



**ANNUAL REPORTS &
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER
— 2024 —**

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GENERAL INFORMATION

DIRECTORS

Mr. Stephen Narkotey - *Ag. Chairman*
Mr. Amos Oppong Danquah - *Member*
Mr. Kofi Adu Agyarko - *Member*
Ms. Josephine Agyei - *Member*
Dr. Godwin Debrah - *Member*
Mr. Benjamin Asante-Ayeh
(*Deceased, October 2024*)

REGISTERED OFFICE

Mumuadu Rural Bank Limited,
Osaberima Otu Darko IV Street, Osino -
Dwenaso Main Road, Osino

BANKERS

ARB Apex Bank PLC
Consolidated Bank Ghana Limited
GCB BANK PLC

INDEPENDENT AUDITORS

Intellisys
No. 15 Lardzeh Crescent
North Dzorwulu
P.O. Box KN 4169
Kaneshie- Accra

COMPANY SECRETARY

SECON Consultancy Services Limited
No. 10 Paradise Street
GA-073-0411
Asylum Down
Accra

NOTICE OF MEETING

Notice is hereby given that the **36th Annual General Meeting of Mumuadu Rural Bank Limited** will be held on **Saturday, 2nd August, 2025 at 10:00 a.m. at the Presbyterian Church of Ghana Premises, Osino, Eastern Region.**

AGENDA

1. To receive the Report of the Chairman of the Board of Directors for the year ended 31st December, 2024.
2. To receive and adopt the Report of the Directors, Financial Statements for the year ended 31st December, 2024 and the Independent Auditor's Report thereon.
3. To declare dividend for the year 2024.
4. To re-elect Directors retiring by rotation in accordance with section 325(d) of the Companies Act, 2019 (Act 992).
5. To elect (a) new (additional) Director(s).
6. To fix and approve the remuneration of the Directors.
7. To authorize the Directors to appoint and determine the remuneration of Auditors for the year ending 2025.

NOTE

A member of the Company entitled to attend and vote is entitled to appoint a proxy to attend and vote in his/her stead. A proxy needs not also be a member of the Bank. A form of proxy is annexed to the report.

A copy of the proxy form must be completed and deposited at the office of **Mumuadu Rural Bank Limited** not less than 48 hours before the time appointed for holding the meeting.

BY ORDER OF THE BOARD

SIGNED
SECON CONSULTANCY SERVICES LIMITED
(COMPANY SECRETARY)

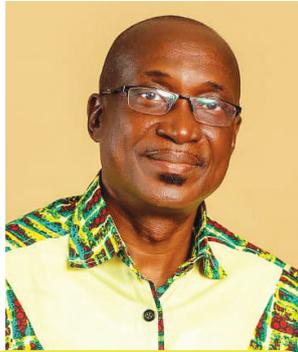
Dated this **27th day of June, 2025.**

SHAREHOLDERS ARE TO PICK COPIES OF THE AUDITED ACCOUNTS AT THE NEAREST BRANCH OF THE BANK.

BOARD MEMBERS & MANAGEMENT



Mr. Benjamin Asante-Ayeh
*Former Board Chairman
(Deceased, October 2024)*



Mr. Kofi Adu Agyarko
Board Chairman



Mr. Stephen Narkotey
Vice-Chairman



Ms. Josephine Agyei
Board Member



**Mr. Amos
Oppong-Danquah**
Board Member



Dr. Godwin Debrah
Board Member



**Mr. Francis
Mawunyo Kotoko**
Chief Executive Officer



**Mr. Kwadwo Asante
Oppong-Agyare**
Deputy Chief Executive Officer

REPORT OF THE CHAIRMAN OF THE BOARD OF DIRECTORS, MUMUADU RURAL BANK LIMITED

Nananom,
Esteemed Shareholders,
Fellow Directors,
Distinguished Ladies and Gentlemen

On behalf of the Board of Directors, I warmly welcome you to the 36th Annual General Meeting (AGM) of the Mumuadu Rural Bank Limited and to report on the performance of our Bank for the 2024 financial year.

GLOBAL ECONOMIC TRENDS

Events in the Ghanaian markets are reflective of the occurrences in the global economy. The global economy was resilient through 2024 supported by strong real income growth and a less restrictive monetary policy stance relative to 2023. In the first few months of 2025, trade frictions arising from an emerging tariff war, elevated global interest rates, and geopolitical tensions have heightened uncertainty about the global growth outlook. These uncertainties have weighed negatively on consumer and business confidence, softened investor sentiment, and increased downside risks to growth (MPC Press Release March 28th, 2025).

THE GHANAIAN ECONOMY

The Ghanaian economy appears to have been significantly impacted by happenings in the global economy. Growth continued to rebound, exceeding initial expectations. Provisional data from the Ghana Statistical Service estimated real GDP growth at 5.7 percent in 2024, higher than the programmed growth rate of 4.0 percent for 2024, and the 3.1 percent recorded in 2023. Non-oil GDP grew at 6.0 percent compared with 3.6 percent recorded in 2023. The growth

outturn in 2024 was driven by activities in the industry and services sectors. However, growth in the agricultural sector was slower, driven by lower crop yields due to adverse weather conditions, among other factors. (MPC Press Release March 28th, 2025).

THE BANKING INDUSTRY

The banking sector continues to be profitable, well-capitalized and liquid. Assets of the banking sector grew by 33.8 percent in 2024. Capital Adequacy Ratio (CAR) with reliefs grew marginally to 14.0 percent in December 2024 from 13.9 percent in December 2023. However, CAR without reliefs rose to 11.3 percent in December 2024, higher than the 8.3 percent recorded in December 2023. Profits went up in 2024 relative to 2023, but the pace of growth slowed, resulting in the moderation of profitability indicators during the period.

Elevated credit risk remained the main upside risk to the banking sector. The industry's Non-Performing Loans (NPLs) ratio increased to 21.8 percent in December 2024, up from 20.6 percent in December 2023. The resilience of the banking sector in 2024 was supported by improved domestic macroeconomic conditions. The banking sector has remained broadly stable. Credit risks within the banking sector, however, remain elevated, as underscored by increased non-performing loan ratios. The Bank's latest macroprudential risk assessment indicates some moderation in systemic risks on the back of improved solvency, liquidity, efficiency, and profitability.

