Est. 1980

Your Success, Our Happiness

AMUGA
RURAL BANK PLC

ANNUAL REPORT *and* FINANCIAL STATEMENTS

31ST DECEMBER 2023

OUR VISION

To be the preferred and among the best rural banks.

OUR MISSION

To provide innovative and focused financial services with excellent customer experience that maximizes stakeholders' value.

CORPORATE VALUES

1. Customer satisfaction
2. Partnership in development
3. Integrity
4. Responsiveness
5. Professionalism
6. Teamwork

INDEX

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Your Success Our Happiness

AMUGA RURAL BANK PLC

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the **41st Annual General Meeting of Shareholders of Amuga Rural Bank PLC** will be held on **Saturday, 23rd November, 2024** at **10.00 am** prompt at the **Conference Room of Becma Hotel,opposite Adidome Police Station, Volta Region,** to transact the following business:

AGENDA

1. To read the notice convening the meeting.
2. To receive the Chairman's Report for the year ended 31st December, 2023 together with the Directors Report and the Auditor's Report thereon.
3. To authorize Directors to fix the Auditors' remuneration.
4. To approve Directors' remuneration.
5. To re-elect a Director
6. To transact any other business appropriate to be dealt with at the Annual General Meeting.

NOTE 1:
A member is entitled to attend and vote at the meeting or appoint a proxy to attend and vote instead of him/her. Such a proxy needs not to be a member of the Bank (Shareholder).

A proxy form is attached to the annual report. Completed proxy forms must be lodged with the Company's Secretary at the registered office of the Bank at Adidome or electronically sent to info@amugaruralbank.com on or before Thursday 21st November, 2024.

The 2023 Annual Reports and Financial Statements with the Proxy Form therein can be accessed on the company's website (**www.amugaruralbank.com**).

Dated this 24th day of October, 2024.

By Order of the Board:

SIGN

GEORGE KWAME KAKAH
BOARD SECRETARY

All shareholders are to act on this notice and attend

Corporate Information

BOARD OF DIRECTORS:	Mr. Stephen Dotse (Chairman) Mr. Martin A. Ahorney Mr. Kwaku Dake Mr. Elias Sewornu Mr. George K. Kakah Mrs. Wilhemina Abla Dotse (Effective:29th May 2023)
SECRETARY:	Mr. George K. Kakah P.O. Box AD 34 Adidome Volta Region
REGISTERED OFFICE:	H.E.K Tornyie House P.O. Box AD 34 Adidome Volta Region
BRANCHES	Adidome, Battor, Ho, Dorfor - Juapong Mafi Kumase
SENIOR MANAGEMENT	Mr. Bannerman K. Kwao (Chief Executive Officer) Mr. Philip K. Zormelo (Head Central Accounts) (Resigned 22nd Jan. 2024) Mr. Emmanuel A. Boateng (Head of Operation) (Resigned 7th June 2023) Mr. Frederick K. Doe (Head of Operation) (Appt. 1st Aug. 2023) Mr. Godfred Kofi Mensah (Head of Risk & Compliance) (Appt. 1st May 2023) Mr. Daniel K. Pekyi – Head I C T Unit Mr. Christopher Odonkor – Head Internal Audit & Inspect. Mr. Winfred Wetsi – Head Credit & Marketing Ms. Mawuena Dosu – Human Resource Officer
INDEPENDENT AUDITORS:	Nexia Debrah & Co (Chartered Accountants) BCB Legacy House #1 Nii Amugi Avenue , East Adabraka, Accra P.O. Box CT 1552 Cantonments - Accra
BANKERS:	ARB Apex Bank PLC GCB Bank PLC

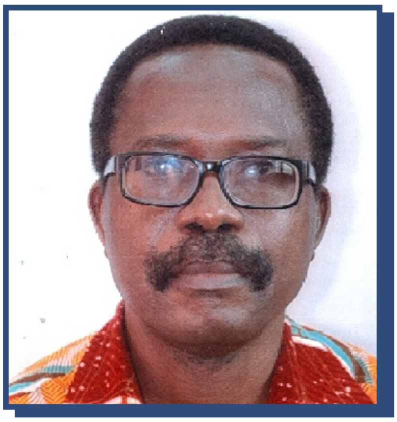
Corporate Information

BOARD OF DIRECTORS

MR. STEPHEN DOTSE
Chairman

MR. MARTIN A. AHORNEY
Member

MR. GEORGE KAKAH
Member/Secretary



MR. KWAKU DAKE
Member

MR. ELIAS SEWORNU
Member

MRS. WILHELMINA ABLA DOTSE
Member

Corporate Information

MANAGEMENT

MR. BANNERMAN KWESI KWAO
Chief Executive Officer

MR. FREDERICK K. DOE
Head of Operations

MR. DANIEL KELLICS PEKYI
I C T UNIT

MR. UMARU ABDUL KADIRI
Head, Central Accounts & Finance

GODFRED K. MENSAH
Head, Risk & Compliance & AML

MR. CHRISTOPHER ODONKOR
Head, Internal Audit & Inspection

MS. MAWUENA DOSU
Human Resource Officer

MR. WINFRED WETSI
Head, Credit & Marketing Unit

MR. CEDRIC AGBANATOR JNR.
Microfinance Coordinator

MR. CHRISTIAN Y. DOEGAH
Branch Manager, Adidome

MR. MICHAEL DZEGBA
Branch Manager, Mafi-Kumase

MRS. RITA KOOMSON
Branch Manager, Ho

MR. CHRISTIAN NKRUMAH
Branch Manager, Juapong

MR. ALBERT AGBEMABIASE
Branch Manager,Battor

CHAIRMAN'S REPORT
For The Year Ended 31st December, 2023

1. Introduction

Distinguished Shareholders, Invited Guests, Ladies and Gentlemen, I welcome you all on behalf of the Board of Directors to the 41st Annual General Meeting of Amuga Rural Bank Plc. and to present to you the Annual Report and Financial Statements for the year ended 31st December, 2023.

2. Board Composition

The Board is composed of six (6) Non- Executive Directors with diverse qualifications and industry experience and are all resident in Ghana as follows:

Mr. Stephen Dotse Esq. – Board Chairman
Mr. Martin Awuku Ahorney – Director
Mr. Kwaku Dake – Director
Mr. Elias Sewornu – Director
Mr. George Kakah – Director/Acting Secretary
Mrs. Wilhelmina Dotse Esq. – Director

Having ended his first term and in compliance with the Companies Act, 2019 (Act 992) Section 325 and the Corporate Governance Directives by the Bank of Ghana, Mr. Elias Sewornu will retire by rotation and he has expressed interest for re-election at this meeting.

3. Economic Review

Dear Shareholders, Ghana's economic growth surpassed expectations in 2023 but not without challenges regarding the uncertainties with respect to the Domestic Debt Exchange Programme (DDEP) and the high cost of doing business.
The GDP data from the Ghana Statistical Service indicated that real GDP growth rate decelerated to 2.9%, exceeding the revised target of 2.3%. This pace of economic growth was primarily driven by the services and agricultural sectors.
The Bank of Ghana policy rate rose from 28% in January 2023 through to 29.5% by mid-year to 30% to end the year, resulting in increased lending rates and its ripple effects in the economy. Inflation skyrocketed to 54% by mid-year 2023 and reduced to 23.20% by the end of the year. The Ghana Cedi also suffered a 15.57% depreciation against the U S Dollar by the end of 2023 according to Bank of Ghana.

Treasury bill rates have largely shown a downward trend between January 2023 and December 2023. The 91-day and 182-day treasury bill rates decreased from 35.36% and 35.97% to 29.35% and 32.49%, whiles the 364-day treasury bill rates decreased from 35.89% in January 2023 to 31.94% in December 2023.

Distinguished Shareholders, despite the challenges posed by the economy, I wish to inform you that your Bank strongly stood up to the challenges.

4. **Banking Industry Performance**

According to the macroeconomic and financial data released by the Bank of Ghana (BoG) in January 2024, in spite of the challenges that emanated from both external and internal economic shocks, institutions in the banking industry kept their management composure, remained resolute in their day-to-day operations and investment decisions.
The industry recorded a total asset of GH¢274.9 billion during the 2023 financial year representing 29.7% growth.
Total industry advances increased by 13.8% to GH¢77.0 billion in 2023.
Non-performing loans' (NPLs') ratio in 2023 increased to 20.7% from 16.0% in 2022.
The industry's capital adequacy ratio (CAR) in December 2023 declined to 13.9% from 16.2% in 2022, but still higher than the regulatory minimum of 10%.

The Rural Banking sector made up of 147 Banks, has also recorded an impressive performance in the 2023 financial year, accordingly, the 2023 Annual Report and Financial Statements of the Bank of Ghana highlighted the following indicators:

INDICATORS	2022 GH¢ (M)	2023 GH¢ (M)	% CHANGE
Total Assets	8,548.10	11,103.74	30
Investments	4,025.05	5,994.07	49
Loans & Advances	2,367.87	3,036.17	28
Deposits	7,527.26	9,723.08	29
Paid Up Capital	259.70	267.55	3
Shareholders' Funds	472.19	702.71	49

The average Capital Adequacy Ratio (CAR) at the end of December 2023 declined to 7.5%, below the 10% minimum prudential requirement.
Non-Performing Loans (NPL) ratio improved marginally to 9.9 per cent at the end of December 2023, from 11.7% in 2022.

5. **Financial Review**

Distinguished Shareholders, in the face of the macroeconomic challenges, your Bank improved significantly on nearly all the performance indicators compared to the previous year.
The Bank made a before tax of GHc35,051.00 for the year 2023, a growth of 179.46% over the 2022 performance.
Distinguished Shareholders, I wish to announce to you that with this achievement in a difficult economic environment on the backdrop of effective cost management, enhanced income generation, improved risk management practices and internal controls, your Bank, Amuga Rural Bank Plc is strongly back to profitability.
The summary of performance of the Bank is depicted in the table below:

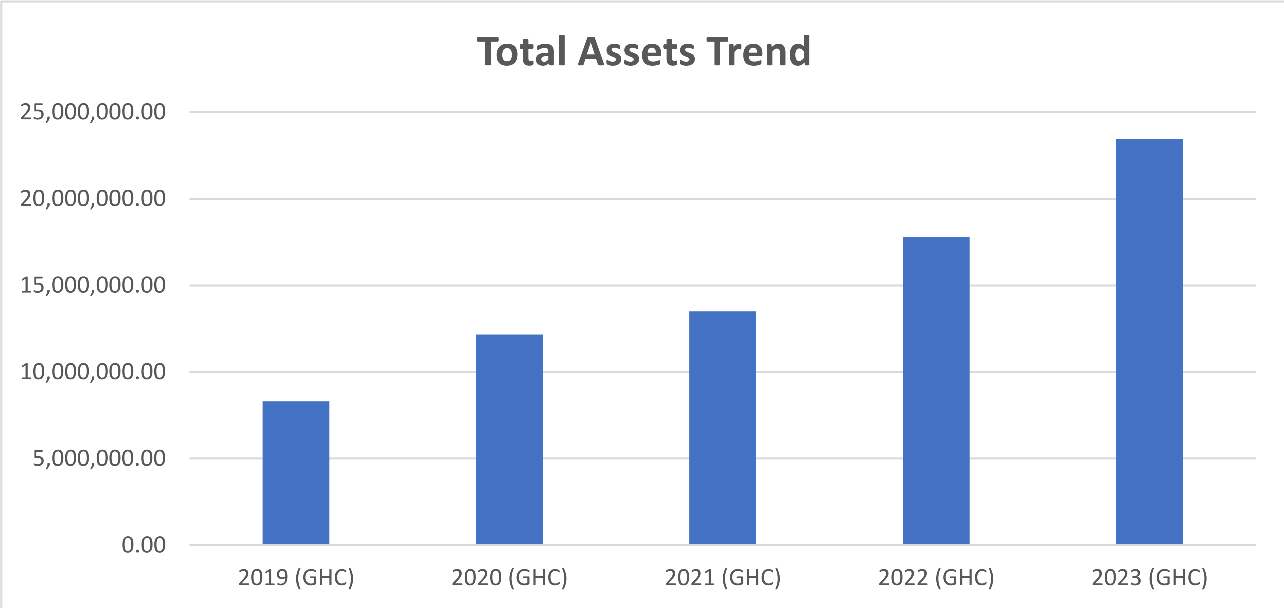
Table 1: Two Years Trend Analysis

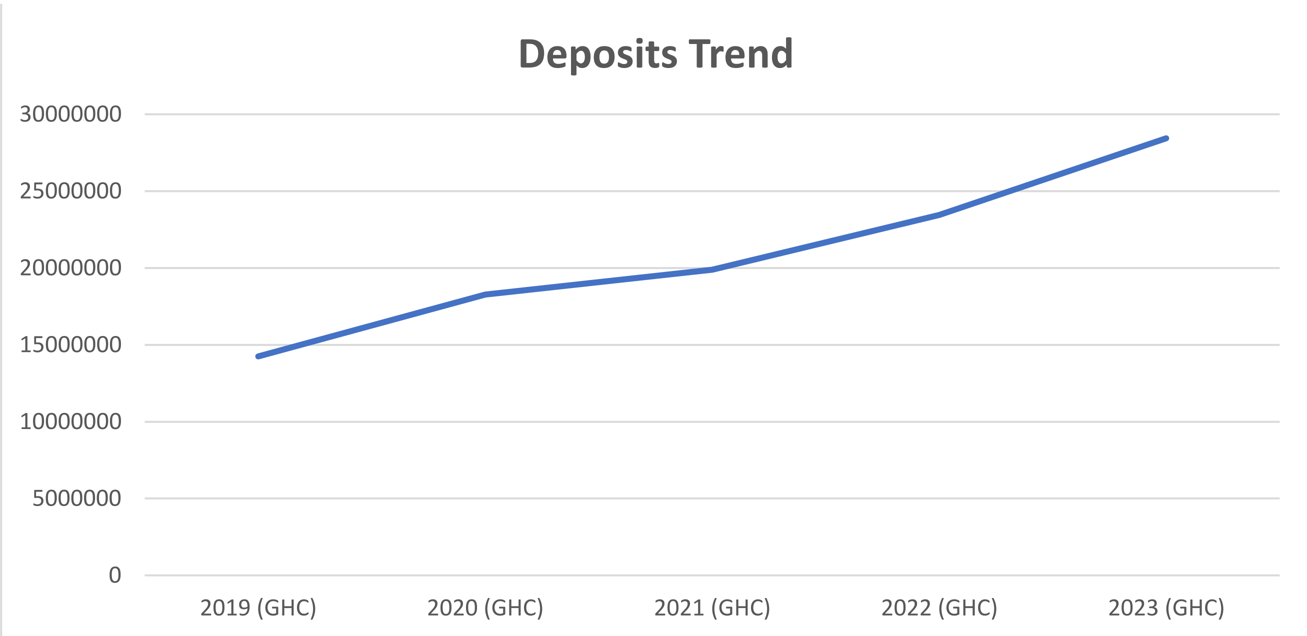
INDICATORS	2022 (GHc)	2023(GHc)	CHANGE (GHc)	% CHANGE
Total Assets	17,803,059.00	23,458,920.00	5,655,861.00	24.11
Total Deposits	23,439,791.00	28,438,239.00	4,998,448.00	17.58
Loans & Advances (Gross)	7,405,322.00	7,968,512.00	563,190.00	7.07
Impairment on Advances	563,851.00	814,411.00	-250,560.00	(30.77)
Total Investments	4,260,284.00	9,546,364.00	5,286,080.00	124.08
Total Operating Income	3,462,135.00	4,799,369.00	1,337,234.00	38.62
Total Operating Expenses	3,506,243.00	4,764,318.00	-1,258,075.00	(35.88)
Profit/Loss before Tax	-44,108.00	35,051.00	79,159.00	179.46
Stated Capital	1,019,374.00	1,023,874.00	4,500.00	0.44
Total Shareholders Fund	-7,611,017.00	-7,231,536.00	379,481.00	4.99

