



AVENOR RURAL BANK PLC.

The Bank that knows your needs

VISION STATEMENT

To be the best managed and most profitable
Rural Bank in the Volta Region.

MISSION STATEMENT

Optimising Shareholder value through improved
profitability with a motivated staff whilst building
strong customer/community relationships.



CORPORATE VALUES - "FIELD"

FRIENDLINESS:

Every member of staff and board to behave in a socially pleasant, responsible and kind manner towards one another, customers and larger community.

INTEGRITY

Every member of staff and the board to exude honesty, sincerity and high moral principal both within and outside the banking premises.

EXCELLENCE

Every member of staff and board to strive to excel in service to staff, directors, customers and the larger society.

LOYALTY

Every member of staff as well as the board to conscientiously stay firm and faithful to the bank.

DEDICATION

Every member of staff and the board to give of his or her possible best to the good course of the bank.



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AVENOR RURAL BANK PLC.
NOTICE OF THE 40TH ANNUAL GENERAL MEETING.

NOTICE IS HEREBY GIVEN THAT the 40th Annual General Meeting of Shareholders of Avenor Rural Bank PLC will be held at Akatsi College of Education, Akatsi, on **Saturday, 19th August 2023** at 10:00am to transact the following business:

AGENDA

1. To read the Notice convening the meeting.
2. To receive the Report of the Chairman of the Board of Directors for the year ended 31st December, 2022.
3. To receive and consider the Financial Statements for the year ended 31st December, 2022 and reports of the Directors and Auditors thereon.
4. To authorize the Directors to fix the Auditors remuneration.
5. To consider retirement and election of Directors
6. To declare a dividend
7. To consider a special resolution to transfer 25% of profit after tax for 2022 from income surplus account to a development fund.

SIGNED
SYLVESTER KWAKU TORKU
(BOARD SECRETARY)

DATED THIS 24TH JULY, 2023
BY ORDER OF THE BOARD

Note

- A member is entitled to attend and vote at the meeting or appoint a proxy to attend and vote instead of him/herself. Such a proxy needs not 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/Manager at the registered office of the bank at Akatsi or electronically sent to info@avenorruralbank.com on or before **Thursday, 17th August, 2023.**

All Shareholders are to act on this notice and attend.



CORPORATE INFORMATION FOR THE YEAR ENDED 31 DECEMBER, 2022

Board of Directors

Mr. Thomas Clarkson Adade
Mr. Gershon Klutse
Mr. Simon Nerro Kodjo Davor
Madam Ernestina Gbologa
Mr. Martin Godson K. Duho
Mr. Michael Cudjoe Lotame
Mrs. Patience Essien
Mr. Sylvester Kwaku Torku

Capacity

Chairman
Vice-Chairman
Member
Member
Member
Member
Member
CEO/Secretary

Solicitors

Kwame Senanu Afagbe, ESQ.
Afagbe Law & Co. (Selikem Chambers)
P. O. Box HP 1277
Ho

**Registered Office and
Principal Place of Business**

Avenor Rural Bank Plc.
P. O. Box AK 19
Akatsi

Independent Auditors

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

Bankers

ARB Apex Bank Plc.
Zenith Bank Ghana Limited
Consolidated Bank Ghana Limited
GCB Bank Plc.

Company Registration Number

CS668002015

Tax Identification Number (TIN)

C000411373X



CHAIRMAN'S REPORT

To Shareholders of Avenor Rural Bank PLC.

At the 40th Annual General Meeting on 19th August, 2023

INTRODUCTION

Distinguished Shareholders, Fellow Directors, Invited Guest, Torgbuiwo, Mamawo, Management & Staff of Avenor Rural Bank PLC, Ladies and Gentlemen, on behalf of the Board, I warmly welcome you to the 40th Annual General Meeting (AGM) of the Avenor Rural Bank PLC. It is my pleasure to report to shareholders, the performance of Avenor Rural Bank PLC for the year ended 31st December, 2022 in accordance with the requirement of the companies Act, 2019 (Act 992).

ECONOMIC ENVIRONMENT

The year 2022 has been one of the most challenging years in the history of Ghana's economy as a result of Ghana's domestic debt restructuring which enabled the government to bring its debt to a sustainable and serviceable level in order to get approval for IMF credit facility. This restructuring has cost the banking industry billions of cedis in impairment losses. This exercise had a massive impact on the banking sector since the banking industry plays a major role in economic growth and development and Avenor Rural Bank is of no exception. The economy also witnessed a major depreciation of the cedi against the US Dollar in the year under review. Also, the economy experienced high inflation rates of about 52.2% as at December 2022. Policy rates were also forced to go up to 27% as at December, 2022 due to the inflationary pressure. As a result of this, borrowings were discouraged as interest rates increased. Even though Treasury Bill rates were attractive, financial institutions were skeptical on investing in it due to the uncertainty and instability in the whole financial sector. In the mist of these challenges, the bank strived and made significant gains.

BANKING INDUSTRY AND ENVIRONMENT

The banking industry experienced some banking sector reform which started in 2018 and completed in 2020, which caused the revocation of licenses of some financial institutions and the issuance of a new corporate governance directive in 2022 by the Bank of Ghana. The industry is still in the process of recovering from the impact of this exercise. The banking industry also experienced a huge financial quake due to the restructuring of the domestic bonds by the government of Ghana in 2022. The occurrence of these incidents has caused loss of public trust and confidence in the banking industry.



THE BANK'S PERFORMANCE

	Growth %	2022 GHS	2021 GHS
Total Income	49.03	4,773,011	3,202,770
Total Expenses	44.30	3,918,864	2,715,843
Profit before Tax	219.99	854,147	266,927
Total Assets	16.83	23,393,909	20,024,418
Gross Advances	75.64	9,804,526	5,582,197
Total Investments	(6.52)	9,351,293	10,003,217
Total Deposits	17.42	19,307,247	16,442,280
Shareholders' Fund	23.63	3,022,646	2,444,874

OPERATING RESULTS

The bank made a profit before tax of 854,147 for the year as compared to 2021 profit of 266,927 representing a growth rate of 219.99%. This growth is significant and can be largely attributed to an increase in interest on loans.

DEPOSITS

The bank's total deposit as at December 2022 was 19,307,247. This is an increment of 17.42% in deposits as compared to 2021's deposit of 16,442,280. This is as a result of various mobilization mechanisms that were adopted by the bank.

INVESTMENTS

Investments for the year stood at 9,351,293. The bank witnessed a negative growth of 6.52% as compared to 2021 investment of 10,003,217. The decline in investment portfolio was as a result of the volatility and uncertainties associated with government securities. This necessitated the diversion of some investments into loans and advances to minimize the risk of loss of income and investments.

FIXED ASSETS

During the year under review, the bank acquired furniture, equipments, motorbikes and computers amounting to GHS109,900. The acquisition of the computers became necessary since most of them became outmoded and cannot support the Microsoft upgrades. The acquisition of the other fixed assets was to support our operational activities especially the motorbikes for microfinance activities which has expanded significantly.