Inflation

At the beginning of the year, inflation rose from 23.2 percent in December 2023 to 25.8 percent in March 2024. Thereafter, it declined steadily to 20.4 percent in

REPORT OF THE CHAIRMAN OF THE BOARD OF DIRECTORS, MUMUADU RURAL BANK LIMITED

August but has since risen to 23.8 percent in December 2024, primarily due to food price increases. The increased prices in the food sector were largely attributable to dry weather conditions experienced in the earlier parts of the year, which adversely affected harvest yields. In contrast to food inflation, non-food inflation declined steadily during the last quarter of the year, settling at 20.3 percent.

Treasury Bill Rate

The 91-day and 182-day Treasury bill rates declined to 27.73 percent, and 28.43

percent respectively, in December 2024, from 29.39 percent, and 31.70 percent, in December 2023. Similarly, the rate on the 364-day instrument declined to 29.95 percent in December 2024 from 32.97 percent in December 2023. Additionally, the Interbank Weighted Average Rate (IWAR) dropped to 27.03 percent in December 2024 from 30.19 percent a year earlier. This decline contributed to a reduction in average lending rates for banks from 33.75 percent to 30.25 percent over the same period.

MUMUADU'S PERFORMANCE

PERFORMANCE INDICATOR	2024 GHS	2023 GHS	2022 GHS	2021 GHS	2020 GHS
TOTAL INCOME	59,120,925	39,872,694	33,158,219	28,655,633	23,219,206
TOTAL EXPENSE	52,009,389	37,618,907	33,460,179	23,884,186	19,834,849
PROFIT (LOSS) BEFORE TAX	7,111,536	2,253,787	301,960	4,777,279	3,384,357
CORPORATE TAX	3,300,709	1,303,939	774,628	1,235,817	941,556
PROFIT (LOSS) AFTER TAX	3,810,827	949,848	-1,076,588	3,541,462	2,442,801
DEPOSITS	247,861,341	143,755,867	122,342,521	101,896,826	88,742,036
LOAN AND ADVANCES	83,162,719	66,529,258	59,052,267	57,674,173	52,019,725
INVESTMENT	140,474,774	55,599,876	44,555,729	43,585,913	33,727,847
TOTAL ASSET	276,220,911	163,783,621	145,523,852	124,226,695	113,830,760
STATED CAPITAL	4,041,925	4,041,925	4,041,925	4,041,925	3,921,202
DEPOSIT FOR SHARES	1,318,587	424,561	153,803	70,648	120,723
EQUITY	18,097,922	13,393,069	12,172,463	14,582,481	13,477,719
RETAINED EARNINGS	6,564,681	3,304,819	2,658,944	5,152,117	5,003,369

Distinguished shareholders, ladies and gentlemen, coming back home, let us see how well our bank performed. It is an understatement to say that the competition among the Universal Banks and other sister Rural and Community Banks (RCBs) remained robust.

REPORT OF THE CHAIRMAN OF THE BOARD OF DIRECTORS, MUMUADU RURAL BANK LIMITED

It is refreshing to note, however, that in spite of the vicissitudes in the economy during the year under review, Mumuadu as usual was equal to the challenges. In many aspects of our operations, as the table above depicts, the success story of our bank is one to be proud of.

FINANCIAL PERFORMANCE

1.1.1 TOTAL INCOME

Total earnings increased by 48.27% from GHS39,872,694 in 2023 to GHS59,120,925 in 2024.

1.1.2 TOTAL EXPENSES

Total Expenses on the other hand surged by 38.25% from GHS37,618,907 in 2023 to GHS52,009,389 in 2024, underscoring prudent control over expenses.

1.1.3 LIQUIDITY AND CAPITAL ADEQUACY RATIO

a) The Bank's liquidity ratio strengthened from 35.67% in 2023 to 58.48% in 2024, indicating the strength and health of the Bank's balance sheet.

b) A Capital Adequacy ratio of 16% was recorded in 2024 as against the required ratio of 10% by the Bank of Ghana, thus providing a strong foundation for future growth.

1.1 Total Assets Growth

The Bank's total assets increased from GHS163,783,621 in 2023 to GHS276,220,911, showcasing a substantial growth of 68.65% during the year.

1.2 Investments

The Bank increased its short and medium-term as well as investments securities by 152.65% from a portfolio of GHS55,599,876 in 2023 to GHS140,474,774 in 2024.

1.3 Loans and Advances

The outstanding loans and advances after provision of bad and doubtful debts

leaped from GHS66,529,258 in 2023 to GHS83,162,719 in 2024. This registers an increase of 25%.

1.4 Deposits

Deposits reached GHS 247,861,341 in 2024, marking a 72.42% increase over the previous year's figure of GHS143,755,867, reflecting clients' unwavering confidence in the Bank's resilience.

1.5 Stated Capital

Stated Capital stayed at GHS4,041,925 in 2023 and 2024. However, there is an amount of GHS 1,318,587, representing share purchases that are yet to be registered with the Office of Registrar of Companies.

1.6 Shareholders' Funds

Shareholders' funds appreciated from GHS13,393,069 in 2023 to GHS18,097,922 in 2024. This represents an increase of 35.13% from the previous year.

Profit before Tax

The Bank recorded steady growth in 2024, with profit before tax growing by 215.54% from GHS 2,253,787 in 2023 to GHS 7,111,536 in 2024.

Corporate Tax

The tax on profit paid to the government of Ghana went up from GHS1,303,939 in 2023 to GHS3,300,709 in 2024, representing an increase of 153.13%.

DIVIDEND

Dear Shareholders, in recognition of our financial performance in 2024 and our commitment to delivering value for you, the Board proposes a dividend equal to 40% of profit after tax totaling GHS1,524,330.80. This translates into a dividend per share of GHS0.0456. The Bank of Ghana has given its approval.

REPORT OF THE CHAIRMAN OF THE BOARD OF DIRECTORS, MUMUADU RURAL BANK LIMITED

MICROFINANCE OPERATIONS

The Department increased group loans disbursement by **167.41%** from **GHS12,159,800.00** in 2023 to **GHS32,516,800.00** in 2024.