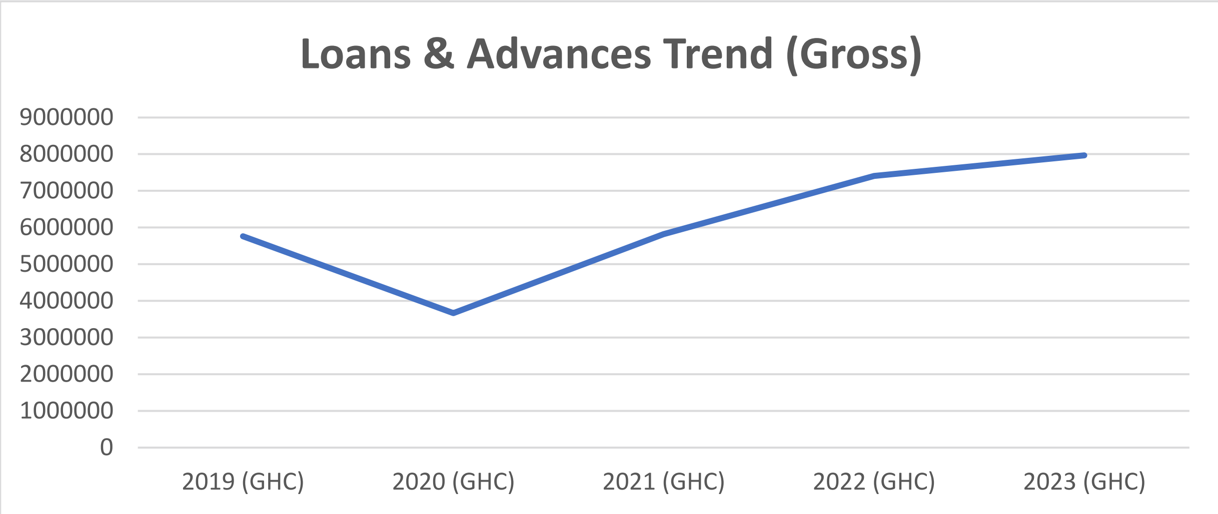
Distinguished Shareholders, below is the 5-year trend of some key performance indicators of your Bank from 2019 to 2023.
You will agree with me that by dint of hard work, your Bank has come out of the strings of losses through enhanced asset management.

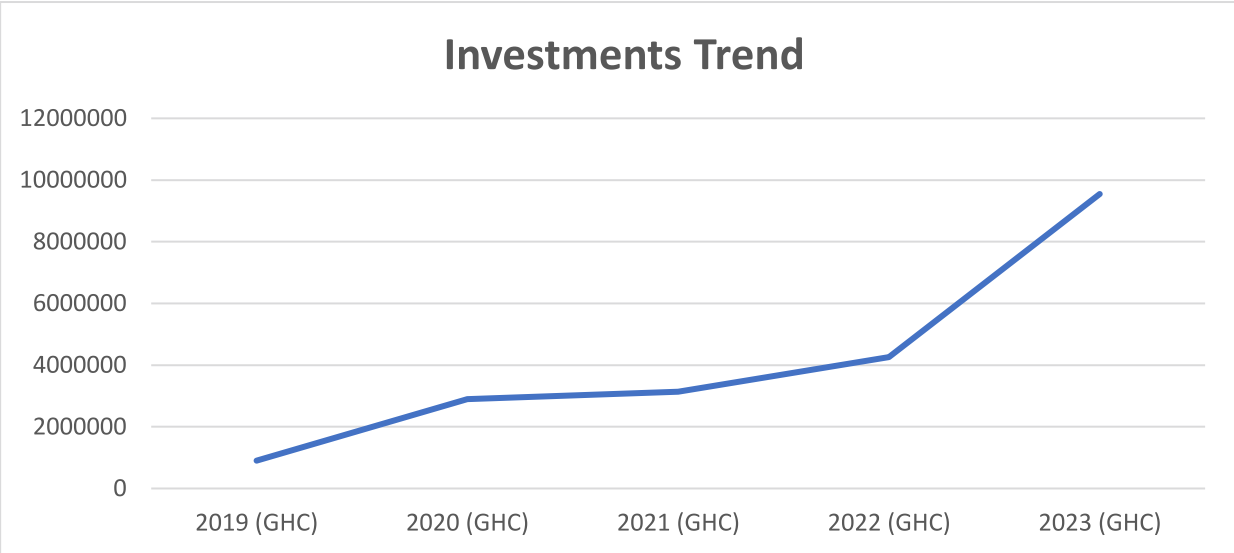
Table 2: Five Years Trend Analysis of Key Indicators

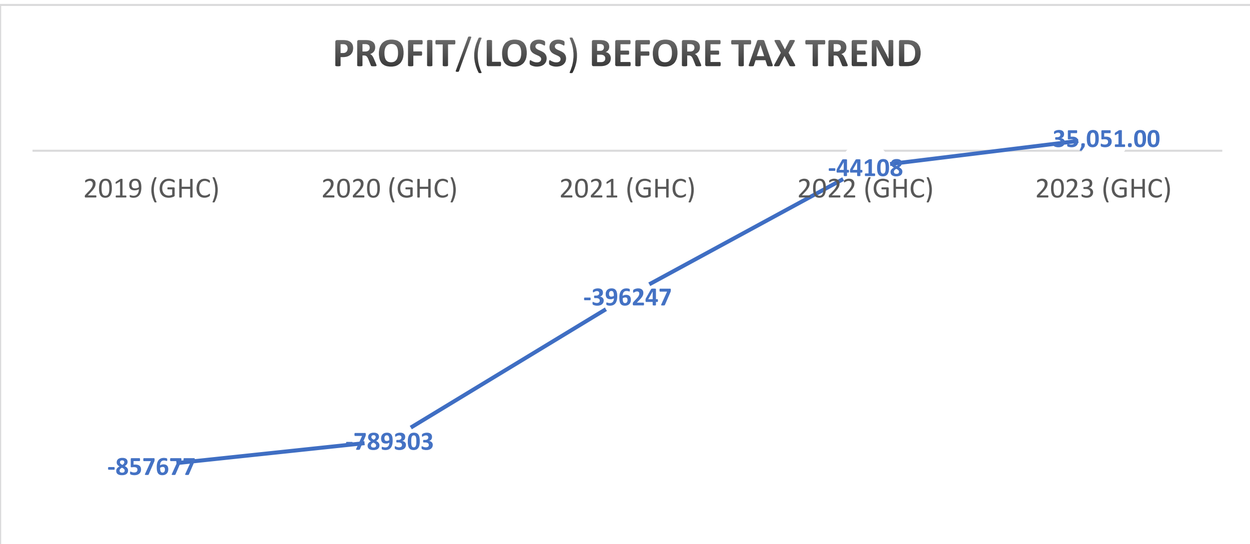
INDICATORS	2019 (GHC)	2020 (GHC)	2021 (GHC)	2022 (GHC)	2023 (GHC)
Total Assets	**8,304,417.00**	**12,156,104.00**	**13,500,737.00**	**17,803,059.00**	**23,458,920.00**
Total Deposits	**14,246,963.00**	**18,273,940.00**	**19,885,562.00**	**23,439,791.00**	**28,438,239.00**
Loans & Advances (Gross)	**5,764,908.00**	**3,666,447.00**	**5,816,328.00**	**7,405,322.00**	**7,968,512.00**
Impairment on Advances	**3,560,122.00**	**243,067.00**	**281,527.00**	**563,851.00**	**814,411.00**
Total Investments	**902,200.00**	**2,902,200.00**	**3,138,056.00**	**4,260,284.00**	**9,546,364.00**
Profit/(Loss) Before Tax	**-857,677.00**	**-789,303.00**	**-396,247.00**	**-44,108.00**	**35,051.00**
Stated Capital	**1,010,660.00**	**1,011,560.00**	**1,014,566.00**	**1,019,374.00**	**1,023,874.00**
Shareholders' Fund	**-6,384,052.00**	**-7,182,801.00**	**-7,576,546.00**	**-7,611,017.00**	**(7,231,536.00)**


Total Assets Trend
25,000,000.00
20,000,000.00
15,000,000.00
10,000,000.00
5,000,000.00
0.00
2019 (GHC)
2020 (GHC)
2021 (GHC)
2022 (GHC)
2023 (GHC)


Deposits Trend
30000000
25000000
20000000
15000000
10000000
5000000
0
2019 (GHC)
2020 (GHC)
2021 (GHC)
2022 (GHC)
2023 (GHC)


Loans & Advances Trend (Gross)
9000000
8000000
7000000
6000000
5000000
4000000
3000000
2000000
1000000
0
2019 (GHC)
2020 (GHC)
2021 (GHC)
2022 (GHC)
2023 (GHC)


Investments Trend
12000000
10000000
8000000
6000000
4000000
2000000
0
2019 (GHC)
2020 (GHC)
2021 (GHC)
2022 (GHC)
2023 (GHC)


PROFIT/(LOSS) BEFORE TAX TREND
2019 (GHC)
2020 (GHC)
2021 (GHC)
2022 (GHC)
2023 (GHC)
-857677
-789303
-396247
-44108
35,051.00

6. Capitalisation

Distinguished Shareholders, your Bank has met and exceeded the minimum regulatory capital requirement of GH¢1 million, but this has been impaired as a result of the losses the Bank recorded in recent years. Indications are clear that your Bank has returned to profitability and therefore this is the ideal time to invest in Amuga Rural Bank.
I wish to appeal to you our dear Shareholders to make efforts at increasing your shareholdings and to engage all notable natives of Tongu and beyond to acquire shares in the Bank with the assurance that your Bank is back on track.
As Directors, we shall continue to explore all avenues in order to improve the Bank's networth.

7. Ho Office Building

Fellow Shareholders, we got your approval at the last AGM to seek investors to rebuild the Ho Office building on a Build-Operate-Transfer terms. Unfortunately, all contacts we have made with potential investors are not the yielding the desired results. Our doors are still opened for this collaboration.
In the meantime, the Board is seeking approval from Bank of Ghana to borrow Ghc600,000.00 from the ARB Apex Bank to give facelift to the building.

8. Dividend

Even though we have started getting out of the financial woods, the current net worth of the Bank is still negative. Hence, no dividend is proposed. I am confident however that with the pace at which your Bank is growing and with adherence to the systems, we have put in place; it will not take too long for us to recommend the payment of dividends.

9. Corporate Social Responsibility

Distinguished Shareholders, in the midst of the difficulties, your Bank is equally concerned with happenings in its environment. Your Bank made donations in cash and kind to the Akosombo dam spillage flood victims in Mepe and Adidome, 2023 Central and North Tongu District Farmers Day Celebrations and Educational Events totalling GHc9,960.00 (2022: GHc3,450.00). Amuga Rural Bank will continue to support activities in the society.

10. Future Outlook

Dear Shareholders, I wish to reiterate that there is no better time to invest in Amuga Rural Bank than now. We are confident that the pace at which your Bank is growing, nothing will fall short of better returns on your investments very soon as you saw in the indicators.
The Board and Management will remain focused in improving efficiency, internal controls, cost control and enhanced risk management to sustain the growth of Amuga Rural Bank.

11. Conclusion

On behalf of the Board of Directors, Management and Staff of the Bank, I wish to express our sincere appreciation to our distinguished Shareholders for their continuous support and keeping faith with the Bank through the turbulent times.
We also express appreciation to our valued customers for their loyalty and patronage all these years. We will not be here without your patronage and belief in us.
Our sincere appreciation also goes to the Bank of Ghana, ARB Apex Bank Plc, the Association of Rural Banks, our sister Banks, External Auditors and other stakeholders for their immerse support to Amuga Rural Bank.

To our hardworking Management and Staff, your dedication, sacrifice and resilience has brought us this far, we are very grateful for your loyalty.
To my fellow Directors, I want to thank you for your support and various roles towards changing the face of Amuga Rural Bank under such trying circumstances.
Finally, to you, our invited guests, we are grateful to you for honouring our invitation.

God bless Amuga Rural Bank and every one of us.
Thank you.

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SGD.
Stephen Dotse Esq.

Outdooring of corporate cloth-Head Office - Adidome Branch

REPORT OF THE DIRECTORS

To The Members Of Amuga Rural Bank Plc

We, the Directors of **Amuga Rural Bank Plc** have the pleasure in submitting our annual report together with the Audited Financial Statements for the year ended December 31, 2023.

DIRECTORS' RESPONSIBILITY

Under the appropriate legislation including the Companies Act 2019 (Act 992) as well as the Banks and Specialised Deposit – Taking Institutions Act, 2016 (Act 930), we the directors of the Bank acknowledge our responsibility for preparing in respect of each financial year, Financial Statements which give a true and fair view of the state of affairs of the Bank, and of its profit or loss and other comprehensive income and cash flows for that period in accordance with the International Financial Reporting Standards (IFRS), and the Banks and Specialised Deposit- Taking Institutions Act, 2016 (Act 930).

In preparing these Financial Statements, we are required to keep proper books of accounts which disclose with reasonable accuracy at any time the financial position of the Bank, select suitable accounting policies and apply them consistently, make judgments and estimates that are reasonable and prudent.

As Directors, we are also responsible for such internal control as we determine is necessary for safeguarding the assets of the Bank and taking reasonable steps for the prevention and detection of fraud and other irregularity.

The Bank of Ghana has issued a directive on Corporate Governance for Rural and Community Banks (RCBs) which became effective on 31st March 2022 and requires compliance by all RCBs. Our report on this can be found on pages 5 to 7 of this report.

NATURE OF BUSINESS

The principal business of the company is to provide banking and banking related services including taking deposits and lending money.

FINANCIAL RESULTS AND DIVIDEND

The Financial Statements have been prepared in accordance with the International Financial Reporting Standards (IFRS) and incorporate disclosures in line with the accounting philosophy of the company. The financial performance and position of the company are depicted in the attached Financial Statements on pages 14 to 50. Below are the brief financial highlights of the bank for the 2-year period 2022 to 2023.