DIVIDEND PAYMENTS

Distinguished Shareholders, Ladies and Gentlemen, due to the increase in the result of our performance for the year under review, the Board has decided to pay dividend this year, despite



the Bank of Ghana regulatory directives not to pay due to the current economic challenges and conditions and the impact of the Domestic Debt Exchange Programme (DDEP). This directive restrained all Banks including Rural and Community Banks from the payment of dividend for the financial year 2022. The Board however, had written to Bank of Ghana to pay dividend and this was approved based on our good performance. We are happy to recommend a dividend of GHS 0.0060 per share amounting to a total of GHS 95,961 for the year ended 2022.

LOCKED-UP INVESTMENT

At our last year AGM, I reported to you that, Two million Ghana Cedis (GH¢2.00 Million) investment was locked with Black Shield (Former Gold Coast Fund Management) which remains unpaid.

I wish to report that so far, no payment was received from the Government even though the necessary document were filed. The Board is working hard for the payment of the investment.

REGULATORY COMPLIANCE

Fellow Shareholders, it is gratifying to report that Avenor Rural Bank is in full compliance with all the prudential and regulatory requirements of the Bank of Ghana during the year. The Board and Management will continue to ensure that these requirements are met at all times.

CORPORATE GOVERNANCE DIRECTIVES

The Corporate Governance directives issued by the Bank of Ghana for all Rural and Community Banks and its implementation started since 31st March 2022. The directive has brought a lot of changes, the major ones among them are being the limit on the tenure of the Chairmanship, Directors and the Chief Executive Officers to maximum of 6, 9, 12 years respectively.

RETIREMENT/ ELECTION OF DIRECTORS

In accordance with section 325 of the Companies Act, 2019(Act 992) and in line with the Corporate Governance Directives for Rural and Community Banks issued by the Bank of Ghana, one of the experienced and longest serving Directors of the Bank, Mr. Gershon Klutse, is retiring from the Board after 19 years of dedicated service to the bank. Ladies and Gentlemen with a round of applause and standing ovation, join me to appreciate the contributions of this illustrious son as he retires after 19 years of meritorious service to the Bank. The Board will continue to tap on his rich experience when the need arises.

In line with the above, Mr. Klutse and the late Madam Ernestina Gbologah would be replaced by electing two (2) new Directors.

HEAD OFFICE BUILDING

Distinguished Shareholders, I would like to announce to you that plans are far advanced to start our own Head office building by the end of the year 2023.



CORPORATE SOCIAL RESPONSIBILITY

Our bank continues to support and contribute to community development in its catchment areas. The Bank extended support to Akatsi South Municipal Assembly during farmers day, Avenor Tutudoza, Dzodze Deza, Ziope Agbleza, Somey Traditional Area and some individuals to the tune of GHS13,000.00 during the year under review. The bank would continue to support communities in our catchment areas when our financial position continues to improve.

FUTURE OUTLOOK

Distinguished Shareholders, in 2022, the Bank achieved significant growth in their performance. This growth needs to be sustained and improved upon in the years to come. Our performance in 2022 looks very promising, the time is ripe for shareholders to invest more in the shares of the Bank for good return on their investments. The time to invest is now.

CONCLUSION

On behalf of the Board of Directors, Management and the Staff of the Bank, I wish to express my appreciation to all shareholders for your continued support to the Bank. The Board remains absolutely committed to delivering optimum returns in the coming years, bearing in mind our mandate as Board of Directors. It is my firm belief that we will continue to safeguard and improve significantly the performance of the bank and create sustainable development of the bank in terms of value creation for the shareholders.

My special thanks go to my fellow Directors for their co-operation and support.

I especially thank the Directors who retired from the Board after serving the bank for many years.

I never forget the immense contributions of our former late Board chairman, S.N.K. Davor, whose efforts had significantly improved the performance of the bank.

The Board further appreciates the commitment and dedication of the management and Staff of the bank for the roles played by making the bank what it is today.

I would also like to thank ARB Apex Bank and other invited guests for honoring our invitation.

May God bless you all.

Thank you.

THOMAS CLARKSON ADADE
CHAIRMAN



REPORT OF THE DIRECTORS TO THE MEMBERS FOR THE YEAR ENDED 31ST DECEMBER, 2022

Directors' responsibilities in respect of the financial statements Statement of Directors' responsibilities

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

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

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

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

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

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



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

By the order of the Board:

Name of Director: Thomas Clarkson Adade

Name of Director: Gershon Klutse

Signature.....

Signature.....

Date: 28th April, 2023

Date: 28th April, 2023



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

Financial results

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

	2022	2021
Profit/(loss) before tax for the year	854,147	266,927
from which is deducted income tax expense of	(214,403)	(128,641)
giving profit after tax of	639,744	138,286
to which is added balance on retained earnings account brought forward	677,118	573,403
Prior year adjustment	(61,972)	-
Leaving a balance before statutory and other transfers of	1,254,890	711,689
From which the following transfers were made:		
Transfer to statutory reserve	(159,936)	(34,572)
Transfer to development fund	(159,936)	
Transfer to dividend account		-
Other movement of:		
Regulatory credit risk reserve		
	935,018	677,118

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

Dividend

The Directors recommend a dividend of GHS 0.0060 per share totaling GHS 95,961, subject to the approval of Bank of Ghana and shareholders.

Auditor's remuneration

The audit fee payable for the year under review is GHS 50,000, inclusive of taxes.

Stated capital and capital adequacy ratio

The stated capital of the Bank at the end of the reporting was GHS 1,046,321. The Bank met the minimum capital requirement, and the 10% minimum capital adequacy ratio. The Capital adequacy ratio was 16.46%.



Principal activities

The company is engaged in the business of banking.

Appointment, retirement and re-election of Board Members

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

Board of Directors	Position	Profession	Date appointed
Mr. Thomas Clarkson* Adade	Chairman	Lecturer	16-09-2017
Mr. Gershon Klutse	Vice Chairman	Financial Analyst	18-09-2004
Madam Ernestina Gbologah	Non-Executive Director	Retired Educationist	20-09-2014
Mr. Martin Godson Duho*	Non-Executive Director	Retired Banker	16-09-2017
Mr. Michael Lotame	Non-Executive Director	Retired Agriculturalist	13-07-2021
Mrs. Patience Essien	Non-Executive Director	Banker	13-07-2021
Mr. Sylvester Kwaku Torqu	Secretary / Chief Executive Officer	Banker	01-03-2005

**Directors were approved by the Bank of Ghana on 28th January, 2022*

Training and Continuous Professional Development (CPD)

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

Code of Conduct

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



Conflict of interest and compliance

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

Events after reporting year

The Directors are not aware of any adjusting events after the reporting year except the disclosure on note 33 regarding Domestic Debt Exchange Programme (DDEP)

Corporate social responsibilities

An amount of GHC13,300.00 was donated as a support toward the 2022 Farmers Day celebration, traditional festivals celebrated in our various catchment areas and to some individuals.

Related party transactions

Related party transactions are transactions that each counter party has the ability to influence the outcome of the transaction for economic benefits. Related party transactions and balances are also disclosed in notes to the financial statements. All the Directors and some key management personnel have interest in shares but no debt interest was issued by the Bank during the year under review of the Bank. Other than service contracts, no Director has a material interest in any contract to which the Bank was a party during the year. Note 25 has disclosures on related party transactions.

Approval of financial statements

The financial statements for the year set out on pages 20 to 56, which have been prepared on a going concern basis, were approved by the Board of Directors and signed on their behalf by:

By the order of the Board:

Name of Director: Thomas Clarkson Adade

Name of Director: Gershon Klutse

Signature.....

