INCOME		
Profit on disposal (Note 20)	-	89,500
	-	**89,500**
9 PERSONNEL EXPENSES		
Salaries, Wages and Allowances	3,741,618	3,490,526
Social Security Contribution	287,891	305,576
Provident Fund Contribution	167,748	173,707
Medical	38,528	32,443
Staff Training Expenses	203,775	148,930
Retirement Benefits	152,017	-
Staff Bonus	216,439	223,914
Housing Expenses	39,314	22,384
	4,847,330	**4,397,480**

10 OPERATING EXPENSES	2022	2021
	GH¢	GH¢
Directors' Emoluments	96,600	104,550
Computerization Expenses	340,022	327,038
Audit Fees	48,960	40,713
Electricity & Water	218,972	241,091
General & Administrative Expenses	4,081,202	3,098,397
	4,785,756	**3,811,789**

11 CASH AND BANK BALANCES

Cash - In - Hand	4,563,044	2,336,264
APEX - 5% Deposit Account	3,294,528	3,195,571
APEX Clearing Account	3,878,720	1,548,716
Zenith Bank Plc	4,885	50,186
	11,741,177	**7,130,737**

12 NON-PLEDGE TRADING ASSETS

These are made up of :

Government Securities- Treasury Bills	35,970,000	25,970,000
Money Placements with Discounted House	13,860,713	13,860,713
	49,830,713	**39,830,713**

13 LOANS AND ADVANCES

Term loans	16,606,334	18,446,495
Overdraft	2,792,624	2,065,209
	19,398,958	20,511,704
Less: Impairment Charges	(2,174,946)	(2,039,486)
	17,224,012	**18,472,218**

(b) Analysis by Business Segment

Agriculture	98,442	180,412
Cottage Industries	312,116	584,619
Transport	224,896	285,476
Trading	7,365,777	8,098,518
Salaried Workers, Commercial etc	11,397,727	11,362,679
	19,398,958	20,511,704
Less:Loans Impairment Charge	(2,174,946)	(2,039,486)
	17,224,012	**18,472,218**

(c) IFRS Impairment for Loans & Advances 2022 2021

	GH¢	GH¢
Balance at 1 January	2,039,486	1,911,502
Loan Impairment Charge	135,460	127,984
Balance at 31 December	**2,174,946**	**2,039,486**

Bank of Ghana Provisions

Balance at 1 January	2,279,579	2,208,580
Loan Impairment Charge	21,917	70,999
Balance at 31 December	**2,301,496**	**2,279,579**

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 provisions per of Bank of Ghana guidelines, no regulatory credit reserve is required.

When the credit loss provision calculated under IFRS principles is less than what is required under the Bank of Ghana, transfers are made from the income surplus account into the non- distributable regulatory credit reserves.

	2022	2021
Credit Risk Reserves	240,093	297,078
Balance at 1 Jan	(113,543)	(56,985)
Transfer to credit risk reserve	**126,550**	**240,093**

14 INVESTMENT SECURITY

ARB Apex Revolving	20	20
Shares in ARB APEX Bank Ltd	82,538	82,538
	82,558	**82,558**

This represents investment in the ordinary shares of ARB Apex bank limited.

15 OTHER ASSETS ACCOUNT

Office Account(Dr)	952,455	504,715
Prepayments	107,574	17,296
Interest in Arrears	1,114,037	1,124,826
Interest & Comm. Accrued	2,990,921	3,525,102
Stationery stocks	126,431	108,392
Inter branch	145,234	69,269
WUMT Operations	15,296	249,019
Uncleared Effects	1,325,681	677,564
	6,777,629	**6,276,183**

16 (a) INCOME TAX EXPENSE

	2022 GH₵	2021 GH₵
Current Income Tax	351,952	243,371
Deferred Income Tax	(88,165)	(129,884)
	263,787	**113,487**

Deferred tax expense relates to the origination and reversals of temporary differences. There was no computation and recognition in previous years.

(b) Current Taxation

Year of Assessment - 2022	Balance at 01/01/2022	Payments	Charge for the year	Over /(Under) Provision	Balance at 31/12 2022
	GH₵	GH₵	GH₵	GH₵	GH₵
	(575,521)	(370,000)	281,952	70,000	(593,569)
	(575,521)	**(370,000)**	**281,952**	**70,000**	**(593,569)**

All tax liabilities are subject to the agreement with the Ghana Revenue Authority.