	2023	2022
	GH¢	GH¢
Profit/(Loss) before tax for the year	35,051	(44,108)
From which is added/(deducted) a tax credit/(charge)	339,930	(36,575)
Resulting in a Profit/(Loss) after tax of	**374,981**	**(80,683)**
To which must be added the balance brought forward on the Retained Earnings Account at the beginning of the year	**(9,696,902)**	(9,616,219)
Leaving a balance before statutory and other transfers of	**(9,321,921)**	**(9,696,902)**
From which the following transfers were made:		
• Transfer to Statutory Reserve in accordance with Section 34 of the Banking Act 2019 (Act 930)	(187,491)	-
• Transfer to Credit Risk Reserve as per the BOG directive	(26,755)	-
Leaving a balance on the Income Surplus Account to be Carried Forward of	**(9,536,167)**	**(9,696,902)**

The directors cannot and do not recommend the payment of any dividend for the year **(2022**: Nil**).**

REPORT OF THE DIRECTORS
(CONT'D)

CORPORATE SOCIAL RESPONSIBILITY
Responsive to its social responsibilities, the Bank made a total donation of **GH¢9,960** to persons including those affected by the recent flood in the Central and North Tongu districts.

CONFLICT OF INTEREST
In accordance with its governance structure, the Bank has established appropriate procedures to address actual or potential conflict on account of any director or senior management and these are regularly reviewed for authorisation. Any identified conflict which has been taken through the full process of the company is recorded in a special conflict of interest register for purposes of disclosure. During the year, no such conflicts arose, and no such authorisation was sought.

GOING CONCERN CONSIDERATIONS
The attached financial statements have been presented on the basis of accounting policies and conventions applicable to a going concern entity. As Directors, we have made the necessary assessment and evaluation of the future capital and other financial requirements of the company, and the outcome of this evaluation is briefly outlined per note 2.1 to the financial statements. We are confident that the bank will overcome its temporary setback and regain its footing through the generation of adequate operating revenues to underwrite its operating expenditures.

AUDITORS AND FEES
The Auditors, Messrs Nexia Debrah & Co have indicated their willingness to continue in office as the Auditors of the Bank in accordance with section 139(5) of the Companies Act, 2019 (Act 992). We therefore recommend their continued appointment.

The remuneration paid or payable to the Auditors at the reporting date was **GH¢35,000(2022:GH¢30,000).**

MANAGEMENT REPRESENTATION AND APPROVAL OF ACCOUNTS
We certify that the Statement of Comprehensive Income and the Statement of Financial Position referred to in the report of the Auditors together with the notes thereon identified on pages 14 to 50 of this report have been prepared from records, information and representations made by us, the Directors of Amuga Rural Bank Plc.

So far as we are aware, there is no relevant audit information (i.e. information needed by the company's auditors in connection with their work and report) of which the company's auditors are unaware and each director has taken reasonable steps that ought to be taken by a director in order to make him/her self aware of any relevant audit information and to establish that the company's auditors are aware of such information.

We confirm that to the best of our knowledge and belief the Financial Statements contain all transactions and that they are complete and accurate in all material respects. We approve the Statement of Comprehensive Income for the year ended December 31, 2023 and the Statement of Financial Position at that date together with the notes thereon this day of **April 23, 2024.**

....)
)
) **DIRECTORS**
....)

ADIDOME

April 23, 2024


AMUGA RURAL BANK PLC
E-ZWICH, WESTERN UNION & GHANA PAY
ARE AVAILABLE
AT ALL AMUGA RURAL BANK PLC BRANCHES
e-zwich
WESTERN UNION
MONEY TRANSFER
GhanaPay
GhanaPay Alandi!
Your all-in-onemobile wallet.
Dial *707#
Toll-free:
0800-000-707
GAB
BRANCHES
MAFI -ADIDOME, HO, JUAPONG,
MAFI - KUMASE, BATTOR
036 209 1152
info@amugaruralbank.com
AMUGA RURAL BANK, YOUR SUCCESS OUR HAPPINESS

STATEMENT ON Corporate Governance

INTRODUCTION

Amuga Rural Bank PLC is a Bank of Ghana regulated financial institution operating in the Volta Region of the Republic of Ghana. Among other issues, the Bank is guided by the Companies Act 2019 (Act 992) and the Banks and Specialised Deposit-Taking Institutions Act 2016 (Act 930).

This statement on Corporate Governance Disclosures is responsive to the Corporate Governance Directive for Rural and Community Banks (RCBs) issued by the Bank of Ghana which became effective in March 2022.

BOARD STRUCTURE, SIZE, COMPOSITION AND QUALIFICATION

The Board of Amuga Rural Bank PLC is made up of Six (6) Directors who are all shareholders and resident in Ghana. The Board members together represent collective expertise, qualifications and experience in Law, Marketing, Governance, Accountancy, Banking and Finance, Auditing and Management that are useful in guiding the Bank's business.

INDEPENDENCE OF THE BOARD

All members of the Board are non-executive Directors and are not involved in the day-to-day management of the Bank.

BOARD OF DIRECTORS' RESPONSIBILITY

The Directors are responsible for internal controls as were determined necessary for safeguarding the assets of the Bank and taking reasonable steps for the prevention and detection of fraud and other irregularities. The Board operates through Sub-Committees.

BOARD SUB-COMMITTEES

The Board of Amuga Rural Bank PLC has two (2) Sub-Committees namely: Risk, Audit & Compliance and Credit Sub-Committees.

A) Risk, Audit and Compliance Sub-Committee
   - I. Mr. Kwaku Dake – Chairman
   - II. Mrs. Wilhelmina Abla Dotse
   - III. Mr. Elias Sewornu

B) Credit Sub-Committee
   - I. Mr. Martin A. Ahorney - Chairman
   - II. Mrs. Wilhelmina Abla Dotse
   - III. Mr. Elias Sewornu

BOARD MEETING AND SUB-COMMITTEE MEETING ATTENDANCE

The Board had Six (6) meetings in the year under review, of which Two (2) were virtual. Additional unscheduled meetings (mainly virtual) took place to address specific issues. Below is the summary of attendance at Board and Sub-Committee meetings of the Board of Directors;

Name of Director	Designation	Board Meetings	Audit, Risk & Compliance Sub-Committee	Committee Credit Sub-Committee
Mr. Stephen Dotse	Chairman	6/6	-	-
Mr. Martin A. Ahorney	Director	6/6	4/4	4/4
Mr. Kwaku Dake	Director	6/6	4/4	4/4
Mr. George Kakah	Director/ Secretary	6/6	-	-
Mr. Elias Sewornu	Director	6/6	4/4	4/4
Mrs. Wilhelmina Abla Dotse	Director	3/6	¼	¼

Mrs. Wilhelmina Abla Dotse was appointed by the shareholders of Amuga Rural Bank PLC during the 39th Annual General Meeting. Due to the delay of processing of documents and approval from Bank of Ghana, She could not take part in some of the meetings earlier held before her approval.

BOARD EVALUATION

At the end of the 2023 financial year, the Board of Directors conducted an internal self-evaluation and this has been placed on file. An external evaluation exercise is being planned to avoid bias and ensure objectivity in the evaluation process.

BOARD SECRETARY

Mr. George Kakah, an approved Director of the Bank had been appointed by the Board to take up additional responsibility as Secretary to the Board.

The Board Secretary reports to the Board of Directors through the Board Chairman. The duties and responsibilities of the Board Secretary include but not limited to;

1. Assisting the Board Chairman to organize and conduct Board meetings.
2. Ensuring minutes of meetings are filed timely with the regulators.
3. Assisting in organizing Annual General Meetings.

The Board recognizes that it is not in full compliance by having a director play the role of Company Secretary. In order to cure this non-compliance, The Board has appointed a substantive Board Secretary, Mark Nutifafa Kwesi Adzanu ESQ. (the Bank's Lawyer) during the course of the year under review. He is awaiting Bank of Ghana's approval and Registrar Generals' department notification.

PROFESSIONAL DEVELOPMENT AND TRAINING OF DIRECTORS

During the year under review, some of the Directors undertook various skills and knowledge development training courses to keep abreast with industry trends. Some of these trainings are listed below with the Directors who participated and the date of participation.

A. Data Protection Awareness – ARB Apex Bank PLC (26th September, 2023)

i Mr. Kwaku Dake

B. Governance, Risk and Compliance-ARB Apex Bank PLC – (31st March, 2023)

i Mr. Elias Sewornu

C. OFISD 10th Anniversary Commemorative Lecture - Bank of Ghana – (31st August, 2023)

i Mr. Stephen Dotse
ii Mr. Martin A. Ahorney
iii Mr. Kwaku Dake
iv Mr. George Kakah
v Mr. Elias Sewornu
vi Mrs. Wilhelmina Abla Dotse

CONFLICT OF INTEREST AND ETHICS

In compliance with the Directive, Directors recognize that as agent of shareholders, they are in a fiduciary relationship and they acted in absolute good faith with clarity of conscience and mind, and in the supreme interest of the bank and its shareholders during the year under review. There is always an avenue for Directors to file Disclosure of Interest with the Bank. No such conflict however arose during the year 2023 financial year.

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Stephen Dotse Esq.

Nexia Debrah & Co

REPORT OF THE INDEPENDENT AUDITORS

To The Members of Amuga Rural Bank PLC

Opinion

We have audited the Financial Statements of **Amuga Rural Bank Plc** which comprise the Statement of Financial Position at 31st December 2023, and the Statements of Comprehensive Income, Changes in Equity and Cash Flows for the year then ended, together with the notes to the Financial Statements which include a summary of significant accounting policies and other explanatory notes as set out on pages14 to 50

Subject to the comments made below regarding "going concern considerations" under the basis of opinion section of our report, in our opinion, these Financial Statements give a true and fair view of the financial position of Amuga Rural Bank Plc at 31st December 2023, and of its financial performance and cash flows for the year then ended in accordance with the 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), save the exceptions noted below.

Our report is made solely to the company's members, as a body, in accordance with section 137(1) of the Companies Act 2019, (Act 992). The purpose of our audit is to enable us to make a statement to the members of the company on those matters specifically required by law to be mentioned in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and its members as a body for our audit work, our report, or the opinions we have expressed herein above.

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 section of our report dealing with the Auditors' Responsibilities for the Audit of the Financial Statements. In form and substance, we are independent of the Bank in accordance with the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants (IESBA Code) 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. We also refer to the following matters which provide additional context to the reader of the audited financial statements:

Going Concern Considerations

The Financial Statements have been prepared on the going concern basis under the presumption that the bank will continue to operate into the foreseeable future. The basis of this presumption is more fully explained in note **2.1** to the financial statements which also describes the nature of accounting adjustments required to be made to the attached financial statements if their preparation on the going concern basis is proven inappropriate.

The validity of the going concern presumption is contingent upon the continued financial support by the shareholders and directors of the bank as well as the ability of the bank to generate sufficient revenues from its operations to fully underwrite its operating expenditure.

Consequently, the bank was unable to meet the minimum capital adequacy ratio as required by section 29 of the Banks and Specialized Deposit – Taking Institutions Act 2016 (Act 930). The bank could not also achieve or maintain adequate liquidity and primary reserves prescribed by the Bank of Ghana.

REPORT OF THE INDEPENDENT AUDITORS
To The Members of Amuga Rural Bank PLC (Cont'd)

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. 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 each matter below, our description of how our audit addressed the matter is provided in that context.

1.0 Revenue recognition
Refer to Note 3 to the Financial Statements.

Revenue is recognized and recorded in the Financial Statements on the accrual basis, and to the extent that it is probable that economic benefits will flow to the Bank and the related revenue can be reliably measured. Majority of the Bank's revenues were derived from rate sensitive assets and the reliability and accuracy of such revenues relate in a large measure to the financial profile and features of such assets.

How the matter was addressed in our audit
We evaluated loan agreements and investment certificates issued at either side of the reporting date and assessed whether the related revenues were recognized in the correct reporting period. We recomputed interest income earned on investment during the year to ascertain reasonableness and accuracy. We also developed an expectation of the current year revenue balance based on trend analysis, particularly trends in the historical interest rates and monthly movements in rate sensitive assets. We then compared the expectation to actual results and ascertained reasons for any significant departures or differences. We also considered the adequacy of the Company's disclosures in respect of revenue.

2.0 Existence and Valuation of Loans and Advances
Refer to Note 12 to the Financial Statements.

Loans and Advances are non-derivative financial assets having a fixed or determinable cash flow patterns and are not quoted on any active market. Loans and Advances are initially recognized at fair value equivalent to the cash consideration or outflow required to originate or generate the loan (transaction costs excepted), and measured subsequently at amortised cost using the effective interest method. Where any impairment arises the estimated impairment loss is fully provided for and recognized in the profit and loss as charge for credit losses.

How the matter was addressed in our audit
We tested controls over loans and advances and reconciled sampled balances to relevant records. We also reviewed the classification of loans and advances as basis to assess the adequacy of the provision for bad and doubtful debts and general impairment at the reporting date.

We also considered the adequacy of the Company's disclosures in respect of those loans and advances.

3.0 Existence and Valuation of Investments
Refer to Note 10 to the Financial Statements.

The Bank keeps a number of investments with significant values in respect of Treasury Bills and Fixed Deposits. The valuation of these investments is related in a large measure to the proper accrual of related revenues at the reporting date.

How the matter was addressed in our audit
For such investments, we inspected investment certificates issued by the investee entities and recomputed earned interest up to the reporting date. We generally confirmed additions and redemptions to supporting documentation for all investment types. We reviewed independent statements issued by custodial and depository entities and reconciled to the ledgers of the company and tested the valuation of quoted investments to the market.

We also considered the adequacy of the Company's disclosures in respect of those investments.

Other Information

Other information in this context comprises the information included in the Annual Report and the Directors' Report as required by the Companies Act, 2019 (Act 992). The other information does not include the Financial Statements and our audit report thereon. The Directors are responsible for the other information. 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 in the manner required by the Companies Act, 2019 (Act 992), and the Banks and Specialised Deposit – Taking Institutions Act 2016, (Act 930).

The Directors are also responsible for such internal control as they determine is necessary to enable the preparation of Financial Statements that are free from material misstatement, whether due to fraud or error. In preparing the Financial Statements, the Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

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

REPORT OF THE INDEPENDENT AUDITORS
To The Members of Amuga Rural Bank PLC (Cont'd)

Responsibilities of the Auditors 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 audit 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 circumstance, 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 management.
- 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 audit 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 audit report. However, future events or conditions which are beyond the scope of this report 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.
- 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.
- Provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be considered to bear on our independence, and where applicable, related safeguards.
- Determine, from the matters communicated with the Directors, 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 audit 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.

Other Matters

Without forming the basis of any opinion in our audit report whatsoever, we highlight and draw attention to the following matters.

Taxation
The provisions made by the bank for corporate taxes are subject to the agreement of the Ghana Revenue Authority.