Signature.....

Date: 28th April, 2023

Date: 28th April, 2023



Corporate Governance (CG) report Overview

Avenor Rural Bank PLC is committed to strong corporate governance practices that allocate rights and responsibilities among the Bank's Shareholders, the Board and Executive Management to provide an effective oversight and management of the Bank in a manner that enhances shareholders' value and promotes investors' confidence.

The Bank's corporate governance principles are contained in a number of corporate documents. The Board oversees the conduct of the Bank's business and is primarily responsible for providing effective governance over the Bank's key affairs, including the appointment of Executive Management, approval of business strategies, evaluation of performance and assessment of major risks facing the Bank.

In discharging its obligations, the Board exercises professional judgment in the best interest of the Bank and relies on the Bank's Executive Management to implement approved business strategies, resolve day-to-day operational issues, keep the Board informed, and maintain and promote high ethical standards. The Board delegates authority in management matters to the Bank's Executive Management subject to clear instructions in relation to such delegation of authority and the circumstances in which Executive Management shall be required to obtain Board approval prior to taking a decision on behalf of the Bank.

The Board is the ultimate decision-making body for all material matters within the Bank. It is responsible for providing leadership, setting the strategic direction of the Bank and monitoring management to ensure effective execution of such strategy. The Board is responsible for a sound system of internal controls and risk management. Avenor Rural Bank PLC's commitment to ensuring international best practice in terms of Corporate Governance remains strong and unwavering.

1. Board composition

The Board shall be constituted optimally to ensure a wide range and sufficient mix of skills, knowledge, experience, competence and attributes necessary and relevant for the effective oversight on the management of the bank. Without contravening provisions under section 58 and 60 of Act 930, or sections amending them thereafter, Section 181 of Act 992 the Board shall consist of only non-executive Directors or otherwise as shall be determined from time to time subject to regulatory requirement.

The Board for the 2022 reporting year was diverse, with a good mix of experience and skills with a Board size of seven (7) members. The areas of expertise and age of the directors are as follows:



Board of Directors	Position	Profession	Date appointed
Mr. Thomas Clarkson* Adade	Chairman	Lecturer	16-09-2017
Mr. Gershon Klutse	Vice Chairman	Financial Analyst	18-09-2004
Madam Ernestina Gbologah	Non-Executive Director	Retired Educationist	20-09-2014
Mr. Martin Godson Duho*	Non-Executive Director	Retired Banker	16-09-2017
Mr. Michael Lotame	Non-Executive Director	Retired Agriculturalist	13-07-2021
Mrs. Patience Essien	Non-Executive Director	Banker	13-07-2021
Mr. Sylvester Kwaku Torku	Secretary / Chief Executive Officer	Banker	01-03-2005

**Directors were approved by the Bank of Ghana on 28th January, 2022*

Role of the Chairman and the Chief Executive Officer

The role of the Board Chair and the Chief Executive Officer are to represent the Board to Shareholders and the general public and other stakeholders at large, in whose absence the deputy must act. The chairman shall be responsible for the content of all Board meeting agenda regarding its appropriateness in serving the intended purposes. The Chairman shall preside over all Board proceedings; in his absence the deputy must act or otherwise provided for in any other guideline for proceedings approved by the Board. The Board Chairman shall be responsible for maintaining a regular dialogue with the General Manager overall operational matters and informing other members promptly over matters of major concern if the need is before the Board meeting. In all emergency situations requiring full Board attention and deliberation, the chairman shall within forty-eight hours from the time of receipt of petition or request from either from two-thirds of the number of the entire executive management or from shareholders in line with provisions of the Companies Act 2019, (Act 992), call an emergency Board meeting to consider the petition.

Professional development and training activities

The Bank has a very comprehensive and tailored induction process for new Directors. The induction process covers the Bank's business operations, the risk and compliance functions as well as the legal, regulatory and other personal obligations and duties of a Director of a Bank. Aside the induction programme, the Bank ensures a continuous development programme which is needs-based and is designed for individual Directors, committees or for the Board. The Directors are kept updated on all regulations and laws that are enacted which may affect the operations of the Bank and are also advised of the legal, regulatory and other obligations of a



Director on an ongoing basis. The Directors have access to independent professional advice to enable them to discharge their duties. The Board and its committees are periodically trained in various programmes to enhance their role to the strategic direction of the Bank.

Performance evaluation

The Bank performed an internal annual appraisal of individual directors and the Board. An internal appraisal of the Board sub-committee is yet to be performed. No external appraisal of the individual directors, Board and its committees was done in the 2022 reporting year.

Frequency of Board meetings and attendance

The Board conveyed five (5) meetings. The scheduled Board meetings were conveyed on 21st January, 18th March, 29th April, 22nd July and 21st October, 2022. There were no ad hoc meetings. There is a process in place to ensure that Directors receive reports in a timely manner to enable them ask appropriate questions and make informed decisions.

Aside formal meetings, the Directors are engaged informally throughout the year. This creates an environment that encourages challenge, consultation, information sharing, innovative thinking and openness in communication. The Directors are encouraged to interact with the staff and to broaden their understanding of the Bank's operations. The following table shows the number of Board meetings held during the year and the attendance by the Directors.

Meeting attendance

Members	Board meetings (5)	Percentage of attendance (%)	Ad hoc meetings
Mr. Thomas Clarkson	5/5	100.00	N/A
Mr. Gershon Klutse	5/5	100.00	N/A
Mad Ernestina Gbologah	5/5	100.00	N/A
Mr. Martin Godson K. Duho	5/5	100.00	N/A
Mr. Michael Lotame	5/5	100.00	N/A
Mrs. Patience Essien	4/5	80.00	N/A
Mr. Sylvester Kwaku Torqu	5/5	100.00	N/A
Mr. S.N.K Davor	3/5	60.00	N/A

Board sub-committees

The Board may discharge its responsibilities through any of its established committees, including ad hoc committees, as considered necessary to assist in carrying out its functions. The Board will determine, and review as appropriate, the charters and membership of its committees. The standing committees of the Board shall be:



- Audit and Compliance Committee
- Credit / Risk Committee
- Human Resource Committee

Overview of Board sub-committees

Audit and Compliance Committee

Membership

The committee comprised of four (4) members. The members during the year under review were Mr. Thomas Clarkson Adade (Chairman), Mr. Gershon Klutse (Member), Mr. Martin G. K. Duho (Member) and Madam Patience Essien (Member).

Frequency of meetings

Members	Meetings (2)	Percentage of attendance (%)	Ad hoc meetings
Mr. Gershon Klutse	2/2	100.00	N/A
Madam Gbologah Ernestina	2/2	100.00	N/A
Madam Patience Essien	1/2	50.00	N/A
Mr. Simon Nerro Kodjo Davor	1/2	50.00	N/A

The Committee shall meet twice in a year.

Credit / Risk Committee

Membership

The Committee comprised of six (6) members. The members were Mr. Gershon Klutse, Mr. S.N.K Davor, Mr. Martin Godson Duho, Mr. Michael Lotame, Madam Ernestina Gbologah and Mr. Sylvester Kwaku Torku.

Frequency of meetings

The Committee shall meet twice in a year.