(c) Reconciliation Of Effective Tax Rate

Profit before tax	669,258
Tax at applicable tax rate at 25%	167,315
Tax impact of non-deductible expenses	265,916
Tax impact of capital allowances	(151,278)
Recognition of previously unrecognized tax losses	70,000
Deferred tax	(88,165)
Current tax charges	**263,787**
Effective tax rate (%)	**39%**

17 (a) DEFERRED TAXATION

2022	Bal. at 1/1	Movement	Bal. at 31/12
Charge / (Credit) to Income Statement			
Historical Cost- NCA	(73,229)	(54,300)	(127,529)
Loan Impairment	(509,872)	(33,865)	(543,737)
	(583,101)	**(88,165)**	**(671,266)**

Deferred tax expense relates to the origination and reversals of temporary differences.

There was no computation and recognition in previous years in relation to equity.

(b) Recognised Deferred Tax Assets And Liabilities

Deferred tax assets and liabilities are attributes to the following :

	Temporary Difference GH₵	Tax Rate GH₵	Deferred Tax GH₵
Deferred Tax Asset - Loan Impairment	(2,174,946)	25%	(543,737)
Deferred Tax Liabilities - NCA	(510,117)	25%	(127,529)
Net deferred Tax (Assets)/Liabilities	**(2,685,063)**		**(671,266)**

18 INTANGIBLE ASSETS PURCHASED SOFTWARE

COST	GH¢
Balance at 1 January 2022	385,055
Acquisitions	-
Balance at 31 December 2022	385,055
ACCUMULATED AMORTISATION	
Balance at 1 January 2022	96,264
Amortisation for the year	33,137
Balance at 31 December 2022	**129,401**
NET BOOK VALUE	
AT 31 DECEMBER, 2022	**255,654**

19 PROPERTY, PLANT AND EQUIPMENT

a. Cost / Valuation	Land	Head Office Buiding	Office Furniture & Equipment	Motor Vehicle	Computers & Accessories	Plant & Machinery	Right of use assets	Improvement to Rented Premises	Total
	GH¢	GH¢	GH¢	GH¢	GH¢	GH¢	GH¢	GH¢	GH¢
Balance at 1/1/2022	139,998	885,661	637,808	593,385	834,160	75,763	672,455	573,611	4,412,841
Additions	13,200	-	137,816	39,000	244,381	7,000	-		441,397
Balance at 31/12/2022	**153,198**	**885,661**	**775,624**	**632,385**	**1,078,541**	**82,763**	**672,455**	**573,611**	**4,854,238**
Depreciation									
Balance at 1/1/2022	-	429,221	499,411	302,045	485,198	70,950	264,761	382,746	2,434,333
Charge for the year	-	44,283	117,310	172,133	181,984	9,156	78,228	77,059	680,152
Balance at 31/12/2022	**-**	**473,504**	**616,721**	**474,178**	**667,182**	**80,106**	**342,989**	**459,805**	**3,114,485**
CARRYING AMOUNT AT 31 DECEMBER, 2022	**153,198**	**412,157**	**158,903**	**158,207**	**411,359**	**2,657**	**329,466**	**113,806**	**1,739,753**

b. Cost / Valuation	Land	Head Office Buiding	Office Furniture & Equipment	Motor Vehicle	Computers & Accessories	Plant & Machinery	Right of use assets	Improvement to Rented Premises	Total
	GH¢	GH¢	GH¢	GH¢	GH¢	GH¢	GH¢	GH¢	GH¢
Balance at 1/1/2021	139,998	885,661	620,839	769,733	765,470	75,763	653,114	573,611	4,484,189
Additions	-	-	16,969	-	68,690	-	19,341	-	105,000
Disposal	-	-	-	(176,348)	-	-	-	-	(176,348)
Balance at 31/12/2021	**139,998**	**885,661**	**637,808**	**593,385**	**834,160**	**75,763**	**672,455**	**573,611**	**4,412,841**
Depreciation									
Balance at 1/1/2021	-	384,938	351,629	254,722	328,531	52,010	177,297	292,121	1,841,248
Charge for the year	-	44,283	147,782	223,671	156,667	18,940	87,464	90,625	769,433
Disposal	-	-	-	(176,348)	-	-	-	-	(176,348)
Balance at 31/12/2021	**-**	**429,221**	**499,411**	**302,045**	**485,198**	**70,950**	**264,761**	**382,746**	**2,434,333**
CARRYING AMOUNT AT 31 DECEMBER, 2021	**139,998**	**456,440**	**138,397**	**291,340**	**348,962**	**4,813**	**407,694**	**190,865**	**1,978,508**