Group numbers also increased from **498** in 2023 to **704** in 2024 with a membership of **727** for males and **4,118** for females. The prospects in this sector remain high and it is our expectation that more groups will be formed to access funds under the program.

CORPORATE SOCIAL RESPONSIBILITY

The Bank spent a total of **GHS116,027** on various social intervention activities during the year under review. This represents an increase of **11.07%** over the previous year's figure of **GHS104,460**. The Bank shall continue to undertake social interventions within our catchment areas and beyond. This shall be done in the areas of education, health, security etc.

AWARDS AND OTHER ACHIEVEMENT

Distinguished shareholders, your bank was rated as a strong bank by the ARB Apex Bank for all the quarters of the 2024 financial year. Your bank was also awarded the best rural bank in corporate social responsibility during the 5th Rural Banking Excellence Award organized by the Association of Rural Banks.

ELECTION OF DIRECTORS

Dear Shareholders, in the course of this meeting, there will be an election of new Directors to augment and strengthen the Board. Those to be elected meet the fit and proper criteria set by the Bank of Ghana in terms of their educational and professional qualifications, background and area of experience and expertise.

After their election their profile will be submitted to the Bank of Ghana for final approval before they assume office as members of the Board. Whilst I wish each contestant

the best of luck, I entreat shareholders to vote wisely.

OUR COLLECTIVE OUTLOOK

Dear Shareholders, Ladies and Gentlemen, I want to emphasize MRB's commitment and resolve to leverage evolving opportunities in its quest to return more value for its Shareholders.

Our management team will remain on the right track and it is my fervent hope and desire that with a disciplined focus on executing our strategic priorities and being quick and nimble, we will continue to remain resilient to give good performance.

The Board will continue to support the team while maintaining appropriate governance and risk oversight to deliver profitable returns in an appropriate and sustainable manner. We will continue our strong momentum in our digital transformation agenda to achieve projected milestones in the years ahead.

STAFF TRAINING

The Board recognizes that an institution may have the best products and facilities on paper but without a well-trained and motivated personnel it cannot achieve much. It is against this background that the bank has invested heavily in training our staff in modern banking technology to offer improved services to its esteemed customers. It is our expectation that with this heavy dose of soft skills, and good corporate attitude, our very well motivated staff will bring on board strategies to make our banking operations better and more efficient. The Board was not left out in training programmes and workshops which sharpened their oversight skills.

IMPACT OF ILLEGAL MINING ON OUR OPERATIONS.

Activities such as illegal mining continue to threaten the economic viability of the communities we serve. They destroy arable

REPORT OF THE CHAIRMAN OF THE BOARD OF DIRECTORS, MUMUADU RURAL BANK LIMITED

lands, limit agricultural productivity, and present long-term credit risks.

These environmental threats pose both ecological and financial risks, especially to our cocoa-farming clients and agribusiness loan portfolio.

We call on the President and other key stakeholders as well as Nananom to, as a matter of urgency, take steps to help rescue our water bodies and arable lands.

GRATITUDE

Dear Shareholders, ladies and gentlemen, may I, before I resume my seat express my

profound gratitude to the shareholders, and especially to my fellow Board members for the unflinching support and ensuring that the Mission and Vision of our bank remained on track. I am also grateful to the management and staff of the bank for their loyalty, hardwork and commitment to the achievements of our collective objective of making our bank the first among equals.

Thank You for Your Attention and may the Good Lord Bless Us All.

REPORT OF DIRECTORS

In accordance with the requirements of section 136 of the Companies Act 2019 (Act 992), we the Board of Directors of Mumuadu Rural Bank Limited submit our report together with the audited financial statements of the Bank for the year ended 31 December 2024.

Statement of Directors' responsibilities

The Directors are required to maintain adequate accounting records and are responsible for the content and integrity of the annual financial statements and related financial information included in this report. It is their responsibility to ensure that the annual financial statements satisfy the financial reporting standards as to form and content in the presentation of the statement of financial position, results of operations and business of the Bank, and explain the transactions and financial position of the business of the Bank at the end of the financial year. The annual financial statements are based upon appropriate accounting policies consistently applied throughout the Bank and supported by reasonable and prudent judgements and estimates.

The Directors acknowledge that they are ultimately responsible for the system of internal controls established by the Bank and place considerable importance on maintaining a strong control environment. To enable the Directors meet these responsibilities, the Board sets standards for internal controls aimed at reducing the risk of error or loss in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting

procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the Bank and all employees are required to maintain the highest ethical standards in ensuring the Bank's business is conducted in a manner that in all reasonable circumstances is above reproach.

The focus of risk management in the Bank is on identifying, assessing, managing and monitoring all known forms of risk across the Bank. While operating risk cannot be fully eliminated, the Bank endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The Directors are of the opinion, based on the information and explanations given by management that the system of internal controls provides reasonable assurance that the financial records may be relied on for the preparation of the annual financial statements. However, any system of internal financial controls can provide only reasonable, and not absolute, assurance against material misstatements or loss. The going-concern basis has been adopted in preparing the annual financial statements. Based on forecasts and available cash resources, the Directors have no reason to believe that the Bank will not be a going concern in the foreseeable future.

Principal activity

The Bank is licensed to carry out the business of rural banking in Ghana. There was no change in the nature of the Bank's business during the year.

Financial results

The Bank generated a profit of GHS3,810,827 for the year ended 31 December 2024 (2023: GHS949,848).

Going concern

The annual financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

Events after reporting date

The Directors are not aware of any matter or circumstance arising since the end of the financial year to the date of this report that could have a material effect on the financial position of the Bank.

Directors' interest in contracts

To our knowledge none of the Directors had any interest in contracts entered into during the year under review.

Authorised and issued share capital

During the current financial year, the total number of ordinary shares issued was 2,980,084 (GHS894,026). These are yet to be regularised at the Registrar General's Department.

Borrowing limitations

In terms of the Regulations of the Bank, the Directors may exercise all the powers of the Bank to borrow money, as they consider appropriate.