Members	Meetings (2)	Percentage of attendance (%)	Ad hoc meetings
Mr. S.N.K Davor	1/2	50.00	N/A
Mr. Martin Godson Duho	1/2	50.00	N/A
Mr. Gershon Klutse	2/2	100.00	N/A
Mr. Sylvester Kwaku Torku	2/2	100.00	N/A
Madam Ernestina Gbologah	1/2	50.00	N/A
Mr. Michael Lotame	2/2	100.00	N/A



**Human Resource Committee
Membership**

The Committee comprised of four (4) members. The members were Mrs. Patience Essien, Mr. Martin Godson Duho, Madam Enerstina Gbologa and Mr. Michael Lotame.

Frequency of meetings

The Committee shall meet twice in a year.

Members	Meetings (2)	Percentage of attendance (%)
Mrs. Patience Essien	2/2	100.00
Mr. Martin Godson Duho	2/2	100.00
Madam Ernestina Gbologa	2/2	100.00
Mr. Michael Lotame	2/2	100.00

Officers of the Bank

In line with the Companies Act, 2019 (Act 992), the Bank at the date of this report expressly or impliedly authorized officers to act in various capacities as below:

Officers	Capacity (31st December, 2022)
Mr. Sylvester Kwaku Torqu	Chief Executive Officer
Mr. Jordan Samlafo	Operations Manager
Mr. Senyo Klutsey	Head, Finance
Mr. Wise Peter Kwabla Amegbe	Internal Auditor
Mr. Prince Abotsi	Head, Credit
Mr. Elorm Dadoza	System Administrator
Mr. Wisdom Ahiable	Risk & Compliance Officer

By order of the Board of Directors

Name of Chairman: Thomas Clarkson Adade

Signature.....


Date: 28th April, 2023



INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF AVENOR RURAL BANK PLC

Report on the audited financial statements

Opinion

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

What we have audited

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

The financial statements comprise:

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

Basis for opinion

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

Independence

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



Key Audit Matters

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

Other Information

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

Going concern

The financial statements of the Bank have been prepared using the going concern basis of accounting. The use of this basis of accounting is appropriate unless management either intends to liquidate the Bank or to cease operations, or has no realistic alternative but to do so. As part of our audit of the financial statements, we have concluded that management's use of the going concern basis of accounting in the preparation of the Bank's financial statements is appropriate. Management has not identified a material uncertainty that may cast significant doubt on the Bank's ability to continue as a going concern, and accordingly none is disclosed in the financial statements of the Bank. Based on our audit of the financial statements of the Bank, we also have not identified such a material uncertainty.

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

Responsibilities of Directors for the financial statements

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



Auditor's responsibilities for the audit of the financial statements

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

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

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



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

Other matter paragraph

We have nothing to report on other matters on which we are required to report except by below. The Companies Act, 2019 (Act 992), requires that in carrying out our audit work we consider and report on the following matters. We confirm that:

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

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

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



5. The Bank has generally complied with the provisions in the Banks and Specialized Deposit-Taking Institutions Act, 2016 (Act 930).

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

Signed by:

For and on behalf of:
UHY Voscon (ICAG/F/2023/086)
Chartered Accountants
P. O. Box LA 476, La, Accra
2nd Floor, Cocoshe House
Opposite Silver Star Tower
Agostinho Neto Close Airport
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Phone +233 30 2683 430 / 4
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Web: www.uhyvoscon-gh.com

GA:-057-1475

Date: 28th April, 2023



Financial statements for the year ended 31 December 2022
(All amounts are stated in Ghana cedis unless otherwise stated)

Statement of comprehensive income		for the year ended 31 December	
	Note	2022	2021
Interest income	3	4,191,338	3,007,377
Interest expense	4	(518,111)	612,339
Net interest income		3,673,227	2,395,038
Commissions and fees	5	717,000	427,233
Other operating income	6	382,784	380,499
Total operating income		4,773,011	3,202,770
Other operating expenses	7	(3,648,864)	(2,715,842)
Impairment of loan	8	(270,000)	(220,000)
Profit/(loss) before taxation		854,147	266,927
Taxation	9.1	(214,403)	(128,641)
Profit/(loss) after taxation		639,744	138,286
Other comprehensive income		-	-
Total comprehensive income attributable to the shareholders		639,744	138,286

The notes on pages 26 to 57 are integral part of these financial statements.



Financial statements for the year ended 31 December 2022
(All amounts are stated in Ghana cedis unless otherwise stated)

Statement of financial position

as at 31 December

		2022	2021
Assets	Notes		
Cash and cash equivalent	10	2,177,864	2,995,565
Investment securities	11	9,351,293	10,003,217
Equity investments	12	94,259	94,259
Loans and advances to customers	13	9,804,526	5,582,197
Other assets	16	1,560,004	1,083,127
Property, plant and equipment	14.1	185,746	266,053
Deferred tax	9.3	71,909	-
Intangible asset	15.1	148,308	-
Total assets		23,393,909	20,024,418
Equity			
Stated capital	17	1,046,321	1,046,321
Retained earnings		935,018	677,118
Revaluation reserve		67,659	67,659
Statutory reserve fund		812,369	652,433
Development fund		161,279	1,343
Total equity		3,022,646	2,444,874
Liabilities			
Customer deposits	18	19,307,247	16,442,280
Current tax	9.2	89,259	35,705
Payables and accruals	19	952,535	1,008,511
Borrowing	21	22,222	93,048
Total liabilities		20,371,263	17,579,544
Total equity and liabilities		23,393,909	20,024,418.00

The notes on pages 25 to 56 are integral part of these financial statements. These financial statements were approved by the Board and signed on their behalf by:

Name of Director	Name of Director
Signature	Signature
Date	Date



Financial statements for the year ended 31 December 2022
(All amounts are stated in Ghana cedis unless otherwise stated)

Statement of changes in equity

For the year end 31 December, 2022	Note	Stated capital	Retained earnings	Statutory reserve	Revaluation reserve	Development Fund	Total
Balance as at 1 January		1,046,321	677,118	652,433	67,659	1,343	2,444,874
Prior year adjustment	32		(61,972)				(61,972)
Restated balance		1,046,321	615,146				2,382,902
Net profit			639,744				639,744
Transfer to development fund			(159,936)			159,936	-
Transfer to statutory reserve			(159,936)	159,936			-
Balance at 31 December		1,046,321	935,018	812,369	67,659	161,279	3,022,646

The notes on pages 26 to 57 are integral part of these financial statements.

Financial statements for the year ended 31 December 2022
(All amounts are stated in Ghana cedis unless otherwise stated)

Statement of changes in equity

For the year end 31 December, 2021	Note	Stated capital	Retained earnings	Statutory reserve	Revaluation reserve	Development Fund	Total
Balance as at 1 January		1,046,321	573,403	617,861	67,659	1,343	2,306,588
Net profit		-	138,286	-	-	-	138,286
Proceeds from issue of shares		10,500	-	-	-	-	10,500
Transfer to credit risk reserve		-	-	-	-	-	-
Transfer to statutory reserve		-	(34,572)	34,572	-	-	-
Balance at 31 December		1,046,321	677,118	652,433	67,659	1,343	2,444,874

The notes on pages 26 to 57 are integral part of these financial statements.