Balances of Doubtful Recovery

a) An amount of **GH¢94,818** (**2022**:**GH¢94,818)** was identified as part of office account in debit which resulted from defalcation involving some staff members who have since left the employment of the bank. The recoverability of this amount is subject to the successful prosecution of the matter in civil court.

b) A further amount of **GH¢577,819** (**2022**:**GH¢697,819)** is standing in the books of the bank under the description of other assets. The amount represents the confirmed amounts embezzled by one of the accounting staff who is currently standing trial for the recovery of the amount involved.

Report on Legal and other Regulatory Requirements

(a) Under Schedule Seven (7) of the Companies Act 2019 (Act 992) we are required, when carrying out our audit, to consider and report on certain specific matters. We accordingly report that:

1. 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.

2. In our opinion proper books of accounts have been kept by the Company, as far as appears from our examination of those books.

3. The Company's Statement of Financial Position and Statement of Profit or Loss and Other Comprehensive Income are in agreement with the books of accounts.

4. As earlier said in the opinion paragraph, to the best of our knowledge and belief, the Financial Statements present in all material respect the required information in the manner prescribed by the Companies Act 2019 (Act 992); and

5. In form and substance, we are independent of the Company in accordance with section 143 of the Act and also in accordance with the Code of Ethics for Professional Accountants.

(b) Under section 85(2) of the Banks and Specialised Deposit–Taking Institutions Act, 2016 (Act 930), we are also required to state certain matters in our report. We accordingly state that:

1) We were able to obtain all the information and explanation required for the efficient performance of our duties as auditors;

REPORT OF THE INDEPENDENT AUDITORS
To The Members of Amuga Rural Bank PLC (Cont'd)

2) Save as expressly stated elsewhere in our report, the Bank's transactions were within its powers;

3) Nothing has come to our attention to suggest that the Bank breached any provisions of the Anti-money Laundering Act, 2008 (Act 749), and the Anti-Terrorism Act, 2008 (Act762); and

4) Except for Section 29 dealing with Capital Adequacy, as well as matters related to the maintenance of adequate liquidity and primary reserves, the bank has complied in all material respects with the provisions of the Banks and Specialized Deposit – Taking Institutions Act 2016 (Act 930).

(c) The Bank of Ghana has issued a set of corporate governance directives which became effective on 31st March 2022. Among other things, this required the board to give a declaration in the annual report and audited financial statements as to the compliance or otherwise of the bank to this directive. The required declaration is embodied in the directors' statement on corporate governance which can be found on pages 5 to 7 of this report. Our review was facilitated by a set of questionnaires bearing on each specific area of the corporate governance directives.

This is the second year in which such a report or disclosure has been made by the directors and our review indicates that there are several areas where improvements can be made. These include succession planning, remuneration policies, and board evaluation.

The Engagement Partner on the audit resulting in this Independent Audit Report is **Kwame Manu-Debrah (ICAG/P/1264).**

Nexia Debrah

Chartered Accountants (ICAG/F/2024/069)
BCB Legacy House
#1 Nii Amugi Avenue
East Adabraka, Accra
P. O. Box CT 1552
Cantonments -Accra, Ghana.

April 24, 2024

Think Digital


AMUGA RURAL BANK PLC
WE ARE EXCITED TO INTRODUCE OUR
MICROFINANCE GROUP
LOAN
SPECIALLY DESIGNED TO EMPOWER YOU ON YOUR JOURNEY TO FINANCIAL SUCCESS
BRANCHES
MAFI -ADIDOME, HO, JUAPONG, MAFI - KUMASE, BATTOR
036 209 1152
info@amugaruralbank.com
AMUGA RURAL BANK, YOUR SUCCESS OUR HAPPINESS

STATEMENT OF COMPREHENSIVE INCOME
For the year ended December 31, 2023

	Notes	2023 GH¢	2022 GH¢
Interest Income	3	4,951,680	3,754,922
Interest Expenses	4	(974,036)	(845,983)
Net Interest Income		**3,977,644**	**2,908,939**
Commissions and Fees	5	636,760	433,245
Other Operating Income	6	184,965	119,951
Total Operating Income		**4,799,369**	**3,462,135**
Charge for Credit Losses	12(d)	(168,590)	(139,864)
Operating Costs	7	(4,595,728)	(3,366,379)
Profit/(Loss) before Taxation		**35,051**	**(44,108)**
Taxation	19(i)	339,930	(36,575)
Profit/(Loss) after Taxation		**374,981**	**(80,683)**
Other Comprehensive Income		-	-
Comprehensive Income for the year		**374,981**	**(80,683)**

Earnings Per Share (EPS)

Basic and Diluted Earnings per Share(In GH¢)		0.0039	(0.0008)

STATEMENT OF FINANCIAL POSITION
As at December 31, 2023

	NOTES	2023 GH¢	2022 GH¢
ASSETS			
Cash and Bank Balances	9	1,039,686	1,942,235
Short Term Investments	10	9,546,364	4,260,284
Apex Bank Deposit Reserve	11	1,535,764	1,114,209
Loans and Advances to Customers	12(a)	7,154,101	6,841,471
Taxation	19(iv)	5,303	6,617
Equity Investments	13	101,188	82,808
Other Assets	14	2,150,134	1,812,868
Property and Equipment	20(a)	1,737,505	1,721,609
Right-of-Use Asset	20(b)	-	20,958
Deferred Tax Asset	19(iii)	188,875	-
TOTAL ASSETS		**23,458,920**	**17,803,059**
LIABILITIES & SHAREHOLDERS' FUNDS			
Liabilities			
Customer Deposits	15(a)	28,438,239	23,439,791
Creditors and Accruals	16(a)	1,191,792	1,383,481
Medium Term loan	18	1,038,657	416,667
Dividend Payable	17	21,768	21,768
Deferred Tax Liability	19(iii)	-	152,369
Total Liabilities		**30,690,456**	**25,414,076**
Shareholders Funds			
Stated Capital	22	1,023,874	1,019,374
Statutory Reserve Fund	21	745,901	558,410
Retained Earnings Account	24	(9,536,167)	(9,696,902)
Revaluation Reserves	23	508,101	508,101
Credit Risk Reserve	26	26,755	-
Total Shareholders' Funds		**(7,231,536)**	**(7,611,017)**
TOTAL LIABILITIES & SHAREHOLDERS' FUNDS		**23,458,920**	**17,803,059**
Net Asset per Share (GH¢ per Share)		**(0.075)**	**(0.080)**

....)
)
) **DIRECTORS**
....)

ADIDOME

April 23, 2024

STATEMENT OF CASH FLOWS

For the year ended December 31, 2023

	GH¢	2023 GH¢	2022 GH¢
Operating Activities			
Profit before Tax		35,051	(44,108)
Add:			
Depreciation		205,438	170,396
Amortisation		20,958	-
Provision for Credit Losses		168,590	139,864
Cash Inflow/(Outflow) before Changes in Operation		**430,037**	**266,152**
Assets and Liabilities			
Decrease /(Increase) in Loans and Advances	(481,220)		(1,446,534)
Decrease/(Increase) in Other Assets	(337,266)		(1,334,764)
Increase in Trade and other Liabilities	(191,690)		1,030,824
Increase in Customer Deposits	4,998,448		3,554,229
		3,988,272	1,803,755
Cash flow from Operating Activities		**4,418,309**	**2,069,907**
Dividend and Corporate Tax			
Tax Paid	-	-	(48,109)
Dividend Paid	-	-	-
	-	-	**(48,109)**
Investing Activities			
Property and Equipment Purchased	(221,333)		(113,010)
Treasury Bills Redeemable within 182 days	(1,952,041)	-	(899,026)
Investment in Equity	(18,380)	(2,191,754)	(20,958)
Cash Outflow from Investing Activities		**(2,191,754)**	**(1,032,994)**
Financing:			
Proceeds from Issue of Shares	4,500		4,808
Loan received/(repaid)	621,990	626,490	(208,333)
Net Cash Outflow from Financing		**626,490**	**(203,525)**
Net Increase/(Decrease) in Cash and Cash Equivalent		**2,853,045**	**833,388**
Cash and Cash Equivalents at January 1		6,465,811	5,632,423
Cash and Cash Equivalents at December 31		**9,318,856**	**6,465,811**
Analysis of Cash and Cash Equivalents as shown in the Balance Sheet			
Cash and Bank Balances		1,039,686	1,942,235
Treasury Bills Redeemable within 91 days		6,743,406	3,409,367
Apex Deposits Reserve		1,535,764	1,114,209
		9,318,856	**6,465,811**

STATEMENT OF CHANGES IN EQUITY
For the year ended December 31, 2023

	Stated Capital GH¢	Credit Risk. Reserve GH¢	Statutory Reserve Fund GH¢	Reval-uation Resrve GH¢	Retained Earnings GH¢	Total GH¢
2023						
Balance at 1st January	**1,019,374**	**-**	**558,410**	**508,101**	**(9,696,902)**	**(7,611,017)**
Issue of Shares for Cash	4,500	-	-	-	-	4,500
Net Profit for the Year	-	-	-	-	374,981	374,981
Transfer from Retained Earnings	-	-	187,491	-	(187,491)	-
Credit Risk Reserve	-	26,755	-	-	(26,755)	-
Balance at 31st December	**1,023,874**	**26,755**	**745,901**	**508,101**	**(9,536,167)**	**(7,231,536)**
2022						
Balance at 1st January	**1,014,566**	**-**	**558,410**	**466,697**	**(9,616,219)**	**(7,576,546)**
Issue of Shares for Cash	4,808	-	-	-	-	4,808
Net (Loss)/ Profit for the Year	-	-	-	-	(80,683)	(80,683)
Revaluation Reserves	-	-	-	41,404	-	41,404
Credit Risk Reserve	-	-	-	-	-	-
Balance at 31st December	**1,019,374**	**-**	**558,410**	**508,101**	**(9,696,902)**	**(7,611,017)**

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2023

1. THE REPORTING ENTITY

1.1 The Company

The Amuga Rural Bank Plc is a limited liability company registered under Ghanaian Legislation and authorized by its Regulations and a banking license issued by the Bank of Ghana to engage in the provision of banking and banking related services including the taking of deposits and lending of money.

The bank is domiciled in Ghana with its head office and network of Agencies located within the Volta region of Ghana. The registered office is at Adidome in the Volta Region of Ghana.

The audited Financial Statements were authorized for issue by the Board of Directors on **23rd April 2024.**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Financial Statements of the bank for the year ended 31st December 2023 incorporate the principal accounting policies set out below, including changes introduced by the International Financial Reporting Standards (IFRS).

All the material information required by legislation, particularly the Companies Act 2019 (Act 992) and the Banks and Specialised Deposit–Taking Institutions Act 2016 (Act 930) have also been disclosed or presented in the appropriate context.

2.1 Basis of Presentation

The bank prepares its Financial Statements under the historical cost basis as modified by the revaluation of certain assets and liabilities through the assessment of impairment and fair value measurement**.** The preparation of the Financial Statements is underpinned by the going concern basis which assumes that the bank will continue to operate into the foreseeable future on a scale similar to, or better than the levels of current operations.

The presumption of going concern is challenged by the following:

a. The total Assets of the bank at the reporting date included aspects with diluted liquidity potential due to lack of recoverability. These assets total **GH¢672,637 (2022: GH¢792,637)** and the directors are discussing options opened to the bank to amortise the amounts through the profit or loss account over a reasonable period of time.

b. The total liabilities of the Bank at the reporting date is in excess of its total assets by **GH¢7,231,535** (**2022**: **GH¢7,611,017**), thereby undermining the viability of the going concern presumption. The validity or viability of the going concern presumption also depends to a very large extent on the ability of the bank to generate sufficient revenues from its operations to underwrite its recurrent expenditures. The shareholders and directors of the bank have provided assurances that they would continue to provide financial support to the bank until it is able to meet its financial obligations to depositors and other outside parties as they fall due.

   Should the bank be unable to continue to operate, adjustments would have to be made to the Financial Statements to restate Assets at their Break-up values, recognize any costs associated or consequential upon their disposal, and reclassify long term liabilities as short term.

2.2 Income Recognition

Income is recognized and recorded in the Financial Statements on the accrual basis, and to the extent that it is probable that economic benefits will flow to the Bank and the related revenue can be reliably measured.

Interest Income
The effective interest method is used as basis to recognize interest income in the profit and loss account for all interest–bearing financial instruments including loans and advances. The effective interest method is a method of calculating the amortised cost of a financial asset and allocating the interest income.

The applicable effective interest rate is the rate that exactly discounts the estimated future cash payments or receipts available over the expected life of the financial instrument or, when appropriate, a shorter period, to the net carrying amount of the related financial asset.
The effective interest rate is calculated within the context of all estimated cashflows, and due consideration to all contractual terms of the financial instrument including any early payment options but not future credit losses. The calculation also includes all related transactional cost such as processing and commitment fees received by the bank.

The recognition of interest income ceases when the payment of interest or principal is in doubt. Interest is included in income thereafter only when it is received. Loans are re-evaluated on the accrual basis only when doubts about their collectability are removed and when the outstanding arrears of interest and principal are received.

Commissions and Fees
Commissions and loan fees are credited to income when earned with reasonable certainty and in the case of loan fees, deferred and spread over the loans tenure. The unearned fees are disclosed separately as a set off against the loans balances.

Other Operating Income
This relates to income accruing from the consequential dimension of the bank's operations including the sale of value books, SMS charges, remittances and where applicable profits or gains from the sale of property and equipment.

2.3 Interest Expense

Interest expense is recognized in the profit or loss for all interest bearing Financial Instruments measured at amortised cost, including savings and fixed deposits, as interest accrues using the effective interest rate method.
The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating the interest expenses.
The effective interest rate is the rate that exactly discounts the estimated future cash payments over the expected life of the instrument or, 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.

2.4 Financial Assets and Liabilities

2.4.1 Date of recognition

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

2.4.2 Initial measurement of financial instruments

Financial asset or liability is measured initially at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue.

2.4.3 Classification and Measurement categories of financial assets and liabilities

The Bank classifies all of its financial assets based on the business model for managing the assets and the asset's contractual terms, measured at either:

- Amortized Cost.
- Fair Value through Other Comprehensive Income (FVOCI).
- Fair Value through Profit or Loss (FVTPL).

The Bank may designate financial instruments at FVTPL, if so doing eliminates or significantly reduces measurement or recognition inconsistencies, as explained in note 2.4.8. Financial liabilities are measured at amortized cost or at FVTPL when they are held for trading and derivative instruments or the fair value designation is applied, as explained in note 2.4.8.

2.4.4 Loans and advances to customers, financial investments at amortized cost

The Bank only measures loans and advances to customers and other financial investments at amortized cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows.
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding. The details of these conditions are outlined below:

(a) Business model assessment

The Bank determines its business model at the level that best reflects how it manages groups of financial assets to achieve its business objective. The Bank's business model is not assessed on an instrument-by-instrument basis, but at a higher level of aggregated portfolios and is based on observable factors such as:

- How the performance of the business model and the financial assets held within that business model are evaluated and reported to the entity's key management personnel.