Dividends

No dividends were declared. However, dividends of GHS63,623 were paid to shareholders during the year under review (2023: dividend paid was GHS341,619).

Directors

The Directors of the Bank during the year and to the date of this report were as follows:

Mr. Stephen Narkotey - *Ag. Chairman*

Mr. Kofi Adu Agyarko - *Member*

Mr. Amos Oppong Danquah - *Member*

Ms. Josephine Agyei - *Member*

Dr. Godwin Debrah - *Member*

Capacity of Directors

On appointment to the Board, Directors are provided with full, formal and tailored programmes of induction, to enable them gain in-depth knowledge about the Bank's operations, the risks and challenges it faces, the economic, competitive, legal and regulatory environment in which the Bank operates. Programmes of strategic nature and other reviews, together with special trainings provided during the year, ensure that Directors continually update their skills, knowledge and familiarity with the Bank's operations. This further provides insights about the industry and other developments to enable them effectively fulfill their role on the Board and committees of the Board. All Directors participated in a minimum of three of such programmes and training sessions during the year. Refer to Corporate Governance report on page 17.

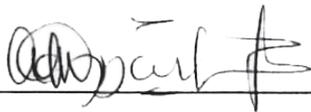
Secretary

The Bank's designated secretary is SECON Consultancy Services Limited.

Independent Auditors

Intellisys were the independent auditors for the year under review. The audit fee payable for the year 2024 was GHS 100,000 (2023: GHS 52,000).

The annual financial statements as set out on pages 24 to 53 were approved by the Board of Directors and signed on their behalf by:

Director 

Director 

Date 25 APRIL 2025

STATEMENT OF CORPORATE GOVERNANCE

Introduction

Mumuadu Rural Bank Limited is licenced by the Bank of Ghana as a deposit taking institution and operates under the umbrella of the Apex Bank of Ghana. It is accordingly a creation of laws and guided by the Companies Act 2019, (Act 992), the Banks and Specialised Deposit-Taking Institution Act, 2016 (Act 930) and the respective regulations and directives made there under.

This corporate governance disclosure report is in response to the Corporate Governance Directive of the Bank of Ghana.

Board structure, size, composition and qualification

The Board is made up of six (6), all Non-Executive Directors including the Chairperson who are ordinarily resident in Ghana.

The Board has a rich blend of skills and knowledge combined with extensive work and industry experience required to strategically guide the Bank's business in governance, banking and finance, law, marketing, entrepreneurship and management as listed below:

Name of Director	Age	Qualification/Profession	Date Appointed
Mr. Benjamin E. Asante-Ayeh (Deceased)	58	Chartered Accountant, Lead Consultant/ Lead Consultant/ Leadership & Interpersonal, and Analytical Skills.	18 Nov. 2021
Mr. Stephen Narkotey	39	Chartered Accountant, Auditor/Analytical Skills, Financial Analyst, and Interpersonal Skills.	18 Nov. 2021
Mr. Amos Oppong-Danquah (Resigned)	38	Chartered Accountant, Lead Consultant/Analytical and Interpersonal Skills.	18 Nov. 2021
Ms. Josephine Agyei	56	Chartered Accountant, Auditor/Analytical and Financial Analysis.	30 Sept. 2022
Mr. Kofi Adu Agyako	57	Msc. Energy Economics, Director of Renewal Energy and Energy Efficiency/ Communication & Negotiation Skills, Interdisciplinary & Collaboration and Analytical Skills.	30 Sept. 2022
Dr. Godwin Debrah	38	PHD Economics, Lecturer/ Market Analysis, Data Visualization, Interpretation of Consumer Behavior, and Modeling and Forecasting.	10 Jan. 2023

STATEMENT OF CORPORATE GOVERNANCE

Responsibility

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

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

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

To do these, the Board operates through a number of subcommittees. Membership to the committee is reviewed annually or as and when the need arises. Minutes and reports from these committees are received at full Board meetings for ratification and approval. Below are the standing subcommittees of the Board.

a) The Credit Committee

This Committee consists of two (2) Directors. They are mandated to review all applications for loans and overdrafts submitted to the Credit Department of the Bank and make

recommendations for their approval or otherwise.

The Committee is also responsible for ensuring that the Bank's lending strategy is fully implemented, and its credit policies and procedures are strictly adhered to. Issues handled by the Committee during the year include:

- Reviewed the credit portfolio for the Bank.
- Reviewed proposals exceeding Management's limits.
- Reviewed changes in lending guidelines and credit policies.
- Reviewed the ageing analysis of the loan portfolio of the Bank.
- Reviewed actions to the Board on overdue and non-performing assets.

b) Finance, Audit, Risk, & Compliance Committee

This Committee consists of two (2) Directors and is responsible for issues concerning the finance, internal audit, risk and compliance with oversight of the Bank's external engagements with relevant regulatory bodies and authorities.

Issues handled by the Committee during the year include:

- Discussed issues with respect to Anti-Money Laundering (AML) and compliance with AML directives.
- Reviewed the workplan, AML programme and AML policy, procedure and controls.
- Reviewed the Internal Audit Plan for the year.
- Reviewed the risk management reports of the Bank.
- Reviewed the internal audit reports and follow up matters.

STATEMENT OF CORPORATE GOVERNANCE

- Reviewed compliance reports and consequential matters.
- Reviewed proposals for changes in policies and tracking the entire review and approval process of all policies of the Bank.
- Discussed and reviewed the budget for 2024.
- Reviewed monthly Management reports and financials.
- Reviewed the Bank's tariffs.
- Reviewed the 2024 audited financial statements and made the necessary recommendations to the Board.

c) Governance, HR, IT & Procurement Committee

The Committee consists of two (2) Directors and is responsible for issues concerning information communication technology and staffing, Health and safety. It also has oversight of the Bank's internal and external functions among others such as human resource and administration, procurement etc.

Issues handled by the Committee during the year include:

- Discussed IT related issues and incident reports.
- Recommended to the Board proposals for staffing needs and facilitated the recruitment process.

Independence of the Board

The Directors on the Bank's Board are all non-executive and exercise a high degree of independence of thought and mind in so far as the affairs of the Bank are concerned. Disclosure of interest or relationships by Directors including related party dealings involving or concerning Directors if any, are

considered key by the Bank in ascertaining the independence status of the Directors.