Financial statements for the year ended 31 December 2022
(All amounts are stated in Ghana cedis unless otherwise stated)

Statement of cash flows	for the year ended 31 December		
	Notes	2022	2021
Cash flows from operating activities			
Cash generated from/ (used in) operations	20	(349,603)	1,205,344
Tax paid		(291,647)	(93,875)
Net cash generated from operating activities		(641,250)	1,111,469
Cash flows from investing activities			
Purchase of property, plant and equipment		(105,625)	(112,875)
Purchase of intangible assets			-
Net cash used in investing activities		(105,625)	(112,875)
Financing activities			
Proceeds from issue of shares			-
Deposit for shares			-
Long-term borrowing		(70,826)	(86,273)
Dividend paid			(55)
Net Cash flow from financing activities		(70,826)	(86,328)
Increase in cash and cash equivalents		(817,701)	912,266
Cash and cash equivalents at the beginning of the year		2,995,565	2,083,299
Cash and cash equivalents at the end of the year	10	2,177,864	2,995,565
Analysis of cash and cash equivalents			
Cash on hand		913,269	2,083,299
Bank balances		1,264,595	912,266
At year end		2,177,864	2,995,565

The notes on pages 29 to 60 are integral part of these financial statements.



Financial statements for the year ended 31 December 2022
(All amounts are stated in Ghana cedis unless otherwise stated)

Notes and significant accounting policies

1.0 Reporting entity

Avenor Rural Bank PLC formerly Avenor Rural Bank Limited was incorporated under the Companies Act, 1963, (Act 179) on 18th May 1981 and issued with certificate to commence business on 27th May, 1981. The Bank was officially commissioned on 29th August, 1980.

Avenor Rural Bank PLC is domiciled in Ghana and headquartered at Akatsi in the Volta Region of Ghana. Avenor Rural Bank PLC is regulated under the Banks and Specialized Deposit-Taking Institutions Act, 2016 (Act 930).

1.1 Principal activity

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

2.1 Basis of preparation

2.1.1 Statement of compliance

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

2.1.2 Approval of the audited financial statements

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

2.1.3 Basis of presentation of the financial statements

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



2.1.4 Basis of measurement

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

2.1.5 Functional and presentation currency

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

2.1.6 Use of estimates and judgments

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

2.1.6.1 Going concern

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

2.1.6.2 Impairment losses on loans and advances

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

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

2.1.6.3 Deferred tax assets

Deferred tax assets are recognized in respect of tax losses to the extent that it is probable that future taxable profit will be available against which the losses can be utilized. Judgment is required to determine the amount of deferred tax assets that can be recognized, based upon the



likely timing and level of future taxable profits, together with future tax-planning strategies. Tax losses can be used indefinitely.

2.1.6.4 Property, plant and equipment

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

2.2 Summary of significant accounting policies

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

2.3 Foreign currency transactions

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

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

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

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

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

2.4.1 Revenue recognition

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

2.4.1.1 Interest income

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

The effective interest method is a method of calculating the amortized cost of a financial asset. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter



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

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

2.4.1.2 Fees and commission income

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

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

2.4.1.3 Dividend income

Dividend income on shares held by the Bank are recognized in the statement of profit or loss in 'dividend income' when the Bank's right to receive payment is established. Additional income taxes that arise from the distribution of dividends are recognized at the same time as the liability to pay the related dividend is recognized.

2.5 Interest expense

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

The effective interest method is a method of calculating the amortized cost of a financial liability and of allocating the interest expenses. The effective interest rate is the rate that exactly discounts the estimated future cash payments over the expected life of the instrument or where appropriate, a shorter year to the net carrying amount of the financial liability. The effective interest rate is calculated on initial recognition of the financial liability, estimating the future cash flows after considering all the contractual terms of the instrument.



2.6 Administration, general and other operating expenses

These expenses are recognized when incurred not when paid.

2.7 Cash and cash equivalents

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

2.8 Financial assets and liabilities

2.8.1 Date of recognition

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

2.8.2 Initial measurement of financial instruments

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

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

2.8.2.1 Financial assets or financial liabilities held for trading

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

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

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

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

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



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

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

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

2.8.2.3 Held to maturity financial instruments

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

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

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

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

2.8.2.4 Loans and advances

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

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

2.9 Framework for impairment of financial assets

At each reporting date, the Bank assesses whether, as a result of one or more events (loss event) occurring after initial recognition, there is objective evidence that financial assets or group of financial assets has become impaired.

Evidence of impairment may include indications that the borrower or group of borrower or group of borrowers is experiencing significant financial difficulty, default or delinquency in interest or principal payments, or the fact that the debt is being restructured to reduce the burden on the borrower.



2.9.1 Impairment of financial assets

The Bank makes an allowance for unrecoverable loans and receivables, held to maturity investments and available for sale financial assets when there is an objective evidence that the carrying amount may not be recoverable. Significant management judgment is required to determine when objective evidence of impairment exists, and also in estimating future cash flows from the assets.

2.9.2 Impairment of financial assets carried at amortized cost

For financial assets carried at amortized cost, the Bank first assesses individually whether objective evidence of impairment exists for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Bank determines that no objective evidence of impairment exists for an individually assessed financial asset, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognized are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the assets carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred). The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognized in the profit and loss.

Interest income continues to be accrued on the reduced carrying amount and is accrued using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss.

The interest income is recorded as part of 'Interest and similar income. Loans together with the associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realized or has been transferred to the Bank. If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognized, the previously recognized impairment loss is increased or reduced by adjusting the allowance account. If a future write-off is later recovered, the recovery is credited to the 'Credit loss expense'

2.9.3 Impairment of available for sale investments

If there is objective evidence that the cost may not be recovered, an available-for-sale equity security is considered to be impaired.

Objective evidence that the cost may not be recovered, in addition to qualitative impairment criteria, includes a significant or prolonged decline in the fair value below cost

If an available-for-sale equity security is impaired based upon the Bank's qualitative or quantitative impairment criteria, any further declines in the fair value at subsequent reporting dates are recognized as impairments. Therefore, at each reporting period, for an equity security



that is determined to be impaired based upon the Bank's impairment criteria, an impairment is recognized for the difference between the fair value and the original cost basis, less any previously recognized impairments.

2.10. De-recognition of financial assets

2.10.1 Financial assets

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

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

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

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

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

2.10.2 Financial liabilities

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

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

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

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



2.11 Offsetting

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

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

2.12 Renegotiated loans

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

2.13 Fair value measurement

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

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

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

2.14 Income tax expense

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



2.14.1 Current tax

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

2.14.2 Deferred tax expense

Deferred tax is provided using temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized for the following temporary differences: the initial recognition of goodwill, the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit, and differences relating to investments in subsidiaries to the extent that they probably will not reverse in the foreseeable future. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

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

2.15 Provisions

Provisions are recognized when the Bank has:

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

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

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



2.15.1 Provision for restructuring/reorganization

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

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

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

2.16 Employee benefits

2.16.1 Short term employment benefits

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

2.16.2 Leave benefits

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

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

2.16.3 Social security contributions

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

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



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

2.16.4 Retirement benefits

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

2.16.5 Termination benefits

Termination benefits are recognized as an expense when the Bank is demonstrably committed, without realistic possibility of withdrawal, to a formal detailed plan to terminate employment before the normal retirement date. Termination benefits for voluntary redundancies are recognized if Bank has made an offer encouraging voluntary redundancy, it is probable that the offer will be accepted, and the number of acceptances can be estimated reliably.