SUMMARY
of Significant Accounting Policies (Cont'd)

- The risks that affect the performance of the business model (and the financial assets held within that business model) and in particular, the way those risks are managed
- How managers of the business are compensated (for example, whether the compensation is based on the fair value of the assets managed or on the contractual cash flows collected)
- The expected frequency, value and timing of sales are also important aspects of the Bank's assessment.

The business model assessment is based on reasonably expected scenarios without taking 'worst case' or 'stress case' scenarios into account. If cash flows after initial recognition are realised in a way that is different from the Bank's original expectations, the Bank does not change the classification of the remaining financial assets held in that business model but incorporates such information when assessing newly originated or newly purchased financial assets going forward.

(b) The SPPI test

As a second step of its classification process the Bank assesses the contractual terms of financial instrument to identify whether they meet the SPPI test.
'Principal' for the purpose of this test is defined as the fair value of the financial asset at initial recognition and may change over the life of the financial asset (for example, if there are repayments of principal or amortisation of the premium/discount).

The most significant elements of interest within a lending arrangement are typically the consideration for the time value of money and credit risk. To make the SPPI assessment, the Bank applies judgement and considers relevant factors such as the currency in which the financial asset is denominated, and the period for which the interest rate is set.
In contrast, contractual terms that introduce a more than the minimum exposure to risks or volatility in the contractual cash flows that are unrelated to a basic lending arrangement do not give rise to contractual cash flows that are solely payments of principal and interest on the amount outstanding. In such cases, the financial asset is required to be measured at FVPL.

2.4.5 Financial assets or financial liabilities held for trading.

The Bank classifies financial assets or financial liabilities as held for trading when they have been purchased or issued primarily for short-term profit making through trading activities or form part of a portfolio of financial instruments that are managed together, for which there is evidence of a recent pattern of short-term profit taking. Held-for-trading assets and liabilities are recorded and measured in the statement of financial position at fair value. Changes in fair value are recognized in net trading income. Interest and dividend income or expense is recorded in net trading income according to the terms of the contract, or when the right to payment has been established.
Included in this classification are debt securities, equities, short positions and customer loans that have been acquired principally for the purpose of selling or repurchasing in the near term.

2.4.6 Equity instruments at FVOCI

Upon initial recognition, the Bank elects to classify irrevocably its equity investments as equity instruments at FVOCI and are not held for trading. Equity investments are marked to market. Market in this context refers to the periodic advice issued by the ARB Apex Bank regarding the price of its equity shares held by the bank. Gains and losses on these equity instruments are never recycled to profit. Dividends are recognized in profit or loss as other operating income when the right of the payment has been established. Equity instruments at FVOCI are not subject to an impairment assessment.

2.4.7 Debt issued and other borrowed funds.

After initial measurement, debt issued and other borrowed funds are subsequently measured at amortized cost. Amortized cost is calculated by taking into account any discount or premium on issue funds, and costs that are an integral part of the EIR. A compound financial instrument which contains both a liability and an equity component is separated at the issue date.

2.4.8 Financial assets and financial liabilities at fair value through profit or loss

Financial assets and financial liabilities in this category are those that are held for trading and have been either designated by management upon initial recognition or are mandatorily required to be measured at fair value under IFRS 9. Management only designates an instrument at FVTPL upon initial recognition when one of the following criteria are met. Such designation is determined on an instrument-by-instrument basis:

- The designation eliminates, or significantly reduces, the inconsistent treatment that would otherwise arise from measuring the assets or liabilities or recognizing gains or losses on them on a different basis or;
- The liabilities and assets have their performance evaluated on a fair value basis, in accordance with a documented risk management or investment strategy or;
- The liabilities and assets contain one or more embedded derivatives, unless they do not significantly modify the cash flows that would otherwise be required by the contract, or it is clear with little or no analysis when a similar instrument is first considered that separation of the embedded derivative(s) is prohibited.

Financial assets and financial liabilities at FVTPL are recorded in the statement of financial position at fair value. Changes in fair value are recorded in profit or loss with the exception of movements in fair value of liabilities designated at FVTPL due to changes in the Bank's own credit risk. Such changes in fair value are recorded in the fair value reserve through OCI and do not get recycled to the profit or loss. Interest earned on assets mandatorily required to be measured at FVTPL is recorded using EIR.

2.5 Derecognition of financial assets and liabilities

2.5.1 Derecognition due to substantial modification of terms and conditions

The Bank derecognizes a financial asset, such as a loan to a customer, when the terms and conditions have been renegotiated to the extent that, substantially, it becomes a new loan, with the difference recognized as a derecognition gain or loss, to the extent that an impairment loss has not already been recorded. The newly recognized loans are classified as Stage 1 for ECL measurement purposes.

When assessing whether or not to derecognize a loan to a customer, amongst others, the Bank considers the following factors:

- Change in counterparty
- If the modification is such that the instrument would no longer meet the SPPI criterion.

If the modification does not result in cash flows that are substantially different, the modification does not result in derecognition. Based on the change in cash flows discounted at the original EIR, the Bank records a modification gain or loss, to the extent that an impairment loss has not already been recorded.

SUMMARY
of Significant Accounting Policies (Cont'd)

2.5.2 Derecognition other than for substantial modification

(a) Financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised when the rights to receive cash flows from the financial asset have expired. If the terms of a financial asset are modified, then the Bank evaluates whether the cash flows of the modified asset are substantially different. If the cash flows are substantially different, then the contractual rights to cash flows from the original financial asset are deemed to have expired. In this case, the original financial asset is derecognized, and a new financial asset is recognized at fair value plus any eligible transaction costs. Any fees received as part of the modification are accounted for as follows: fees that are considered in determining the fair value of the new asset and fees that represent reimbursement of eligible transaction costs are included in the initial measurement of the asset; and other fees are included in profit or loss as part of the gain or loss on derecognition.

If cash flows are modified when the borrower is in financial difficulties, then the objective of the modification is usually to maximize recovery of the original contractual terms rather than to originate a new asset with substantially different terms. If the Bank plans to modify a financial asset in a way that would result in forgiveness of cash flows, then it first considers whether a portion of the asset should be written off before the modification takes place (see write-off policy - 2.9). This approach impacts the result of the quantitative evaluation and means that the derecognition criteria are not usually met in such cases.

If such a modification is carried out because of financial difficulties of the borrower, then the gain or loss is presented together with impairment losses. In other cases, it is presented as interest income calculated using the effective interest rate method.

(b) Financial liabilities

A financial liability is derecognized when the obligation under the liability is discharged, cancelled or expires. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability. The difference between the carrying value of the original financial liability and the consideration paid is recognized in profit or loss.

If the modification of a financial liability is not accounted for as derecognition, then the amortized cost of the liability is recalculated by discounting the modified cash flows at the original effective interest rate and the resulting gain or loss is recognized in profit or loss.

(c) Offsetting

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

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

2.6 Impairment of financial assets

2.6.1 Overview of the ECL principles

The Bank records the allowance for expected credit losses for all loans and other debt financial assets not held at FVPL in this section all referred to as 'financial instruments'. Equity instruments are not subject to impairment under IFRS 9.

The ECL allowance is based on the credit losses expected to arise over the life of the asset, the lifetime expected credit loss (LTECL), unless there has been no significant increase in credit risk since origination, in which case, the allowance is based on the 12 months' expected credit loss (12m ECL) as outlined in note 2.6.2.

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

Both LTECLs and 12m ECLs are calculated on either an individual basis or a collective basis, depending on the nature of the underlying portfolio of financial instruments.

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

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

- Stage 1: When loans are first recognized, the Bank recognizes an allowance based on 12m ECLs. Loans that have not undergone a significant increase in credit risk since initial recognition and are not credit-impaired are also included in stage 1. Stage 1 loans also include facilities where the credit risk has improved and the loan has been reclassified from Stage 2.
- Stage 2: When a loan has shown a significant increase in credit risk since origination, the Bank records an allowance for the LTECLs. Stage 2 loans also include facilities, where the credit risk has improved and the loan has been reclassified from Stage 3 after a curing period of 6 months.
- Stage 3: Loans considered credit impaired. The bank records an allowance for the LTECLs.

For financial assets for which the Bank has no reasonable expectations of recovering either the entire outstanding amount, or a proportion thereof, the gross carrying amount of the financial asset or the irrecoverable portion is written off.

2.6.2 The calculation of ECLs

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

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

- PD The Probability of Default is an estimate of the likelihood of default over a given time horizon. A default may only happen at a certain time over the assessed period, if the facility has not been previously derecognized and is still in the portfolio.

SUMMARY
of Significant Accounting Policies (Cont'd)

- EAD The Exposure at Default is an estimate of the exposure at a future default date, taking into account expected changes in the exposure after the reporting date, including repayments of principal and interest, whether scheduled by contract or otherwise, expected drawdowns on committed facilities, and accrued interest from missed payments.
- LGD The Loss Given Default is an estimate of the loss arising in the case where a default occurs at a given time. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, including from the realization of any collateral. It is usually expressed as a percentage of the EAD.

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

With the exception of other revolving facilities, the maximum period for which the credit losses are determined is the contractual life of a financial instrument unless the Bank has the legal right to call it earlier. Impairment losses and releases are accounted for and disclosed separately from modification losses or gains that are accounted for as an adjustment of the financial asset's gross carrying value.
The measurement of impairment losses across all categories of financial assets requires judgement, in particular, the estimation of the amount and timing of future cash flows and collateral values when determining impairment losses and the assessment of a significant increase in credit risk. These estimates are driven by a number of factors, changes in which can result in different levels of allowances.

The Bank's ECL calculations are outputs of complex models with a number of underlying assumptions regarding the choice of variable inputs and their interdependencies. Elements of the ECL models that are considered accounting judgements and estimates include:

- The Bank's internal credit grading model, which assigns PDs to the individual grades.
- The Bank's criteria for assessing if there has been a significant increase in credit risk and so allowances for financial assets should be measured on a LTECL basis and the qualitative assessment
- The segmentation of financial assets when their ECL is assessed on a collective basis
- Development of ECL models, including the various formulas and the choice of inputs
- Determination of associations between macroeconomic scenarios and, economic inputs, such as unemployment levels and collateral values, and the effect on PDs, EADs and LGDs
- Selection of forward-looking macroeconomic scenarios and their probability weightings, to derive the economic inputs into the ECL models

The mechanics of the ECL method are summarized below:

- Stage 1: The 12m ECL is calculated as the portion of LTECLs that represent the ECLs that result from default events on a financial instrument that are possible within the financial statement 12 months after the reporting date. The Bank calculates the 12m ECL allowance based on the expectation of a default occurring in the 12 months following the reporting date. These expected 12- month default probabilities are applied to a forecast EAD and multiplied by the expected LGD and discounted by an approximation to the original EIR. This calculation is made for each of the three scenarios, as explained above.

- Stage 2: When a loan has shown a significant increase in credit risk since origination, the Bank records an allowance for the LTECLs. The mechanics are similar to those explained above, including the use of multiple scenarios, but PDs and LGDs are estimated over the lifetime of the instrument. The expected cash shortfalls are discounted by an approximation to the original EIR
- Stage 3: For loans considered credit-impaired the Bank recognizes the lifetime expected credit losses for these loans. The method is similar to that for Stage 2 assets, with the PD set at 100%.

2.6.3 Forward looking information

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

- GDP growth
- Unemployment rates
- Central Bank policy rates
- Consumer price indices
- Inflation rates

The inputs and models used for calculating ECLs may not always capture all characteristics of the market at the date of the financial statements. To reflect this, qualitative adjustments or overlays are occasionally made as temporary adjustments when such differences are significantly material.

2.6.4 Restructured financial assets.

If the terms of a financial asset are renegotiated or modified or an existing financial asset is replaced with a new one due to financial difficulties of the borrower, then an assessment is made of whether the financial asset should be derecognized and ECL are measured as follows:

- If the expected restructuring will not result in derecognition of the existing asset, then the expected cash flows arising from the modified financial asset are included in calculating the cash shortfalls from the existing asset.
- If the expected restructuring will result in derecognition of the existing asset, then the expected fair value of the new asset is treated as the final cash flow from the existing financial asset at the time of its derecognition. This amount is included in calculating the cash shortfalls from the existing financial asset that are discounted from the expected date of derecognition to the reporting date using the original effective interest rate of the existing financial asset.

2.7 Collateral valuation

To mitigate its credit risks on financial assets, the Bank seeks to use collateral, where possible. The collateral comes in various forms, such as cash, securities, real estate, receivables, inventories, other non-financial assets and credit enhancements such as netting agreements. Collateral, unless repossessed, is not recorded on the Bank's statement of financial position. However, the fair value of collateral affects the calculation of ECLs. Collateral valuations are performed at inception of the credit facility and revaluation of the collateral is performed every three years.

To the extent possible, the Bank uses active market data for valuing financial assets held as collateral. Other financial assets which do not have readily determinable market values are valued using models. Non-financial collateral, such as real estate, is valued by licensed professional property valuers.

2.8 Collateral repossessed.

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

2.9 Write-off policy

Loans and debt securities are written off (either partially or in full) when there is no reasonable expectation of recovering a financial asset in its entirety or a portion thereof. This is generally the case when the Bank determines that the borrower does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write -off. This assessment is carried out at the individual asset level.
Recoveries of amounts previously written off are recognized when cash is received and are included in 'net impairment loss on financial assets' in profit or loss.

Financial assets that are written off could still be subject to enforcement activities in order to comply with the Bank's procedures for recovery of amounts due.

All credit facility write-offs shall require endorsement by the Board of Directors and the Central Bank.

2.10 *Determination of Fair Value*

The International Financial Reporting Standard (IFRS) 13 defines fair value as 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, excluding transaction cost other than that relating to transportation. In practical terms issues usually considered in such a determination would include highest and best use, physical possibility, legal permissiveness and financial feasibility.

Quoted market prices, inter – bank interest rates as well as regulatory discount rates are examples of the practical measurement standards applicable to the Amuga Rural Bank PLC.

2.7 Cash and Cash Equivalents

Cash and Cash Equivalents identified in the statement of cash flows comprise physical cash balances on hand and with other banks as well as highly liquid investments with up to three (3) months maturity from the date of acquisition.

2.8 Equity Investment

Equity investments are marked to market. Market in this context refers to the periodic advice issued by the ARB Apex Bank regarding the price of its equity shares held by the bank.

SUMMARY
of Significant Accounting Policies (Cont'd)

2.9 Property and Equipment

(a) Tangible Fixed Assets
Items of property and equipment are stated at cost less depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the item. All other repairs and maintenance cost are charged to profit and loss during the financial period in which they occur.

Depreciation is recognized in the profit or loss on a straight-line basis to write off the cost less residual amount over their estimated useful lives as follows:

Freehold property	2%
Motor Vehicle	20%
Office Furniture & Fittings	20%
Office Equipment	15%
Computer equipment	33%
Bungalow Furniture and fittings	10%
Renovations of Bank Premises	20%

(b) Intangible Assets
Intangible assets comprise Software and related licenses acquired by the Company and are stated at cost less impairment losses and accumulated amortization. Subsequent expenditure on intangible assets (ie software) is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. Any other category of expenditure is expensed as incurred. Amortization of intangible asset is recognised in the statement of comprehensive income on a straight-line basis over the estimated useful life of the asset, from the date that it is available for use as follows:

Intangible Asset -T24 License	10%
Intangible Asset - Microsoft License	20%

2.10 Income Tax

Current Tax
In accordance with the most recent tax legislation, the current income tax expense of rural banks is calculated at 25% of chargeable income. There are tax sensitive income and expenditure items which precipitate a numerical difference between the reported profits or losses and chargeable income for a particular period.