Separation of powers – Chairman & CEO roles

The Chairman of the Board, Mr. Benjamin E. Asante-Ayeh (Died: October 2024) was an Independent Non- Executive Director.

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

- Providing effective leadership to the Board regarding all Board matters.
- Leading processes/procedures aimed at creating and maintaining an effective corporate governance system.
- Directing the agenda, conduct and moderation of all Board meetings to facilitate discussions, deliberations, challenges and decision making.
- Liaising between Management and the Board and being key point of communication between the Board and the CEO.

The Chief Executive Officer (CEO), Mr. Francis M. Kotoko, heads the Management team, Executive Management Committee (EXEMCO) and he is the Supervising Manager of the Bank. He is ordinarily accountable to the Board for the development and successful implementation of the Bank's strategy as well as other delegated duties with authority from the Board.

The following are his roles among others:

- The day-to-day management of the Bank in line with delegated authorities approved by the Board.
- Crafting strategy for approval by the Board and mobilization of available human resource and tools in executing the approved strategy and achievement of planned result and objectives.

STATEMENT OF CORPORATE GOVERNANCE

Board meeting attendance

The Board held eight (8) scheduled meetings during the year in compliance with Section 25 of the Corporate Governance Directives for RCBs.

Name of Director/ Role	Board meetings	Finance, Audit, Risk and Compliance Committee	Credit Committee	Governance, HR, IT & Procurement
Mr. Benjamin E. Asante-Ayeh, <i>Chairman</i>	6/8	-	-	-
Mr. Stephen Narkotey, <i>Vice Chairman</i>	7/8	6/6	-	6/6
Mr. Amos Oppong-Danquah, <i>Member</i>	5/8	-	6/6	-
Ms. Josephine Agyei, <i>Member</i>	8/8	6/6	-	-
Mr. Kofi Adu Agyarko, <i>Member</i>	7/8	-	-	6/6
Dr. Godwin Debrah, <i>Member</i>	6/8	-	6/6	-

Board Secretary

The Company Secretary (Secon Consultancy Services Ltd, a company secretarial firm) is the administrative officer for the Board and reports to the same on issues regarding compliance and regulatory matters. It also advises the Board on issues pertaining to compliance to avoid sanctions from regulatory bodies. The firm was appointed by the Board and subsequently approved by the Bank of Ghana. The administrative office is situated at No. 10 Paradise Street, Asylum Down, Accra.

Key responsibilities of the Company's Secretary

1. Coordinate Board and Board Sub-Committee meetings in consultations with the Chief Executive Officer and the Board Chairman.
2. Take and circulate minutes of proceedings at Board and Executive Management Meetings.
3. Guide the Board Members collectively and individually at their duties and responsibilities as required by Law and Company Policies and Regulations.
4. Provide inputs for the preparation of Board work plan (calendar of activities).
5. Engage in all dealings with the Office of the Registrar of Companies on behalf of the Bank.
6. Any other duties to be assigned by the Board of Directors.
 - Coordinate Management reports for consideration by the Board Members.
 - Organize induction programs for newly appointed Board Members.
 - Custodian of the Bank's policies and procedures documentation.
 - Manage a Registrar of Shareholders and liaise with them in all matters.

STATEMENT OF CORPORATE GOVERNANCE

Directors' Shareholding

The Directors named below held the following number of shares in the Bank as at 31 December 2024:

Name of Director	Number of Shares	% of issued capital
Asante Ayeh Benjamin	36,663	0.10
Oppong Danquah Amos	35,333	0.10
Narkotey Stephen	100,000	0.27
Agyarko Kofi Adu	69,999	0.19
Debrah Godwin	43,500	0.12
Agyei Josephine	80,066	0.22

Professional development & training

To ensure development and maintenance of skills and knowledge needed to perform their roles effectively, the Board promotes and encourages Directors to undertake continuing education and training. During the year the Directors did undertake training programmes organised by National Banking College, other professional bodies and recognised groupings and were awarded certificates to that effect in some cases. Listed below are some of the courses and/or training attended by Directors.

Name of Training/Module	Organisers	Date	Attendees
In-person training on USSD/ Agency Banking Road Shows	ARB Apex Bank PLC	17 Jan. 2024	Mr. Benjamin Ayeh
In-person training on emotional intelligence	Association of Rural Banks - Ghana (ARB)	4 - 5 April, 2024	Mr. Benjamin Ayeh, Mr. Narkotey
In-person on Governance, Risk Compliance (GRC)	ARB Apex Bank PLC	12 - 13 April, 2024	Mr. Benjamin Ayeh
Training on Sound Labour Practices	Association of Rural Banks - Ghana (ARB)	10 May, 2024	Mr. Benjamin E. Asante- Ayeh, Mr. Kofi Adu Agyarko
In-person on Governance, Risk Compliance (GRC)	Association of Rural Banks - Ghana (ARB)	6 - 7 June, 2024	Mr. Kofi Adu Agyarko
23RD Biennial General Meeting (BGM)	Association of Rural Banks- Ghana (ARB)	14 - 17 Nov, 2024	Mr. Stephen Narkotey

Conflict of interest and ethics

The Bank has instituted appropriate conflict registration procedure for disclosure and authorization of actual or potential conflicts. All actual or potential conflicts are required to be registered in a CONFLICT- OF-INTEREST REGISTER during Board and Committee meetings and

STATEMENT OF CORPORATE GOVERNANCE

are regularly reviewed for appropriate authorization. All issues are fully discussed and debated, and the ultimate resolutions thereof are that which allure to the benefit of the Shareholders. All such decisions are taken effectively and independently. During the year, no conflict arose, and no such authorizations were sought.

Other engagements of Directors and external directorship

The Directors of Mumuadu Rural Bank Limited are very experienced and knowledgeable in their respective chosen fields of discipline and as such serve on other Boards. To ensure the Bank derives maximum benefit from their appointment to the Board by giving time commitment to their oversight functions, no Director held more than five (5) directorship positions at the time of this report.