2.17 Inventories

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

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

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

2.18 Share capital and equity

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

2.19 Borrowing cost

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

- The borrowing cost capitalized should relate to the cost incurred on the project.
- The borrowing cost capitalized cannot exceed the total cost for the year



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

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

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

2.20 Related parties

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

2.21 Property, plant and equipment

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

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

Subsequent expenditures are included in the asset's carrying amount or are recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated



with the item will flow to the Bank and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized. All other repair and maintenance costs are charged to profit or loss during the financial year in which they are incurred.

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

Class of asset	Estimated Useful life
Furniture and fittings	25%
Computer	33.33%
Motor vehicles	25%
Bungalow furniture & fittings	25%
Plant and machinery	25%
Motor bike/bicycle	10%
Land & building	3%

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

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

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

2.22 Intangible assets

Software

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

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

2.24 Impairments of assets and other non-financial assets

The Bank assesses at each end of the reporting year whether there is any indication that an asset may be impaired. If any such indication exists, that an asset may be impaired, the recoverable



amount is estimated for the individual asset. If it is possible to estimate the recoverable amount of the individual asset, the recoverable amount of the Cash-Generating Unit (CGU) to which the asset belongs is determined. The recoverable amount of a cash generating unit is the higher of its fair value less costs to sell and its value in use. If the recoverable amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. This reduction is an impairment loss.

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

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

2.25 Earnings per Share

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



	2022	2021
3. Interest income		
Interest on Advance	2,762,057	1,121,736
Interest on investment	1,429,281	1,885,641
	4,191,338	3,007,377
4. Interest expense		
Interest on deposit liabilities	505,199	612,339
Interest on term borrowing	12,913	
	518,111	612,339
5. Commission and fees income		
Commission on turnover	134,120	237,0773
Commitment fee	582,880	190,160
	717,000	427,233
6. Other operating income		
Sundry income	382,784	380,499
	382,784	380,499
7. Operating expenses		
Staff costs (7.1)	1,628,012	1,119,505
Depreciation	185,933	173,284
Audit fees	50,000	36,401
Directors' Remuneration	10,840	8,245
General and admin expenses (7.2)	1,774,079	1,014,171
	3,648,864	2,715,842
7.1. Staff related cost		
Salaries and allowance	860,289	646,279
Housing	1,272	1,603
Staff training and development	71,843	32,196
Staff medical	9,706	8,106
Other staff cost	684,902	424,679
	1,628,012	1,112,863



7.2. Administrative and Other Expenses	2022	2021
Advertising and marketing expense	3,608	3,965
Anniversary expenses (AGM)	39,976	24,061
Clearing expenses	-	8,186
Donations	-	8,686
Subscriptions/Periodicals	114,452	140,140
Customer promotion	-	12,000
Rent and rate	96,932	95,581
Stationery and printing	100,636	89,427
Bank charges	3,093	4,406
Legal	-	5,965
Mobilization expense	46,230	-
Entertainment	-	26,592
Insurance	101,282	91,145
Travelling expenses	51,000	30,164
Motor vehicle running expense	184,332	108,031
Generator running cost	-	17,737
Repair and maintenance-Vehicle	27,905	33,113
Repair and maintenance-Building	9,686	-
Repair and maintenance-General	35,983	-
Computerization expense	193,968	29,933
Meeting expenses	130,214	76,714
Office expenses	55,003	35,086
Utilities	104,192	90,570
Security	158,704	145,649
Recovery expense	-	9,268
Penalty	-	6,000
Postal and telecommunication	32,534	20,776
Shortages in till	-	598
Specie movement	16,655	11,605
Sundry expenses	229,974	183,633
Susu expenses	37,720	72,880
Funeral grant	-	3,140
	1,774,079	1,385,051.00



8. Impairment of loans	2022	2021
Balance b/f	465,217	959,416
Loans written off		(714,199)
	465,217	245,217
Increase/(decrease) in provision charged to profit loss	270,000	200,000
	735,217	465,217

9. Taxation	2022	2021
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9.1 Income tax expenses

Current tax expense	286,312	128,641
Charge to income statement for deferred tax	(71,909)	-
	214,403	128,641

9.2 Current tax

Year of assessment	Balance at 01/01/2022	Adjustment	Payments	Charge for the year	Balance at 31/12/2022
2021	35,705	58,889	(94,594)	-	-
2022			(197,053)	286,312	89,259
	35,705	58,889	(291,647)	286,312	89,259

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

9.3 Deferred tax	2022	2021
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Balance at year start	-	-
Charge to income statement	(71,909)	-
	(71,909)	-

10. Cash and cash equivalents	2022	2021
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Cash holdings	913,269	645,095
Banks	92,190	2,039,209
ARB Apex Bank	1,172,405	311,261
	2,177,864	2,995,565



11. Investment securities	2022	2021
91/182 Day treasury bill	4,419,346	6,201,366
1-year T-bill	250,642	248,117
Treasury bill	4,669,988	6,449,483
Fixed deposit	4,600,000	2,630,000
ARB Apex Bank PLC certificate of deposit	200,000	905,886
	9,469,988	9,985,369
Accrued interest	141,690	53,375
Unearned discount	(260,385)	(90,201)
	9,351,293	9,948,543
12. Equity investment	2022	2021
ARB Apex Bank PLC shares	94,259	94,259
	94,259	94,259
13. Loans and advances	2022	2021
a. Analysis by type of facility		
Overdrafts	2,280,701	1,851,411
Term loans	8,174,696	4,229,375
Gross loans and advances	10,455,397	6,080,786
Interest receivable	134,335	-
Interest in suspense	(49,989)	(33,371)
	10,539,743	6,047,415
Less: provision for credit losses	(735,217)	(465,217)
Net loans and advances	9,804,526	5,582,198
b. Analysis by type of customer (To be provided by client)	2022	2021
Individuals	3,568,126	3,842,017
Private enterprise	698,428	985,154
Staff	379,521	318,471
Group/Scheme	5,809,322	935,143
	10,455,397	6,080,785
Interest receivable	134,335	-
Interest in suspense	(49,989)	(33,371)
Less: provision for Credit losses	(735,217)	(465,217)
Net loans and advances	9,804,526	5,582,198



14.1. Property, plant and equipment 2022

Cost/valuation	1 January	Additions	31 December
Land and Building	2,556		2,556
Furniture and fittings	89,014	39,408	128,422
Computer /equipment	292,487	44,267	336,754
Motor vehicles	360,426	-	360,426
Bungalow furniture & fittings	4,811	-	4,811
Plant and machinery	64,363	-	64,363
Motor bike/bicycle	11,580	21,950	33,530
Capital work in progress	18,015	-	18,015

Total	843,252	105,625	948,877
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Accumulated depreciation	1 January	Charge for the year	31 December
Land and Building	-	-	-
Furniture and fittings	62,389	18,916	81,305
Computer/equipment	177,628	76,480	254,108
Motor vehicles	269,385	82,369	351,754
Bungalow furniture & fittings	2,600	737	3,337
Plant and machinery	57,256	2,200	59,456
Motor bike/bicycle	7,940	5,230	13,170
Capital work in progress	-	-	-

Total	577,198	185,933	763,131
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Carrying value:

Land and Building	2,556
Furniture and fittings	47,116
Computer/equipment	82,646
Motor vehicles	8,672
Bungalow furniture & fittings	1,474
Plant and machinery	4,907
Motor bike/bicycle	20,360
Capital work in progress	18,015