Where these differences exist and are material, reconciliation is prepared to enable an easy identification of the effective tax rate for any period of assessment.

Deferred Tax
Deferred income tax is calculated and provided for in full using the liability method on temporary differences that may arise from the tax basis of assets and liabilities and their carrying amounts in the Financial Statements. The determination of deferred income tax is based on tax rates (and tax laws as the case may be) that have been enacted or expected to become valid for application by the reporting date, or when the related deferred income tax asset may be realised or when the deferred income tax liability may be settled.

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 and such future profits can be reliably measured. As a result, deferred tax assets are reviewed periodically to ensure that their expected recoverable values grounding their initial recognition have not been impaired and where they have, to reduce the related deferred tax assets to their recoverable amounts.

2.11 Provisions

A provision is recognized in the statement of financial position when a legal or constructive obligation as a result of a past transaction or event exist at the reporting date and the amount of the obligation can be reliably estimated and also probable that an outflow of economic resource will be required to settle the obligation.

If the effect 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.

2.12 Stated Capital and Reserves

(a) Stated Capital
Stated Capital comprises amount arising from the issue of shares for cash and transfers from retained earnings and other surpluses as defined under the Companies Act 2019 (Act 992). These shares are not redeemable by holders in the normal course of business. Dividends on ordinary shares are recognized in the period in which they are approved by the shareholders.

(b) Statutory Reserves

The Statutory Reserve Fund is required under section 34 of the Banks and Specialised Deposit– Taking Institutions Act, 2016 (Act 930) to be set aside cumulatively from annual profit after tax. Depending on the ratio of the existing Statutory Reserve Fund to paid up capital, the proportion of after-tax profits required to be transferred to this reserve fund ranges from 12.50% to 50%.

(c) Capital Reserves

The capital or revaluation reserve is a creation of law under sections 70 and 71 of the company's Act 2019 (Act 992) and records gains or losses arising from the revaluation of assets of the company including its property, plant and equipment. The International Financial Reporting Standards (IFRS) require the evaluation at regular intervals of these property, plant and equipment. The bank has therefore adopted a policy to evaluate its assets at regular intervals.

(d) Retained Earnings

The Retained Earnings account records the cumulative annual profits (after appropriations) available for distribution to shareholders.

(e) Credit Risk Reserve

Credit Risk Reserve is an appropriation from Retained Earnings as a cover for non-collateralized loans and advances granted to the customers of the bank. The bank reviews its loans and overdraft portfolios annually for all non-collateralized assets and makes provision for it by transferring from the Retained Earnings Account to the credit Risk Reserve Account. The current year balance on the Credit Risk Reserve Account is compared to the previous year balance and the difference adjusted through the Retained Earnings Account.

2.13 Post Balance Sheet Events

Events subsequent to the balance sheet date are reflected in the Financial Statements only to the extent that they relate to the year under consideration and the effect is material.

SUMMARY
of Significant Accounting Policies (Cont'd)

2.14 Employment Benefit

The cost of all employee benefits is recognised during the period in which the employee renders the related service. The provisions for employee entitlements to wages, salaries, annual and sick leave represent the amount which the company has a present obligation to pay as a result of the employees' services provided to the reporting date.

National Pension

The Company contributes 13.50% of qualifying employee costs to a National Pensions Scheme and the contribution is charged to the Profit and Loss Account as part of total Employee Benefit. The National Pension Scheme is a creation of law and managed by the Government of Ghana through the appropriate public and private sector entities.

2.15. Leases

From January 1, 2019, IFRS 16 has been the effective standard guiding the accounting treatment for lease transactions. IFRS 16 was published in January 2016. It sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract, i.e. the customer ('lessee') and the supplier ('lessor'). IFRS 16 replaces the previous leases Standard, IAS 17 Leases, and related Interpretations. IFRS 16 has one model for lessees, which will result in almost all leases being included on the Statement of Financial position. No significant changes have been included for lessors.

The standard is effective for annual periods beginning on or after 1st January 2020, with early adoption permitted only if the entity also adopts IFRS 15. The Company has accepted and prospectively adopted IFRS 16 effective 2020 without restating comparative for the 2019 reporting period.

Customer Service Week - Ho Branch

CUSTOMER APPRECIATION

ADIDOME BRANCH

MAFI KUMASE BRANCH

HO BRANCH

JUAPONG BRANCH

BATTOR BRANCH

NOTES
to the Financial Statements (Cont'd)

		2023 GH¢	2022 GH¢
3.	**INTEREST INCOME**		
	Loans and Advances	3,216,090	2,989,477
	Government Securities & Other Investments	1,735,590	765,445
		4,951,680	**3,754,922**
4.	**INTEREST EXPENSE**		
	Interest on Borrowing	140,136	93,211
	Savings Accounts	241,351	317,473
	Interest on Fixed Deposit	592,549	435,299
		974,036	**845,983**
5.	**COMMISSIONS AND FEES**		
	Commission on Turnover	298,713	293,518
	Commitment Fees (**Note 27**)	300,709	103,727
	Cheque Clearing Fees	37,338	36,000
		636,760	**433,245**
6.	**OTHER OPERATING INCOME**		
	SMS alert fees	25,895	16,779
	Miscellaneous Income from Value Books	159,070	103,172
		184,965	**119,951**
7.	**OPERATING COSTS**		
	Staff Related Costs (**See note 8**)	2,254,287	1,680,033
	Depreciation (**See note 20)**	205,439	170,396
	Amortisation (**See note 20)**	20,958	29,900
	Directors' Remuneration	20,320	16,140
	Audit Fees	35,000	30,000
	Computerization Expenses	267,785	188,076
	Donation	9,960	9,450
	General and Administrative Expenses	1,781,980	1,242,385
		4,595,728	**3,366,379**

NOTES
to the Financial Statements (Cont'd)

	2023 GH¢	2022 GH¢
8. STAFF RELATED COSTS		
Staff Remuneration	924,024	751,527
Staff Allowances	580,317	561,406
Staff Social Security Costs	119,426	96,613
Other Staff Cost	606,583	215,552
Staff Training	21,821	54,258
Staff Medical Cost	2,116	677
	2,254,287	**1,680,033**
9. CASH AND BANK BALANCES		
Apex Clearing Account	229,054	777,415
Other banks Clearing Account	15,807	41,041
Cash on hand	794,825	1,123,779
	1,039,686	**1,942,235**
10. SHORT TERM INVESTMENTS		
(i). Treasury Bills Redeemable within 91 days		
At Maturity Value	7,010,000	3,510,000
Less: Unearned Discount at reporting dates	(266,594)	(200,633)
	6,743,406	**3,309,367**
(i). Treasury Bills Redeemable within 182 days		
At Maturity Value	3,100,000	992,200
Less: Unearned Discount at reporting dates	(297,042)	(141,283)
	2,802,958	**850,917**
(ii). Fixed Deposits / Bonds & Notes		
Fixed Deposit with EDC	-	-
Apex Certificate of Deposit (ACOD)	-	100,000
	9,546,364	**4,260,284**

The Government of Ghana has successfully concluded a Domestic Debt Exchange Programme, under which existing government bonds were exchanged for new bonds. The bank did not hold any government bonds at the reporting date and therefore was not affected by the domestic debt exchange programme (DDEP).

NOTES
to the Financial Statements (Cont'd)

		2023 GH¢	2022 GH¢
11.	**APEX BANK DEPOSIT RESERVE**		
	Balance at 1st January	1,114,209	1,075,627
	Net Investments during the year	421,555	38,582
		------------	------------
	Balance at 31st December	**1,535,764**	**1,114,209**
		=======	=======

12. LOANS AND ADVANCES

(a) Analysed by Type of Facility

	2023 GH¢	2022 GH¢
Overdraft	451,120	350,577
Loans	7,517,392	7,054,745
	------------	------------
	7,968,512	**7,405,322**
Less Provision for Credit Losses	(589,981)	(421,391)
Deferred Income on Commitment Fees **(See Note 27)**	(224,430)	(142,460)
	------------	------------
	7,154,101	**6,841,471**
	=======	=======

<u>**Impairment Statistics**</u>

	2023	2022
(i) Credit loss provision ratio	2.2%	1.89%
(ii) Cumulative credit loss provision ratio	7.40%	5.69%

The above constitute loans and advances to customers and staff. The maximum amount due from officers of the bank during the year amounted to **GH¢ 379,174 (2021: GH¢ 305,115).**

(b) Analysed by Type of Customer

	2023 GH¢	2022 GH¢
Public Enterprises and institutions	126,237	40,552
Private Enterprises and institutions	355,993	1,655,700
Individuals	3,794,632	4,002,336
Others	3,691,650	1,706,734
	------------	------------
	7,968,512	**7,405,322**
Less Provision for Credit Losses	(589,981)	(421,391)
Deferred Income on Commitment Fees **(See Note 27)**	(224,430)	(142,460)
	------------	------------
	7,154,101	**6,841,471**
	=======	=======

NOTES
to the Financial Statements (Cont'd)

	2023 GH¢	2022 GH¢
(c) Analysed by Business Segment		
Agriculture	23,718	772,450
Cottage industries	9,061	255,300
Transport	3,096	660,455
Trading	85,688	3,220,550
Others	7,846,949	2,496,567
	7,968,512	**7,405,322**
Less: Provision for Credit Losses	(589,981)	(421,391)
Deferred Income on Commitment Fees **(See Note 27)**	(224,430)	(142,460)
	7,154,101	**16,841,471**

(d) Movement in the Expected Credit Losses (ECL) per IFRS 9 Model

	2023	2022
Balance on the Provision at 1st January	421,391	281,527
Additional Provision for the year	168,590	139,864
	589,981	421,391
Less; Specific Bad Debt	-	-
Balance on the Provision at 31st December	**589,981**	**421,391**

The above provision for credit losses (Expected Credit Losses) is done using IFRS 9 Expected Credit Loss (ECL) model. Impairment of loans is recognized – on an individual or collective basis – in three stages under IFRS 9 as follows:

(e) Per IFRS Expected Credit Losses

	2023	2022
Expected Credit Losses (ECL) Stage 1	87,065	68,508
Expected Credit Losses (ECL) Stage 2	234,046	81,707
Expected Credit Losses (ECL) Stage 3	268,870	271,176
	589,981	**421,391**

(f) Movement in the Expected Credit Losses (ECL) per BoG directives

	2023	2022
Balance on the Provision at 1st January	401,091	281,527
Additional Provision for the year	195,345	119,564
	596,436	401,091
Less; Specific Bad Debt	-	-
Balance on the Provision at 31st December	**596,436**	**401,091**

(g) Per BoG Guidelines for Provision

Category	Percent Provision		
Current	1%	66,729	67,993
Other Loans Especially Mentioned (OLEM)	5%	32,730	514
Substandard	25%	3,912	61,407
Doubtful	50%	88,929	2,881
Loss	100%	404,136	268,296
		----------	----------
		596,436	**401,091**
		======	======

(h) Movement in the Expected Credit Losses (ECL) per IFRS 9 Model

Movement per IFRS 9 – ECL Model (Profit and Loss)	168,590	139,864
Movement per BoG Directive	195,345	119,564
	----------	----------
Transfer (from)/to retained earnings	**(26,755)**	**20,300**
	======	======

Rural and Community Banks (RCBs) are also required by the Bank of Ghana (BoG) to compute expected credit losses using the BoG guidelines. Where possible, this involves the individual assessment of loans and advances outstanding having regard to factors that may impair or impede the ability of a loan holder to retire the loans on time. The general outcome of the assessment and review processes leading to the impairment provision at the reporting date is as stated above.

In 2022, the opening balance on a unified credit loss provision was GHc281,527 and this served as the common foundation for both models of assessment. The ECL model rendered a cumulative provision of **GH¢421,391** which was in excess of the BoG model of credit loss assessment by **GH¢20,300**. This required a transfer of **GH¢20,300** from the credit risk reserve to retained earnings. However, as there was no balance on the credit risk reserve to accommodate this transfer, no entry was made.

In 2023, the impairment methodology, including the model, assumptions and key inputs used to estimate the amount of loan impairment losses using the ECL model under IFRS 9 resulted in a cumulative position of GH¢**589,981** as against the cumulative provision position of **GH¢596,437,** calculated using the Regulations and Guidelines enacted by Bank of Ghana. On the clear wave of the respective movements in the two models, the difference of GH¢26,755 becomes the net amount to transfer between the Retained Earnings and the Credit Risk Reserve.

NOTES
to the Financial Statements (Cont'd)

13. EQUITY INVESTMENTS

	Shares	Cost/ Value GH¢	2023 GH¢	2022 GH¢
Ordinary Shares in ARB Apex Bank at Cost	20,000	0.10	2,000	2,000
Bonus Shares given in 2008	24,590	1.00	24,590	24,590
Renounceable Rights purchased	33,443	1.23	41,404	41,404
	78,033	0.87	67,994	67,994
Additional Bonus Shares given in 2011	12,044	1.23	14,814	14,814
Non-Renounceable Rights Issue	14,943	1.23	18,380	-
	105,020	**0.96**	**101,188**	**82,808**

Equity Investments are non-current and represent the Bank's investments in the equity of ARB Apex Bank.