**Chartered Accountants**

No. 15 Lardzeh Crescent
North Dzorwulu
P.O. Box KN 4169
Kaneshie, Accra, Ghana
GPS: GA-196-3610
Phone: +233 (0) 302 502801
Email: info@intellisysgh.com

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Mumuadu Rural Bank Limited Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Mumuadu Rural Bank Limited set out on pages 24 to 53, which comprise the statement of financial position as at 31 December 2024, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory notes.

In our opinion, the financial statements give a true and fair view of the financial position of the Bank as at 31 December 2024, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS), with the IAS 29 directive issued by the Institute of Chartered Accountants, Ghana (ICAG), requirements of the Companies Act, 2019 (Act 992) and the Banks and Specialized Deposit-Taking Institutions Act, 2016 (Act 930).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the audit of the Financial Statements section of our report. We are independent of the Bank in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) (the Code) issued by the International Ethics Standards Board for Accountants (IESBA), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, 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.

INDEPENDENT AUDITOR'S REPORT

Key audit matters (continued)

Key Audit Matter	How we addressed the key audit matter
<p>Impairment provisions on loans and advances to customers (Refer to note 9)</p>	<p>Our audit procedures in this area included among others:</p>
<p>Impairment allowances represent management's best estimates of the losses incurred within the loan portfolio at the statement of financial position date. The Directors make judgements over both the timing of recognition of impairment and the estimation of any such impairment. Impairment allowance is calculated on an individual basis for all loans and requires judgement to determine when an impairment event has occurred and then to estimate the expected future cash flows related to that loan.</p>	<ul style="list-style-type: none"> • We updated our understanding of and evaluated key controls within the loan origination, approval, monitoring and recovery processes.
<p>The underlying assumptions are subjective. The risk that the impairment provision on loans and advances may not be adequate to cover the default risk in the loan portfolio has been identified as significant and considered in our audit approach.</p>	<ul style="list-style-type: none"> • We examined a sample of loans and advances challenging the assumptions for classification of the loans and advances contrary to the Bank of Ghana's prudential guidelines for adequate provisions and classification of loans and advances. • We independently re-performed the calculation of impairment allowance and compared with the Bank's estimate.
Key Audit Matter	How we addressed the key audit matter
<p>Short and medium term investments (Refer to Note 19)</p>	<p>Our audit procedures in this area included among others:</p>
<p>Bank of Ghana (BoG) and Securities and Exchange Commission (SEC) revoked the licences of (386) Financial Institutions and (53) Fund Management Companies in 2019. The Bank had investments with Ideal Capital Partners Limited, Ideal Finance Company Limited, CDH Savings and Loans Company Limited and Blackshield Management Capital (Formerly Gold Coast Fund Management) which had their licences revoked. The risk that these investments may not be recovered has been identified as significant and considered in our audit approach.</p>	<ul style="list-style-type: none"> • We obtained and assessed the claims sheet filed to the appointed receiver. • Checked the claims validated by the receiver. • Checked for any subsequent payments made by the receiver through the bank statement. • Compared amount per the validated claims less any amounts received to amount stated in the client's trial balance. • Adjusted for (any) difference so as to ensure that the investment recognised did not exceed the amount validated.

INDEPENDENT AUDITOR'S REPORT

Other Information

The Directors are responsible for the other information. The other information comprises the Report of the Directors, 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. If, based on the work we have performed on the other information obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors and those charged with Governance for the Financial Statements

The Directors are responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards (IFRS) with the IAS 29 directive issued by the Institute of Chartered Accountants Ghana (ICAG), the requirements of the Companies Act 2019 (Act 992), and the Banks and Specialized Deposit-Taking Institutions Act, 2016 (Act 930) and for such internal controls as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatements, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing

the Bank's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless Directors either intend to liquidate the Bank or to cease operations, or have no realistic alternative but to do so. Those charged with governance are responsible for overseeing the Bank's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material 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 International Standards on Auditing (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 International Standards on Auditing (ISAs), we exercise professional judgement and maintain professional scepticism throughout 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 fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.

INDEPENDENT AUDITOR'S REPORT

- Obtain an understanding of internal controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Bank's internal controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Bank's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Bank to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal controls that we identify during our audit.

Report on Other Legal and Regulatory Requirements

The Companies Act, 2019, (Act 992) requires that in carrying out our audit we

consider and report to you on the following matters. We confirm that:

- (i) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit.
- (ii) In our opinion proper books of accounts have been kept by the Bank so far as appears from our examination of those books, and
- (iii) The statement of profit or loss and other comprehensive income and the statement of financial position are in agreement with the books of accounts.
- (iv) in our opinion, to the best of our information and according to the explanations given to us, the accounts give the information required under the Act, in the manner so required and give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit or loss for the financial year then ended.
- (v) we are independent of the Company pursuant to section 143 of the Companies Act, 2019 (Act 992).

The Banks and Specialized Deposit-Taking Institutions Act 2016, (Act 930) section 85(2) requires that we state certain matters in our report.

Report on Other Legal and Regulatory Requirements

We hereby state that:

- (i) The financial statements give a true and fair view of the state of affairs of the Bank and its results for the year under review.
- (ii) We were able to obtain all the information and explanation required for the efficient performance of our duties as auditors.
- (iii) The Bank's transactions were within its power: and
- (iv) The Bank has generally complied with the

INDEPENDENT AUDITOR'S REPORT

provisions in the Banks and Specialised Deposit-Taking Institutions Act 2016, (Act 930) and section 137 of the Companies Act, 2019 (Act 992).

- (v) The Bank has generally complied with the provisions of the Anti-Money Laundering Act, 2020 (Act 1044) as amended, the Anti-Terrorism Act, 2008 (Act 762) and section 137 of the Companies Act, 2019 (Act 992).



Intellisys (ICAG/F/2024/078)
Chartered Accountants
No. 15 Lardzeh Crescent
North Dzorwulu, Accra

Dated: ~~28th April~~.....25

The Bank has generally complied with the provisions of the Corporate Governance Disclosure Directive 2022 issued by the Bank of Ghana.