31 December, 2022	185,746
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14.2. Property, plant and equipment 2021

Cost/valuation	1 January	Additions	Disposal/write off	31 December
Building	2,556	-	-	2,556
Furniture and fittings	62,644	26,370	-	89,014
Office equipment	246,496	68,291	(22,300)	292,487
Bank Motor Bike/Bicycle	7,380	4,200	-	11,580
Motor vehicles	367,292	6,914	(13,780)	360,426
Generator plant	57,263	7,100	-	64,363
Capital work in progress	18,015	-	-	18,015
Bungalow Furniture & fitting	4,811	-	-	4,811
Total	766,456	112,875	(36,080)	843,251

Accumulated depreciation	1 January	Charge for the year	Disposal/write off	31 December
Office furniture & fittings	41,818	20,572	-	62,389
Motor vehicles	200,220	82,945	(13,780)	269,385
Bank Motor Bike/ Bicycle	7,380	560	-	7,940
Bungalow Furniture & fitt	1,863	737	-	2,600
Office computer/ equip	132,125	67,803	(22,300)	177,628
Plant & machinery	56,588	667	-	57,256
Capital work in progress	-	-	-	-
Total	439,994	173,284	(36,080)	577,198

Carrying value:

Building	2,556
Furniture and fittings	26,625
Office equipment	114,859
Bank Motor Bike/Bicycle	3,640
Motor vehicles	91,041
Generator plant	7,107
Capital work in progress	18,015
Bungalow Furniture & fitting	2,211

31 December, 2021 **266,053**



15.1. Intangible asset

Cost/ valuation 2022	1 January	Additions/reclassified off	Disposal/write off	31 December
Computer software		193,461		193,461
		193,461		193,461

Accumulated amortization

	1 January	Charge for the year off	Disposal/write off	31 December
Computer software		45,153		45,153
		45,153		45,153

Carrying value

31 December 2021	148,308
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16. Other assets	2022	2021
Prepayments	218,033	168,912
Stationery stock	127,004	85,889
Office Account	513,799	10,237
E zwich	311,986	318,549
Interagency	5,182	-
Windows 10 License	-	193,461
Uncleared effects	295,620	231,207
Accrued interest and commission	88,380	74,872
	1,560,004	1,083,127

17. Stated capital

	2022		2021	
	Number	Amount	Number	Amount
Authorised no. of shares of no par value	50,000,000		50,000,000	
Issued and fully paid				
Issued for cash consideration	15,248,945	525,321	15,248,945	525,321
Issued for consideration other cash	710,000	71,000	710,000	71,000
Transfer from Reserves Capital	-	450,000	-	450,000
Issued for consideration other than cash	-	-	-	-
	15,958,949	1,046,321	15,958,949	1,046,321



18. Customer Deposits	2022	2021
Current Account	3,067,085	2,769,094
Savings account	9,388,833	9,476,350
Time deposit	2,198,495	1,414,648
Others (Susu lien)	3,006,608	2,542,478
Other deposit (lien)	1,544,066	186,335
Accrued interest	102,158	53,375
	19,307,246	16,442,280
19. Payables and Accruals	2022	2021
Office account	117,072	71,857
Audit fee	49,477	36,401
Dividend	53,412	53,492
Others	732,574	846,761
	952,535	1,008,511
20. Cash generated from/ (used in) operations	2022	2021
Cash flows from operating activities:		
Profit/(loss) before tax	879,447	266,927
Adjustment for non-cash items:		
Depreciation and amortization	231,086	173,284
loan impairment	270,000	220,000
Impairment of investment		
Prior year adjustment	(61,971)	
	1,318,562	660,211
Cash inflow before changes in assets and liabilities		
Changes in assets and liabilities		
(increase) /decrease in investment	651,924	346,063
Increase/decrease in loans and advances	(4,492,329)	(629,679)
Increase/decrease in other assets	(611,450)	(146,043)
Increase/decrease in customer deposit	2,864,967	757,954
deferred income		(753,252)
Increase/ decrease in borrowing		100,168
Increase/ decrease in other liabilities	(81,277)	
	(349,603)	1,111,469



21. Borrowings	2022	2021
Apex Bank PLC loan	22,222	93,048
	22,222	93,048

22. Capital commitments

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

23. Contingencies

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

24. Legal confirmation

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

25. Related party disclosures

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

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

- a) A person or a close member of that person's family is related to a reporting entity if that person:
 - has control or joint control over the reporting entity;
 - has significant influence over the reporting entity; or
 - is a member of the key management personnel of the reporting entity or of a parent of the reporting entity?
- b) An entity is related to a reporting entity if any of the following conditions applies:
 - The entity and the reporting entity are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
 - One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
 - Both entities are joint ventures of the same third party.
 - One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
 - The entity is a post-employment defined benefit plan for the benefit of employees of



either the reporting entity or an entity related to the reporting entity. If the reporting entity is itself such a plan, the sponsoring employers are also related to the reporting entity.

- The entity is controlled or jointly controlled by a person identified in (a).
- A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).
- The entity, or any member of a group of which it is a part, provides key management personnel services to the reporting entity or to the parent of the reporting entity.

The following are deemed not to be related for the reporting purposes Avenor Rural Bank PLC.

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

Related party transactions

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

Disclosure

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

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

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

Key management personnel are those persons having authority and responsibility for planning, directing, and controlling the activities of the entity, directly or indirectly, including any directors (whether executive or otherwise) of the entity.

If an entity obtains key management personnel services from a management entity, the entity is not required to disclose the compensation paid or payable by the management entity to the



management entity's employees or directors. Instead the entity discloses the amounts incurred by the entity for the provision of key management personnel services that are provided by the separate management entity.

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

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

b. Transactions with Key Management Personnel (KMP)

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

Remuneration

Details	2022	2021
Directors emoluments	10,840	8,245
	10,840	8,245

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

26. Financial risk management

Financial risk factors

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

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



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

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

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

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

27. Market risk

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

27.1 Interest rate risk

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

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

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

27.2 Credit risk

The Bank is exposed to credit risk, which is the risk that counterparty will be unable to pay amounts in full when they fall due. The Bank is exposed to counterparty risk on cash and cash



equivalents, amounts due from financial institutions and other receivable balances. It is also exposed to other credit risks arising from investments in debt securities.

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

	Notes	2022	2021
Balance with other banks	10	2,177,864	2,995,565
Investment securities	11	9,351,293	10,003,217
Loans and advances	13	9,720,180	5,582,197
Equity investments	12	94,259	94,259
		21,343,596	18,675,238

27.3 Liquidity risk

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

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

27.4 Capital risk management

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

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

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



27.5 Fair value estimation

Fair value hierarchy

IFRS 13 specifies a hierarchy of valuation techniques based on whether the inputs to those valuation techniques are observable or unobservable. Observable inputs reflect market data obtained from independent sources; unobservable inputs reflect the Bank's market assumptions. These two types of inputs have created the following fair value hierarchy:

Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities. This level includes listed equity securities and debt instruments on exchanges (for example, The Ghana Stock Exchange).

Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).