20 OTHER INCOME

Profit on disposal of motor Vehicle has been arrived at as follows:

	2022	2021
	GH₵	GH₵
Cost	-	176,348
Accumulated Depreciation	-	(176,348)
Net Book Value	-	-
Disposal Proceeds	-	89,500
Profit on Disposals	**-**	**89,500**

21 DEPOSITS FROM CUSTOMERS

(a) Analysis by Type of Deposits

Savings Account	46,677,971	38,067,678
Current Account	12,278,872	10,879,768
Fixed Deposit	7,824,336	8,243,735
Susu/Micro Finance	7,940,411	6,009,457
	74,721,590	**63,200,638**

(b) Analysis by Type of Customer

Individuals	55,593,786	48,193,102
Other Private Enterprise	18,061,838	14,132,711
Public Enterprise	1,065,966	874,825
	74,721,590	**63,200,638**

22 CREDITORS AND ACCRUALS

Creditors and Accruals	961,705	995,123
Bills Payable	187,121	74,443
Office Account	1,201,558	637,430
Discount on Treasury Bills	3,007,698	1,926,977
Unearned interest on investment	113,565	183,711
Accrued Audit fees	48,960	40,713
COVID 19 Fund	-	112,308
	5,520,607	**3,970,705**

23 STATED CAPITAL

	No. of Shares	No. of Shares	Proceeds	Proceeds
Authorised Shares:	2022	2021	2022	2021
Ordinary Shares of no par Value	625,000,000	625,000,000	GH¢	GH¢
Issued Shares				
Ordinary Shares of no par Value	64,476,850	62,232,650	1,750,748	1,526,328
	64,476,850	**62,232,650**	**1,750,748**	**1,526,328**

The bank classifies capital and equity instruments in accordance with the 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 the equity instruments.

There is no share in Treasury and no call or instalment unpaid on any share.

24 RETAINED EARNINGS

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

25 STATUTORY RESERVES

Statutory reserves are based on the requirements of section 34 of the banks and Specialised Deposits-Taking Institutions Act (ACT 930).Transfers into statutory reserves are made in accordance with the relationship between the Bank's Reserve fund and it's paid up capital, which determines the proportion

i. Where the reserve fund is less than fifty percent of the stated capital then an amount not less than 50% of 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, then an amount not less than 25% of net profit is transferred to the reserve fund.

iii. Where the reserve is equal to 100% of the stated capital, then an amount not less than 12.5% of the net profit for the year is transferred to the reserve fund.

26 REGULATORY CREDIT RISK RESERVE

To cater for any difference between the Bank of Ghana's Credit Loss Provision requirements and Loans and Advances impairments based on IFRS Principles, a charge or credit is made to Income Surplus in respect of the difference required to bring up the cumulative provision to the level required under the Bank of Ghana regulations. Under current regulations, the Credit Risk Reserve does not qualify as Tier 1 Capital for the computation of Capital Adequacy.

27 CAPITAL SURPLUS

This represents marked to market unrealised gains/loss on investment securities - available for sale.

28 EARNINGS PER SHARE

Basic and diluted earnings per share

The calculation of basic and diluted earnings per share at 31 December 2022 was based on the profit attributable to ordinary shareholders of GH¢439,363 (2021: GH¢340,461) and a weighted average number of ordinary shares outstanding of 61,852,897 (2021: 63,431,074) calculated as follows:

Net profit for the year attributable		
to equity holders of the Bank	405,471	340,461
Weighted average number of ordinary shares	64,476,850	62,232,650
Basic and diluted earnings per share	0.0063	0.0055

29 RELATED PARTY TRANSACTIONS

Advances due from Staff of the bank amounted to GHS1,420,128; (2021 - GHS 1,599,307)