The engagement partner on the audit resulting in this independent auditor's report is MyraStella Ansah (ICAG/P/1438)

Statement of Comprehensive Income

for the year ended 31 December 2024

Figures in GHS	Notes	2024	2023
Interest income	4	53,891,292	34,341,320
Interest expense	5	(10,685,231)	(8,939,269)
Net interest income		43,206,061	25,402,051
Fee and commission income	6	4,132,625	3,625,435
Fee and commission expense	7	(756,170)	(356,099)
Net fee and commission income		3,376,455	3,269,336
Other operating income	8	1,097,008	1,905,939
Operating income		47,679,524	30,577,326
Net impairment loss on financial assets	9	(3,515,406)	(2,374,173)
Personnel expenses	10	(16,183,210)	(13,142,831)
Depreciation and amortisation	11	(1,488,014)	(1,433,078)
Other operating expenses	12	(19,381,358)	(11,373,457)
Profit before income tax		7,111,536	2,253,787
Income tax expense	13	(3,300,709)	(1,303,939)
Profit for the year		3,810,827	949,848
Other comprehensive income		-	-
Total comprehensive income for the year		3,810,827	949,848
Earnings per share			
Basic and diluted (cents)	14	0.13	0.03

Statement of Financial Position

as at 31 December 2024

Figures in GHS	Notes	2024	2023
Assets			
Cash and cash equivalents	15	34,386,798	23,989,208
Short and medium term investments	16	110,568,824	27,288,485
Loans and advances to customers	17	83,162,719	66,529,258
Investment securities	18	29,905,950	28,311,391
Other assets	19	9,409,053	9,734,185
Property, plant and equipment	20	8,106,651	7,222,374
Right of use asset	21	680,916	708,720
Total Assets		276,220,911	163,783,621
Liabilities			
Deposits and current accounts	22	247,861,341	143,755,867
Borrowings	23	1,530,000	780,766
Managed funds	24	803,209	974,678
Dividend	25	404,893	468,516
Current tax	26	897,268	303,837
Deferred taxation	27	382,693	170,518
Interest payable and other liabilities	28	6,243,585	3,936,370
		258,122,989	150,390,552
Equity and Liabilities			
Equity			
Stated capital	29	4,041,925	4,041,925
Capital Surplus		518,801	518,801
Credit Risk Reserve	30	259,854	185,242
Statutory Reserves	31	5,394,074	4,917,721
Deposit for shares	32	1,318,587	424,561
Retained Earnings	33	6,564,681	3,304,819
		18,097,922	13,393,069
Total liabilities and equity		276,220,911	163,783,621

The annual financial statements as set out on pages 24 to 53 were approved by the Board of Directors and signed on their behalf by:


Director

25 APRIL 2025


Director

25 APRIL 2025

Statement of Changes in Equity for the year ended 31 December 2024

Figures in GHS	Stated capital	Capital Surplus	Statutory Reserves	Credit Risk Reserve	Deposit for shares	Retained Earnings	Total
Balance at 1 January 2024	4,041,925	518,801	4,917,721	185,242	424,561	3,304,819	13,393,069
Profit for the year	-	-	-	-	-	3,810,827	3,810,827
Transfer to statutory reserve	-	-	476,353	-	-	(476,353)	-
Transfer credit risk reserve	-	-	-	74,612	-	(74,612)	(0)
Shares issued	-	-	-	-	894,026	-	894,026
Balance at 31 December 2024	4,041,925	518,801	5,394,074	259,854	1,318,587	6,564,681	18,097,922
Balance at 1 January 2023	4,041,925	518,801	4,798,990	-	153,803	2,658,944	12,172,463
Profit for the year	-	-	-	-	-	949,848	949,848
Transfer to Statutory Reserve	-	-	118,731	-	-	(118,731)	-
Shares issued	-	-	-	-	270,758	-	270,758
Transfer credit risk reserve	-	-	-	185,242	-	(185,242)	-
Balance at 31 December 2023	4,041,925	518,801	4,917,721	185,242	424,561	3,304,819	13,393,069

Statement of Cash Flows

for the year ended 31 December 2024

Figures in GHS	Notes	2024	2023
Cash flows from operating activities			
Profit before tax		7,111,536	2,253,787
<i>Adjustments for:</i>			
Depreciation and amortisation	11	1,488,014	1,433,078
Other impairments	9	3,515,406	2,374,173
Operating cash flow before working capital changes		12,114,956	6,061,038
<i>Working capital changes</i>			
Increase in loans & advances	17	(16,633,461)	(8,657,768)
Increase in short and medium term investments	16	(83,280,339)	(10,835,836)
Increase in investment securities	18	(1,594,559)	1,006,323
Decrease/(increase) in interest payable and other liabilities	28	2,307,188	(1,219,706)
(Increase)/decrease in other assets	19	(3,190,206)	478,712
Increase in customer deposits	22	104,105,473	21,413,346
Decrease in managed funds	24	(171,469)	(2,042,652)
Cash generated by operating activities		13,657,583	6,203,457
Income tax paid	26	(2,495,103)	(624,616)
Net cash from operating activities		11,162,480	5,578,841
Cash flows from investing activities			
Property, plant and equipment acquired	20	(2,164,527)	(1,171,287)
Addition to Right of use asset	21	(180,000)	(940,045)
Net cash utilised in investing activities		(2,344,527)	(2,111,332)
Cash flows from financing activities			
Capital issued	32	894,026	270,758
Loans raised/(repaid)	23	749,234	(1,095,027)
Dividends paid	25	(63,623)	(341,619)
Net cash generated by/(utilised in) financing activities		1,579,637	(1,165,888)
Increase in cash and cash equivalents		10,397,590	2,301,621
Cash and cash equivalents at beginning of the year		23,989,208	21,687,587
Cash and cash equivalents at end of the year	15	34,386,798	23,989,208

ACCOUNTING POLICIES

1. General information

Mumuadu Rural Bank Limited is a limited liability Company incorporated and domiciled in Ghana under the Companies Act, 2019 (Act 992). The address of the Bank's registered office is Bank Premises, P. O. Box 31, Kibi-Juaso Road, Osino. The Bank operates with a Banking license that allows it to undertake the business of rural banking. The Bank has 8 registered branches at Osino, Koforidua, Begoro, Kyebi, Nkawkaw, Nsawam, Suhum and New Abirem.