Level 3 – inputs for the asset or liability that are not based on observable market data (unobservable inputs). This level includes equity investments and debt instruments with significant unobservable components. This hierarchy requires the use of observation market data when available. The Bank considers relevant and observable market prices in its valuation when possible. The fair value of the Bank's financial assets and liabilities approximate the respective carrying amounts, due to the generally short years to maturity dates.

a) Fair value hierarchy

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

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

	Level 1	Level 2	Level 3	Total
2022				
Financial assets			94,259	94,259
Equity investment				
2021				
Financial assets				
Equity investment	-	-	94,259	94,259



28 Stated capital and reserves

28.1 Stated capital

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

- (a) the total proceeds of every issue of shares for cash, including any amounts paid on calls made on shares issued with an unpaid liability, without any deductions for expenses or commissions;
- (b) the total value of the consideration, as stated in the agreement, received for every issue of shares otherwise than for cash;
- (c) the total amount which the Bank by special resolution shall have resolved to transfer to stated capital from surplus, as defined in section 69 of the Companies Act, including the credit balance on the share deals account referred to in section 63 of the above Act

29. Statutory reserve fund

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

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

Transfer to statutory reserve

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

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

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

(b) Reserves)

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



(c) Retained earnings

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

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

(d) Capital Adequacy

Regulatory capital	2022	2021
Tier 1 capital	3,022,647	2,430,872
Tier 2 capital	67,659	
Total regulatory capital	3,090,306	2,430,872
Adjusted capital base (a)	2,847,739	2,336,613
Adjusted asset base (b)	17,302,339	14,658,898
Capital adequacy ratio (a/b)	16.46	15.94
Capital surplus (adjusted capital base less 10% of adjusted asset base)	1,117,505	1,033,984.00
	2022	2021
Capital adequacy by BOG	10%	10%
Capital adequacy of the Bank	16.46%	15.94%

30. Comparatives

Except when a standard or an interpretation permits or requires otherwise, all amounts are reported or disclosed with comparative information.

Where IAS 8 applies, comparative figures have been adjusted to conform to changes in presentation in the current Year.

31. Contingencies

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

32. Prior year adjustments

This relates to GRA tax audit and a correction of opening balance correction



33. Events after the end of the reporting year

33.1 Domestic debt exchange programme (DDEP)

On 5th December 2022, the Government of Ghana launched Ghana's Domestic Debt Exchange programme, an invitation for the voluntary exchange of approximately GHS137 billion of the domestic notes and bonds of the Republic, including E.S.L.A. PLC and Daakye bonds, for a package of New Bonds to be issued by the Republic. A successful settlement and conclusion of Ghana's Domestic Debt Exchange Programme (DDEP) of the Government was announced on 27th February, 2023.

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

34. Value added statement	2022	2021
Interest and banking income	5,291,122	3,815,109
<u>Direct cost</u>	<u>(518,111)</u>	<u>(612,339)</u>
Value added by banking services	4,773,011	3,202,770
Impairment	(270,000)	(220,000)
Value added	4,503,011	2,982,770
Distributed as follows		
To employees:		
Directors	(10,840)	(8,245)
Other employees	(1,628,012)	(1,112,863)
To Government:	(214,403)	(128,641)
Income tax		
Bank's expansion and growth:		
Depreciation and amortisation	(185,933)	(173,284)
<u>Other operating cost</u>	<u>(1,824,079)</u>	<u>(1,421,452)</u>
To retained earnings	639,744	138,285



AVENOR RURAL BANK PLC.
PROXY AUTHORIZATION

I/We

being a member(s) of AVENOR RURAL BANK PLC. hereby appoint
of _____ or failing him/her _____ my/our proxy to vote
on my /our behalf at the Annual General Meeting of the Bank to be held at **Akatsi College of
Education, Akatsi on Saturday, 19th August 2023 at 10.00am** and any adjournment thereof.

Dated this _____ day of _____ 2023

Shareholder's Signature

AVENOR RURAL BANK PLC.
ADMISSION FORM

ANNUAL GENERAL MEETING to be held at the Akatsi College of Education on
Saturday, 19th August 2023 at 10:00am.

Full name and address of Shareholder(s) Proxy

Number of Shares held:

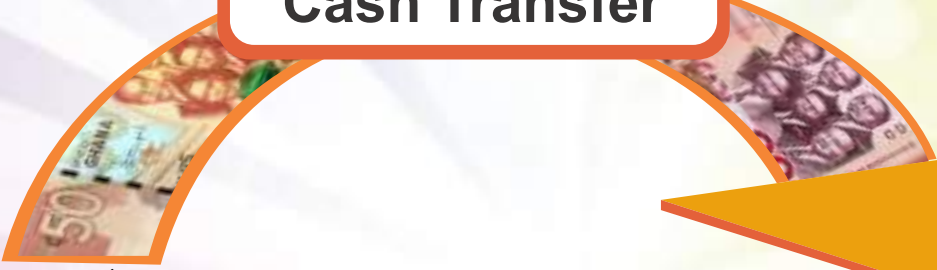
IMPORTANT:

This Admission form must be produced by the Shareholder or his/her Proxy in order to obtain
entrance to the Annual General Meeting. AVENOR RURAL BANK PLC.

AIP **APEX INSTANT PAY**



Cash Transfer



Account Transfer





RESOLUTIONS FOR THE 40TH ANNUAL GENERAL MEETING OF AVENOR RURAL BANK PLC.

1. Accounts and Reports

To receive and adopt the Financial Statements of the Company for the year ended 31st December, 2022 together with the reports of the Directors and Auditors thereon.

2. Remuneration of Auditors.

The Board of Directors in accordance with Section 140 of the Companies Act, 2019 (Act 992) is recommending your approval to allow the Directors to fix the remuneration of the Auditors.

3. Retirement and Election of Directors.

In accordance with the Bank of Ghana Directives, Mr. Gershon Klutse is due for retirement and not eligible for re-election.

Also, Madam Ernestina Gbologah is not available for re-election due to her demise in March, 2023.

The Board of Directors in accordance with Section 172 and 325 of the Companies Act 2019, (Act 992) is recommending for your approval, the election of two (2) applicants who have the requisite qualifications stated in the Corporate Governance Directives by the Bank of Ghana and were duly vetted by the Board.

4. Payment of Dividend

After submitting our 2022 audited financial statements to the Bank of Ghana, the Directors recommend a dividend of GHS0.0060 per share totaling GH¢95,961 for approval.

The Bank of Ghana, in line with Section 35 of the Banks and Specialised Deposit-Taking Institutions Act, 2016 (Act 930) approved the payment of dividend for this year.

In view of the approval from Bank of Ghana, the Directors are recommending for your consideration and approval to pay the proposed dividend of GH¢0.0060 per share totaling GH¢95,961 to the shareholders.

5. Special Resolution

To authorise the Directors to transfer 25% of profit after tax of GHS159,936.00 from Income Surplus Account to a Development Fund.



REQUIREMENTS

- Valid Ghana Card
- Registered Active Mobile Number
- GPS Address
- Next of Kin
- Source of Funds
- Occupation

Note: Bank account not mandatory Toll-free: **0800-000-707**



HEAD OFFICE:
 0596916796 / 0596916786
 Email: info@avenorruralbank.com

BRANCHES

DZODZE 0596916784	HO 0596916778
AGBOZUME 0596916782	SOGAKOPE 0596916777
DENU 0596916780	AKATSI NEW MARKET 0596916791



Notes

A series of horizontal dashed lines provided for writing notes.