14. OTHER ASSETS

	2023	2022
E-zwich operations	293,453	138,309
Office account	369,540	102,118
Prepayments	33,975	92,525
Uncleared effects	206,387	167,039
Inter-agency accounts	14,410	-
Stationery Stock	51,450	65,001
Interest in arrears	462,416	-
Interest and commission accrued	140,684	548,407
Unearned Commission (SMS Charges)	-	1,650
Defalcation (Uncleared Effect Fraud)	577,819	697,819
	2,150,134	**1,812,868**

NOTES
to the Financial Statements (Cont'd)

		2023 GH¢	2022 GH¢
15.	**CUSTOMER DEPOSITS**		
	(a) Analysed by Type of Account		
	Savings Account	13,884,216	11,660,584
	Demand Deposit	6,410,042	5,493,001
	Fixed/Time Deposits	3,752,628	3,052,657
	Other Deposits (Micro-finance)	4,391,353	3,233,549
	`	**28,438,239**	**23,439,791**
	(b) Analysed by Type of Customer		
	Individuals	17,612,145	15,954,320
	Private Enterprises and institutions	474,334	552,441
	Public Enterprises and institutions	396,141	156,332
	Others	9,955,619	6,776,698
		28,438,239	**23,439,791**

16(a)	**CREDITORS AND ACCURALS**		
	Accrued Interest	151,334	138,007
	Bills Payable	23,638	17,333
	Provision for Audit Fees	35,000	30,000
	Office Accounts	494,386	635,840
	E—Zwich Operations	-	129,063
	Managed Fund	25,018	67,025
	Interest Suspense	462,416	165,014
	Inter-Agency	-	201,199
		1,191,792	**1,383,481**

NOTES
to the Financial Statements (Cont'd)

	2023 GH¢	2022 GH¢
17. DIVIDEND PAYABLE		
Balance at 1st January	21,768	21,768
Dividend Declared	-	-
	21,768	21,768
Dividend Paid during the Year	-	-
Balance at 31st December	**21,768**	**21,768**

Dividend is declared based on proposals and recommendations made by directors to the shareholders of the bank as a body in regular meeting. The directors do not and cannot recommend the payment of any dividend for the year **(2022**: Nil**).**

	2023 GH¢	2022 GH¢
18. Medium Term loan		
Balance as at 1st January, b/f	416,667	625,000
Addition during the year	1,085,445	-
	1,502,112	625,000
Less, Payment during the year	(463,455)	(208,333)
	1,038,657	**416,667**

Analysis Of Medium Term loan

	2023 GH¢	2022 GH¢
ARB Apex Bank loan- Social Investment Fund	125,000	250,000
ARB Apex Bank loan- Motor Vehicle	83,333	166,667
ARB Apex Bank loan- NIA verification device	72,995	-
ARB Apex Bank loan- Micro finance loan 1	354,167	-
ARB Apex Bank loan- Micro finance loan 2	403,162	-
	1,038,657	**416,667**

19. TAXATION

	2023 GH¢	2022 GH¢	2021 GH¢
(i) Tax Expense			
Current Tax -Others	-	(48,109)	-
Growth and sustainability Levy	(1,314)	-	-
Deferred Tax (see note 19 iii)	341,244	11,534	(32,432)
Total to Profit or Loss	**339,930**	**(36,575)**	**(32,432)**

(ii) Reconciliation of Effective Tax Rate

	2023	2022	2021
(Loss) /Profit before Tax	**35,051**	**(44,108)**	**(363,815)**
Income tax @ 25% (2021: 25%)	8,763	(11,027)	(90,954)
Tax Effect of Non-deductible Expenses	101,237	87,402	144,291
Tax Effect of Allowance Utilized	(29,678)	(36,327)	(53,337)
Current Tax Charge in P/L	**-**	**-**	**-**
Effective Tax Rate	**0.00%**	**0.00%**	**0.00%**

(iii) Deferred Tax Account

	2023	2022	2021
Balance at January 1	152,369	163,903	131,471
Release during the year	(341,244)	(11,534)	32,432
Balance at December 31	**(188,875)**	**152,369**	**163,903**

Deferred income tax is determined on temporary differences under the liability method using a principal tax rate of 25%. The movement on the deferred tax account is as indicated above. The position of deferred tax is attributable to the following items.

Explained by:

	2023	2022	2021
Property, Plant and Equipment	137,942	257,717	234,284
Loans and Advances	(203,603)	(105,347)	(70,381)
Unrelieved Losses	(123,214)	-	-
	(188,875)	**152,369**	**163,903**

NOTES
to the Financial Statements (Cont'd)

(iv) <u>2023 YEAR OF ASSESSMENT (YOA)</u>

	Balance at 1/1/23 GH¢	Charge in P & L A/c GH¢	Tax Audit Adjustment GH¢	Tax Credit/ Payments GH¢	Balance at 31/12/23 GH¢
a. Corporate Tax					
2022	(6,617)	-	-	-	(6,617)
2023	-	-	-	-	-
	--------	--------	--------	-------	---------
Totals (A)	**(6,617)**	**-**	**-**	**-**	**(6,617)**
	--------	--------	--------	-------	---------
b. Growth and sustainability Levy					
2023	-	1,314	-	-	1,314
	-------	-------	--------	----------	---------
Total (B)	**-**	**1,314**	**-**	**-**	**1,314**
	……..	……..	-----	……	…….
Total (A&B)	**(6,617)**	**1,314**	**-**	**-**	**(5,303)**
	=====	====	===	====	=====

<u>Corporate Income Tax</u>

Corporate Income Tax is charged at 25% (**2022:** 25%) of Taxable Profits. All tax liabilities and credits are subject to the Agreement of the Domestic Tax Revenue Division of the Ghana Revenue Authority. In a tax report dated 19th September 2022 pertaining to the tax audit of the affairs of the Amuga Rural Bank Plc, the Ghana Revenue Authority agreed and confirmed the tax position of the bank for the YOAs 2016 to 2021. All the required adjustments have been admitted into the books of the bank.

<u>Growth and Sustainability Levy</u>

Growth and sustainability levy ACT 2023 (ACT 1095) is a special levy imposed to raise revenue for growth and fiscal sustainability of the economy and to provide for related matters. The levy came into effect on 1st May 2023 and is payable every quarter. Th e percentage rates applicable are 1%, 2.5% ,5% on Profit before Tax or Gross Production for the respective years of assessments 2023,2024, and 2025, beginning from the second quarter of 2023 year of assessment. The rates are applicable in accordance with the type of companies and institutions listed in the ACT. Amuga Rural Bank Plc is charged with 5% on the accounting profit before Tax beginning from the second quarter of the year of assessment 2023.

NOTES
to the Financial Statements (Cont'd)

20(a) PROPERTY & EQUIPMENT

2023	Free H. land & Building GH¢	Building Renovat. GH¢	Motor Vehicles GH¢	Furniture & Fittings GH¢	Computer Access. GH¢	Total GH¢
Cost						
At 1/1/23	1,497,615	27,180	511,998	437,143	273,974	2,747,910
Additions	-	17,364	-	163,566	40,404	221,334
At 31/12/23	**1,497,615**	**44,544**	**511,998**	**600,709**	**314,378**	**2,969,244**
Comprising						
At Cost	1,030,918	44,544	511,998	600,709	314,378	2,502,547
At Revaluation	466,697	-	-	-	-	466,697
At 31/12/23	**1,497,615**	**44,544**	**511,998**	**600,709**	**314,378**	**2,969,244**
Depreciation						
At 1/1/23	172,700	24,651	267,338	322,988	238,623	1,026,300
Charge for the year	29,368	2,369	90,202	43,115	40,385	205,439
At 31/12/23	**202,068**	**27,020**	**357,540**	**366,103**	**279,008**	**1,231,739**
Net Book Value						
At 31/12/23	**1,295,547**	**17,524**	**154,458**	**234,606**	**35,370**	**1,737,505**

For comparative figures, please see note 20 (c) below

20(b) RIGHT-OF-USE ASSET

	2023 GH¢	2022 GH¢
Balance as at 1st January	20,958	29,257
Payment during the year	-	21,600
	20,958	50,857
Amortised during the year	(20,958)	(29,900)
Balance as at 31st December	**-**	**20,958**

NOTES
to the Financial Statements (Cont'd)

20(c) PROPERTY & EQUIPMENT

2022	Free H. land & Building	Building Renovat.	Motor Vehicles	Furniture & Fittings	Computer Access.	Total
	GH¢	GH¢	GH¢	GH¢	GH¢	GH¢
Cost						
At 1/1/22	1,497,615	27,180	469,791	396,135	244,179	2,634,900
Additions	-	-	42,207	41,008	29,795	113,010
At 31/12/22	**1,497,615**	**27,180**	**511,998**	**437,143**	**273,974**	**2,747,910**
Comprising						
At Cost	1,001,699	27,180	511,998	437,143	273,974	2,747,910
At Revaluation	466,697	-	-	-	-	-
At 31/12/22	**1,497,615**	**27,180**	**511,998**	**437,143**	**273,974**	**2,747,910**
Depreciation						
At 1/1/22	143,332	24,019	180,420	298,861	209,272	855,904
Charge for the year	29,368	632	86,918	24,127	29,351	170,396
At 31/12/22	**172,700**	**24,651**	**267,338**	**322,988**	**238,623**	**1,026,300**
Net Book Value						
At 31/12/22	**1,324,915**	**2,529**	**244,660**	**114,155**	**35,351**	**1,721,609**

21. STATUTORY RESERVE FUND

At January 1st	558,410	558,410
Transferred from Retained Earnings Account	187,491	-
At December 31st	**745,901**	**558,410**

The Statutory Reserve Fund is required under Section 34 of the Banks and Specialised Deposit-Taking Institutions Act, 2016 (Act 930) to be set aside cumulatively from annual profit after tax. Depending on the ratio of the existing Statutory Reserve Fund to paid up capital, the proportion of after-tax profits required to be transferred to this reserve fund ranges from 12.5% to 50%.

During the year, the Bank recorded a profit after tax of **GH¢374,981** and transferred 50% thereof amounting to **GH¢187,491** to Statutory Reserve Fund.

NOTES
to the Financial Statements (Cont'd)

22. STATED CAPITAL

	2023		2022	
	No. of Shares	Amount GH¢	No. of Shares	Amount GH¢
Authorized:				
Ordinary Shares @ 31st December	100,000,000	-	100,000,000	-
	100,000,000	**-**	**100,000,000**	**-**
Issued for:				
Cash Consideration				
At January 1	95,914,013	1,019,374	95,379,791	1,014,566
Additions	500,000	4,500	534,222	4,808
At December 31	**96,414,013**	**1,023,874**	**95,914,013**	**1,019,374**

There is no unpaid liability on any shares. There are no calls or installments unpaid, and there are no treasury shares held.

Capital Adequacy

	2023		2022	
	Required by Regulation	Actually Achieved	Required by Regulation	Actually Achieved
Capital Adequacy Ratio	10%	(47) %	10%	(57) %

Support to Mepe flood victims

NOTES
to the Financial Statements (Cont'd)

	2023 GH¢	2022 GH¢
23. REVALUATION RESERVE		
At January 1st	466,697	466,697
Bonus Shares (ARB Apex Bank)	24,590	24,590
Additional Bonus Shares given in 2011	14,814	14,814
Equity Investments	2,000	2,000
	508,101	**508,101**

24. RETAINED EARNINGS		
Balance at January 1st	(9,696,902)	(9,616,219)
Profit/(Loss) for the year	374,981	(80,683)
Balance before Statutory and Other Transfers	(9,321,921)	**(9,696,902)**
Transfer to Statutory Reserve (Note 21)	(187,491)	-
Transfer to Credit Risk Reserve	(26,755)	-
Balance at December 31st	**(9,536,167)**	**(9,696,902)**

25. EARNINGS PER SHARE

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

	2023 GH¢	2022 GH¢
Profit/ (loss)attributable to Ordinary Shareholders	374,981	(80,683)
Weighted Average number of Ordinary Shares	**96,414,013**	**95,914,013**
Basic Earnings per Share (GH¢)	0.0036	**(0.0008)**

(**Note**: The bank had no category of dilutive potential ordinary shares at both reporting dates. The diluted earnings per share is therefore the same as the basic earnings per share.)

26. CREDIT RISK RESERVE

Credit Risk Reserve is an appropriation from Retained Earnings as a cover for non-collateralized loans and advances granted to the customers of the bank. The bank reviews its loans and overdraft portfolios annually for all non-collateralized assets and makes provision for it by transferring from the Retained Earnings Account to the credit Risk Reserve Account. The current year balance on the Credit Risk Reserve Account is compared to the previous year balance and the difference adjusted through the Retained Earnings Account.

	2023 GH¢	2022 GH¢
27. DEFERRED INCOME		
At January 1st	142,460	-
Commitment Fees Accrued during the year	145,464	246,187
	----------	---------
	287,924	246,187
Transferred to Income (**Note 5**)	(63,494)	(103,727)
	----------	----------
At December 31st	**224,430**	**142,460**
	======	======

Deferred Income relates to commitment fees charged on loans and overdraft granted to customers of the bank and is amortized over the tenor of the loans and advances.

28. FINANCIAL RISK MANAGEMENT

Overview

The company has exposure to the following risks from its use of financial instruments:

- credit risk
- liquidity risk
- market risks

This note presents information about the company's exposure to each of the above risks, the company's objectives, policies and processes for measuring and managing risk, and the company's management of capital.

Risk management framework

The Board of Directors have the overall responsibilities for the establishment and oversight of the Bank's risk management framework. The Risk and Compliance Manager of the Bank is responsible for monitoring compliance with the Bank's risk management policies and procedures, and for reviewing the adequacy of the risk management framework in relation to the risks faced by the Bank.

Management gains assurance in relation to the effectiveness of internal control and risk management from: summary information in relation to the management of identified risks; detailed review of the effectiveness of management of selected key risks; results of management's self-assessment process over internal control; and the independent work of the Bank's internal audit and risk management department, which ensures that management understands the Bank's key risks and risk management capability; sets standards on governance and compliance; and provides assurance over the quality of the Bank's internal control and management of key risks.

The Bank's risk management policies are established to identify and analyse the risks faced by the Bank, to set appropriate risk limits and controls, and to monitor risks and adherence to these limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions, products and services offered. The Bank, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment, in which all employees understand their roles and obligations.

(i) **Credit risk**

Credit risk is the risk of financial loss to the Bank if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Bank's amount due from all investment portfolios and advances to customers.

The Bank's exposure to credit risk has been minimized as greater part of the investment portfolios amount outstanding in receivership before the end of 2019 had been paid by government and the amount invested in government treasury bills.

Receivables from Investment Portfolios and Advances to Customers

The Bank's exposure to credit risk is influenced mainly by the operational results of the investment companies and the businesses of customers to whom loans and overdraft has been granted. Management has established an investment and customer policy under which a new investment and advances granted to new customers and existing ones are assessed in line with the current operational performance of these companies and individuals to ascertain their risk levels for a possible call out of the investments and the advances. The Bank's investment and advances to individual customers are also done with predefined and selective companies and customers.

Allowances for impairment

The Bank establishes an allowance for impairment losses that represents its estimate of incurred losses in respect of overdue investments and other advances to customers.

The main components of this allowances are all specific loss components that relates to individual significant exposures, and a collective loss allowance established for homogeneous assets in respect of losses that have been incurred but have not yet been identified. The collective loss allowance is determined based on historical data of payment for similar financial assets.

The Bank made an impairment loss provisional estimate against the current year profit and loss account as a cover for all future non-payment of any financial asset.

Exposure to credit risks

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk and non-risk at the reporting date was:

	2023 GH¢	2022 GH¢
Fixed Deposit with E D C Investments	-	-
Total Investment Risk Exposure	**-**	**-**
Other Assets	2,150,134	1,833,826
Loans and Advances to Customers	7,154,101	6,841,471
Total Company Credit Risk Exposure	**9,304,235**	**8,675,297**
Total Risk Free Investments (In Government Securities)	9,546,364	4,260,284
	18,850,599	**12,935,581**

NOTES
to the Financial Statements (Cont'd)

The total balance of **GH¢ 9,546,364 (2022: 4,260,284)** as part of the investment portfolio is risk free which are basically in Treasury Bills and Government of Ghana bonds.