Detail is as follows:

	2022	2021
Officers and Employees	1,420,128	1,599,307
	1,420,128	**1,599,307**

ASANTE AKYEM RURAL BANK PLC

VALUE ADDED STATEMENT FOR THE YEAR ENDED 31 DECEMBER

	NOTES	2022	2021
Interest earned and other operating income		13,269,318	11,466,352
Direct cost of services and other costs		(6,868,954)	(5,664,995)
Value added by banking services		6,400,364	5,801,357
Non-banking income		-	89,500
Impairments		(135,461)	(127,984)
Value added		**6,264,903**	**5,762,873**
Distributed as follows:			
To employees			
Directors		(96,600)	(104,550)
Other Employees		(4,785,756)	(4,386,810)
		(4,882,356)	**(4,491,360)**
To Government			
Income Tax		**(263,787)**	**(113,487)**
To providers of capital			
Dividends to shareholders		-	-
To expansion and growth			
Depreciation and amortisation		**(713,289)**	**(817,565)**
Retained Earnings		**405,471**	**340,461**

ASANTE AKYEM RURAL BANK PLC

TAX COMPUTATION

YEAR OF ASSESSMENT - 2022

		GH¢
Profit before tax		669,258
Add Back:	Depreciation & Amortisation	713,289
	Impairment Charges	135,461
	Excess Repairs	214,913
	Adjusted Profit	1,732,921
Less:	Capital Allowances	(605,113)
	Chargeable Income	1,127,808
	Tax thereon @ 25%	**281,952**

This is subject to agreement by the Ghana Revenue Authorities.

19 PROPERTY, PLANT AND EQUIPMENT

a. Cost / Valuation	Land	Head Office Buiding	Office Furniture & Equipment	Motor Vehicle	Computers & Accessories	Plant & Machinery	Right of use assets	Improvement to Rented Premises	Total
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Additions	-	-	16,969	-	68,690	-	19,341	-	105,000
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ASANTE-AKYEM RURAL BANK PLC

PROXY AUTHORIZATION FORM

I/We……...

being a shareholder (s) of Asante-Akyem Rural Bank Plc, hereby appoint

………

to vote for me/us and on my/our behalf at the **36th** Annual General Meeting of the bank to be held at Juansa on **9th December, 2022 10:00 am**

Signed on the……......………………………………day of……………...………….2023

………………………………………….. ………………………………………….

Shareholder's signature(s) *Telephone Number*

NOTE:

Completed Proxy Form should reach the Secretary, Asante Akyem Rural Bank Limited, Juansa not less than forty-eight (48) hours to the time of the meeting.

ASANTE-AKYEM RURAL BANK PLC

ELECTION OF DIRECTORS

In accordance with The Bank Of Ghana'sCORPORATE GOVERNANCE DIRECTIVE FOR RCBS,MAY, 2021.The following Directors are retiring after first term in office and are seeking re-election in line with the Directive and Sec.325 of Companies Act,2019 (Act 992)

a. Mr Henry Atta-Owusu Serbeh.(Board Chairman)
b. Mr. Ricky Osei Owusu.(Director)
c. Mr.Prince Osei (Director)

Please be informed that the Bank Of Ghana was unable to approve the appointment of Miss Florence Ofosu Aburam as a Director of this Bank. Therefore,one additional vacancy has been created, making four (4) available positions.

GUIDELINES FOR PROSPECTIVE DIRECTORS

1. All applicants should be literate with a minimum educational qualification in the following fields, in line with GoodCORPORATE GOVERNANCEprinciples; Banking, Law, Finance, Accounting, Economics, Information Technology, Business Administration, Financial analysis,Entrepreneurship, Risk Management, Strategic planning, Corporate Governance and other areas that the Bank Of Ghana deems fit.

2. Any past Director against whomadverse findings have been found during his/her tenureis not qualified to apply.

3. A Prospective Director should be nominated by a shareholder and seconded by another shareholder all in writing. The prospective Director should then write to confirm his/her interest in his/her nomination, and attach two recent passport sizepictures,Curriculum Vitae, A copy of National card,Tax Identification Number and Tax Clerance Certificate.

4. 4All nominations should reach the Board secretary through the CEO not later than three days to the date of the meeting.

NOTES

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