Impairment losses
The aging of Investment and account receivables at the reporting date was:

	2023			2022		
	Gross GH¢	**Impairm't GH¢**	**Net GH¢**	**Gross GH¢**	**Impairm't GH¢**	**Net GH¢**
Current (less than 365 days)	17,674,376	192,301	17,482,075	11,101,755		11,101,755
Impaired (above 365 days)	404,136	404,136	-	-	-	-
	18,078,512	**596,437**	**17,482,075**	**11,101,755**	**-**	**11,101,755**

(ii) **Liquidity risk**

Liquidity risk is the risk that the Bank either does not have sufficient financial resources available to meet all its obligations and commitments as they fall due or can access them only at excessive cost. The Bank's approach to managing liquidity risk is to ensure that it will maintain adequate liquidity to meet its liabilities when due. The following are contractual maturities of financial liabilities:

		Contractual cash flows			
	Carrying Amount GH¢	**Total GH¢**	**6 months or less GH¢**	**6 – 12 months GH¢**	**Above 1 Yr GH¢**
31st December 2023					
Susu Savings Scheme	4,391,353	4,391,353	4,391,353		
Current Account	6,410,042	6,410,042	6,410,042		
Time Deposits	3,752,628	3,752,628	3,752,628		
Savings Account	13,884,216	13,884,216	13,884,216		
Accounts Payable	513,915	513,915	513,915		
	28,952,154	**28,952,154**	**28,952,154**	**-**	**-**

(iii) **Market risk**

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Bank's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

Foreign currency risk

Currency risk only exists on account of financial instruments being denominated in a currency that is not the functional currency and has being of a monetary nature.

In the normal course of business, all the Bank's transactions on investments and purchase of goods and services were denominated in the local currency which is the functional and reporting currency. The Bank was not exposed to any currency risk of transacting business in foreign currencies (primarily in United States Dollars) and is again not subject to transaction and translation exposure from fluctuations in foreign currency exchange rates.

Interest rate risk

Fluctuations in interest rates had effect on the value of the Bank's financial instruments as the bank's main business is to trade and invest in securities and shares which are mainly considered as interest-bearing financial instruments at variable rates.

(iv) **Operational risk**

The Board of directors have the overall oversight over the bank's operations and gives direction to the management team to ensure that the bank's operational risk is adequately managed.

(v) **Capital management**

Capital comprises stated capital. The primary objective of managing the Bank's capital is to ensure that there is sufficient capital available to support the funding requirements of the Bank, including capital expenditure, in a way that: Optimises the cost of capital; maximises shareholders' returns; and ensures that the bank remains in a sound financial position. Management has a reasonable expectation that the shareholders will continue to support the bank's operations for the foreseeable future and are committed to make additional capital expenditure to keep the bank's liquidity position in a more secured and favourable position.

29. CAPITAL COMMITMENTS

There were no capital commitments not provided for in the Financial Statement at the reporting dates.

30. EXCHANGE CONTROL

All remittances from Ghana are subject to the agreement of the Exchange Control Authorities.

31. CONTINGENT LIABILITIES

There was no contingent liability not provided for in the Financial Statements at the reporting dates.

NOTES
to the Financial Statements (Cont'd)

32. RELATED PARTY TRANSACTIONS

Transactions with key management personnel
Key management personnel are those persons having authority for planning, directing and controlling the activities of the Bank and comprise the Non-Executive Directors and Senior Management Staff of Amuga Rural Bank PLC.

a. Remuneration of Key Management Personnel

	2023 GH¢	2022 GH¢
Salaries and other short term benefits	362,973	156,225
Social Security	21,157	26,301
	----------	----------
	384,130	**182,526**
	======	======

b. Loans to key Staff

Balance at January 1st	305,115	255,967
Net Movement	74,059	49,148
	---------	---------
Balance at December 31st	**379,174**	**305,115**
	======	======

33. SHAREHOLDING STRUCTURE

(i) **Number of Shares Outstanding**

Earnings and dividend per share are based on 96,414,013 (**2022**: 95,914,013) ordinary shares outstanding.

(ii) **Directors Shareholding:**

The Directors named below held the following number of shares in the Bank as at 31st December 2023

	No. of Shares	% of Issued Capital
Mr. Martin A. Ahorney	3,981,000	4.13
Mr. Stephen Dotse	498,964	0.52
Mr. Elias Sewornu	112,000	0.12
Mr. Kwaku Dake	100,000	0.10
Mr. George K. Kakah	56,000	0.06
	------------	------
TOTAL	**4,747,964**	**4.93**
	=======	===

(iii) **Number of Shareholders**

The Bank had 1336 shareholders as at 31st December 2023 distributed as follows:

Holding	No. of Members	Total Holding of Shares	Percentage Held
1 – 1,000	531	271,191	0.28 %
1,001 – 3,000	612	2,977,409	3.09%
3,001 – 5,000	35	469,583	0.49 %
5,001 – 10,000	73	1,298,594	1.35%
Exceeding 10,000	85	91,397,236	94.79%
	1336	**96,414,013**	**100%**

(iv) **List of Twenty Largest Shareholders as at 31st December 2023**

	No. of Shares	% of Issued Capital
Samuel Agbevem	22,333,000.00	23.2
Kron Finance & Investments Ltd.	13,114,388.90	13.6
Mr. Christopher K. Eleblu	10,848,647.52	11.3
RBF Ltd	5,000,000.00	5.2
Martin Awuku Ahorney	3,891,000.00	4.0
Ben Eleblu	3,082,440.68	3.2
Techno Crete Limited	2,643,899.05	2.7
Gbatsakpor Albert Doe	2,398,288.95	2.5
Unallocated Shares	2,295,833.00	2.4
Mr. Kolly Dorcoo	1,814,885.72	1.9
Doe Thalamus Francis	1,723,000.00	1.8
Defiate Development Co. Ltd.	1,638,485.59	1.7
Agbodza Cosmas Cornelius	1,372,000.00	1.4
Yengbe David Kwame	1,334,502.80	1.4
Victoria Norgbey	1,157,852.66	1.2
Namusa Trust	1,150,000.00	1.2
Mr. E.K. Titiati	997,585.56	1.0
Joe Gidisu	740,600.00	0.8
Titiati John Mensah	666,667.00	0.7
Mati Newton Solomon	626,750.00	0.7
	78,829,827.43	**81.8**

SCHEDULE 1

	2023	2022
	GH¢	GH¢
General and Administrative Expenses		
Audit Expenses	17,715	8,123
Cleaning	27,033	22,616
Motor Vehicle Running Cost	331,706	174,771
Bad Debt Written Off	119,964	-
Electricity and Water	171,199	118,795
Annual General Meeting Expenses	44,186	24,353
Insurance	115,897	88,409
Legal Expense	22,044	27,751
General Expenses	-	708
Board Meeting Expenses	106,010	91,705
Cheque Clearing Expenses	43,162	43,950
Generator Running Expenses	45,464	43,804
Printing and Stationery	111,934	68,812
Repairs and Maintenance	102,189	113,493
Subscriptions	55,821	57,211
Telephone and Fax	29,985	26,271
Travel - Local	77,339	62,302
Police Guard	177,183	138,488
Advertisement and Publicity	12,317	11,527
Susu Agents Expenses	98,718	84,182
Specie Expenses	34,731	24,966
Rent and rates	27,370	-
Tax Consultancy	-	3,578
Entertainment	287	3,578
VAT NHIL GETFUND COVID	-	6,570
Interest Expense	9,717	-
	1,781,980	**1,242,385**


AMUGA RURAL BANK PLC
FARM WITH EASE GET A
LOAN
FROM AMUGA WITH YOUR FELLOW FARMERS.
SEIZE THE OPPORTUNITY TO SOW THE SEEDS OF PROSPERITY.
WALK IN! LET'S MAKE YOUR AGRICULTURAL DREAM A REALITY
BRANCHES
MAFI -ADIDOME, HO, JUAPONG,
MAFI - KUMASE, BATTOR
036 209 1152
info@amugaruralbank.com

TAX COMPUTATION
YEAR OF ASSESSMENT 2023
BASIS PERIOD (1/1/23 - 31/12/23)

		GH¢	2023 GH¢	2022 GH¢
(1)	**Corporate Tax**			
	(Loss) before Tax		35,051	(34,658)
	Add/(Less):			
	Provision for Credit Losses	168,590		139,864
	Depreciation	205,439		170,395
	Amortisation	20,958		29,900
	Donations	9,960	404,947	9,450
	Assessable Income		**439,998**	**314,951**
	Less: Capital Allowances Utilized		(118,710)	(145,308)
			321,288	169,643
	Less: Unrelieved Losses Brought Forward		(321,288)	(169,643)
	Chargeable (Loss)/ Income		**Nill**	**Nill**
	Tax Thereon @25% (2022: 25%)		**-**	**-**

Schedule of Unrelieved Losses

	2023 GH¢	2022 GH¢
Losses Brought Forward;		
YOA 2017	(1,086,416)	(1,086,416)
YOA 2018	(811,396)	(811,396)
YOA 2019	(907,496)	(907,496)
YOA 2020	(460,223)	(460,223)
YOA 2021	(353,923)	(353,923)
YOA 2022	-	-
Total for the five years 2017 to 2021	(3,619,454)	(3,619,454)
Unrelieved losses utilized	321,288	169,643
Unrelieved loss already expired (2017-2019 YOA)	**2,805,307**	-
	(492,859)	**(3,619,454)**

CAPITAL ALLOWANCE COMPUTATION
YEAR OF ASSESSMENT 2023
BASIS PERIOD (1/1/23 - 31/12/23)

-

	Depreciation Allow. Rate GH¢	WDV 1/1/22 GH¢	Additions GH¢	(Disposal)/ GH¢	Total GH¢	Depreciation Allowance GH¢	WDV 31/12/22 GH¢
POOL OF ASSET							
Pool 1 Computers	40%	34,500	40,404	-	74,904	29,962	44,942
Pool 2 Motor Vehicles	30%	106,769	-	-	106,769	32,031	74,738
Pool 4 Fixture /Equip't	20%	111,576	163,566	-	275,142	55,028	220,114
		252,845	203,970	-	456,815	117,021	339,794
Pool 5 Building A	10%	-	-	-	-	(67,966)	-
Pool 5 Building B	10%	12,251	-	-	12,251	4,084	8,167
Pool 5 Building C	10%	26,835	-	-	26,835	6,709	20,126
Pool 5 Building D	10%	3,681	-	-	3,681	781	2,900
Pool 5 Building E	10%	386,239	-	-	386,239	56,029	330,210
Pool 5 Building F	10%	2,529	-	-	2,529	316	2,213
Pool 5 Building G	10%	-	17,364	-	17,364	1,736	15,628
TOTAL		**684,382**	**221,334**	**-**	**905,715**	**118,710**	**719,038**

* Pool 5 Building 'A' has been fully depreciated hence the reversal from the capital allowance.

2022 Capital Allowance Restated

CAPITAL ALLOWANCE COMPUTATION
YEAR OF ASSESSMENT 2022
BASIS PERIOD (1/1/22-31/12/22)

	Depreciation Allow. Rate GH¢	WDV 1/1/22 GH¢	Additions GH¢	(Disposal)/ GH¢	Total GH¢	Depreciation Allowance GH¢	WDV 31/12/22 GH¢
POOL OF ASSET							
Pool 1 Computers	40%	27,706	29,795	-	57,501	23,001	34,500
Pool 2 Motor Vehicles	30%	110,322	42,207	-	152,528	45,759	106,769
Pool 4 Fixture /Equip't	20%	98,462	41,008	-	139,470	27,894	111,576
Pool 5 Building A	10%	(12,904)	-	-	(12,904)	55,062	(67,966)
Pool 5 Building B	10%	16,335	-	-	16,335	4,084	12,251
Pool 5 Building C	10%	33,544	-	-	33,544	6,709	26,835
Pool 5 Building D	10%	4,462	-	-	4,462	781	3,681
Pool 5 Building E	10%	442,268	-	-	442,268	56,029	386,239
Pool 5 Building F	10%	2,845	-	-	2,845	316	2,529
Less fully utilized asset (Pool 5 Building A)			-	-	-	(67,966)	-
TOTAL		**723,040**	**113,010**	**-**	**836,050**	**151,669**	**616,414**

* Pool 5 Building 'A' has been fully depreciated hence the reversal from the capital allowance.

CAPITAL ALLOWANCE COMPUTATION
YEAR OF ASSESSMENT 2023
BASIS PERIOD (1/1/23 - 31/12/23)

	Depreciation Allow. Rate	WDV 1/1/22 GH¢	(Disposal)/ Additions GH¢	Total GH¢	Depreciation Allowance GH¢	WDV 31/12/22
POOL OF ASSET						
Pool 1 Computers	40%	27,706	29,795	57,501	23,001	34,501
Pool 2 Motor Vehicles	30%	110,322	42,207	152,528	45,759	106,770
Pool 4 Fixture /Equip't	20%	98,462	41,008	139,470	27,894	111,576
Pool 5 Building	10%	486,550	-	486,550	48,655	437,895
TOTAL		**723,040**	**113,010**	**836,050**	**145,308**	**690,742**

Think Investment

BRANCHES

MAFI -ADIDOME, HO, JUAPONG, MAFI - KUMASE, BATTOR

036 209 1152

info@amugaruralbank.com

OUR PRODUCTS AND SERVICES

a. Current Account

b. Savings Accounts

c. Microfinance Savings (Susu Savings)

d. Fixed Deposits

e. Salary Loans

f. Salary Loan Top ups

g. Amuga Savings

h. Salary Advances (one-three months)

i. Microfinance (Susu) Loans

j. Group Microfinance Loans (Credit and Savings with Education-CSwE)

k. Commercial Loans

l. Commercial Overdrafts

m. Money Transfers (Apex Link, Western Union, Vigo, Ria, UnityLink etc.)

n. MTN Mobile Money transfer

o. National Lottery Transactions

p. Payment Orders

q. Cheque Codeline Clearing (CCC)

r. Automated Clearing House (ACH)

s. Ezwich

t. Controller and Account General Loans

u. GhanaPay

AMUGA RURAL BANK PLC
PROXY FORM

41TH ANNUAL GENERAL MEETING of the Amuga Rural Bank PLC to be held on **23rd November, 2024.** at the **Conference Room of Becma Hotel, opposite Adidome Police Station, Volta Region** at **10:00 am**.

I/ We: ……………………………………………… being a member (s) of …………………………….. hereby appoint.

Prof./Dr./Hon./Mr./Mrs./Ms./Rev………………………………………………………………

With a duly sealed proxy form to attend and vote for me/ us and on my /our behalf at the Annual General meeting of the Bank to be held on **23rd November, 2024.**

Dated this …… day of ……………………..…….. 2024.

……………………………………………………………
Signature (authorized signatory

Company

Name: …………………………………………………

Designation: ……………………………………………

……………………………………………………………
Signature (authorized signatory)

Company
Seal/Stamp

Name: ………………………………………………………………………

Designation ………………………………………………………………..

Please indicate with an 'X' in the appropriate square how you wish your vote(s) be casted on the resolution set above. Unless otherwise instructed, the proxy will vote or abstain from voting at his/her discretion.