2. Statement of compliance

The annual financial statements of the Bank have been prepared in accordance with the Companies Act, 2019 (Act 992), Banks and Specialised Deposit-Taking Institutions Act, 2016 (Act 930) and all applicable International Financial Reporting Standards (IFRS), issued by the international Accounting Standards Board and adopted by the Institute of Chartered Accountants, Ghana.

2.1 Basis of preparation

The annual financial statements have been prepared under the historical cost convention, as modified by available-for-sale financial assets, and financial assets and financial liabilities (including derivative instruments) at fair value through profit or loss.

Items included in the annual financial statements are measured using the currency of the primary economic environment in which the Bank operates (functional currency). The Bank's functional currency is the Ghana Cedis (GHS). Financial information presented in Ghana Cedis are rounded to the nearest whole number.

The preparation of financial statements in conformity with International Financial Reporting Standards (IFRS) requires the use of certain critical accounting estimates. It

also requires management to exercise its judgement in the process of applying the Bank's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the annual financial statements are disclosed in note 3.

The estimates and underlying assumptions are reviewed on an ongoing concern basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision only affects that period, or in the period of the revision and future periods if the revision affects both current and future periods.

2.2 Summary of significant accounting policies

The principal accounting policies applied in the preparation of these annual financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.3 New standards, amendments and interpretations adopted by the Bank

2.3.1 IFRS 15 Revenue from Contracts with Customers

In May 2014, the IASB issued IFRS 15, Revenue from Contracts with Customers effective for periods beginning on 1 January, 2018 with early adoption permitted. IFRS 15 defines principles for recognising revenue and will be applicable to all contracts with customers. However, interest and fee income integral to financial instruments and leases will continue to fall outside the scope of IFRS 15 and will be regulated by the other applicable standards (IFRS 9, financial Instruments and IFRS 16, leases).

Revenue under IFRS 15 needs to be recognised as goods and services are transferred, to the extent that the transfer or anticipated

ACCOUNTING POLICIES

Statement of compliance continued...

entitlement to goods and services. The standard also specifies a comprehensive set of disclosure requirements regarding the nature, extent and timing as well as any uncertainty of revenue and the corresponding cash flows with customers. Adoption of the IFRS 15 did not have any significant impact on the Bank. The Bank has elected to adopt IFRS 15 using the cumulative effect method, under which the comparative information has not been restated.

2.4 New and amended standards/ interpretation issued and adopted by the Bank

2.4.1 IFRS 16 Leases

The following standards have been issued or amended by the IASB but are yet to become effective for annual periods beginning on or after 1 January, 2018:

The IASB published a new accounting standard on leases namely, Leases (IFRS 16). IFRS 16 takes effect on 1 January, 2019 and will replace IAS 17, Leases (IAS 17). IFRS 16 is envisaged to improve the quality of financial reporting for Companies with material off balance sheet leases. The new standard does not significantly change the accounting for leases for lessors. However it requires lessees to recognise most leases on their balance sheets as lease liabilities, with leases for lessors. However it requires lessees to recognise most leases on their balance sheets as lease liabilities, with the corresponding right-of-use assets. Lessees must apply a single model for all recognised leases, but will have the option not to recognise 'short-term' leases and leases of 'low-value' assets. Generally, the profit or loss recognition pattern for recognised leases will be similar to today's finance lease accounting, with interest and depreciation expense recognised separately in the statement of profit or loss.

2.5 Financial instruments – initial recognition

2.5.1 Date of recognition

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

2.5.2 Initial measurement of financial instrument

The classification of financial instruments at initial recognition depends on their contractual terms and the business model for managing the instruments. Financial instruments are initially measured at their fair value, except in the case of financial assets and financial liabilities recorded at FVPL, transaction costs are added to, or subtracted from, this amount. Trade receivables are measured at the transaction price. When the fair value of financial instruments at initial recognition differs from the transaction price, the Bank accounts for the Day 1 profit or loss, as described below.

2.5.3 Day 1 profit or loss

When the transaction price of the instrument differs from the fair value at origination and the fair value is based on a valuation technique using only inputs observable in market transactions, the Bank recognises

ACCOUNTING POLICIES

Statement of compliance continued...

the difference between the transaction price and fair value in net trading income. In those cases where fair value is based on models for which some of the inputs are not observable, the difference between the transaction price and the fair value is deferred and is only recognised in profit or loss when the inputs become observable, or when the instrument is derecognised.

2.5.4 Measurement categories of financial assets and liabilities

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

- Amortised Cost
- Fair value through other comprehensive income (OCI)
- Fair value through profit or loss

Financial liabilities, other than loan commitments and financial guarantees, are measured at amortised cost or at FVPL when they are held for trading and derivative instruments or the fair value designation is applied.”

2.6 Determination of fair value

“In order to show how fair values have been derived, financial instruments are classified based on a hierarchy of valuation techniques, as summarised below:

- Level 1 financial instruments – Those where the inputs used in the valuation are unadjusted quoted prices from active markets for identical assets or liabilities that the Bank has access to at the measurement date. The Bank considers markets as active only if there are sufficient trading activities with regards to the volume and liquidity of the identical assets or liabilities and when there are binding and exercisable price quotes available on the balance sheet date.

- Level 2 financial instruments – Those where the inputs that are used for valuation and are significant, are derived from directly or indirectly observable market data available over the entire period of the instrument's life. Such inputs include quoted prices for similar assets or liabilities in active markets, quoted prices for identical instruments in inactive markets and observable inputs other than quoted prices such as interest rates and yield curves, implied volatilities, and credit spreads. In addition, adjustments may be required for the condition or location of the asset or the extent to which it relates to items that are comparable to the valued instrument. However, if such adjustments are based on unobservable inputs which are significant to the entire measurement, the Bank will classify the instruments as Level 3.
- Level 3 financial instruments – Those that include one or more unobservable input that is significant to the measurement as whole.

The Bank periodically reviews its valuation techniques including the adopted methodologies and model calibrations. The Bank evaluates the levelling at each reporting period on an instrument-by-instrument basis and reclassifies instruments when necessary, based on the facts at the end of the reporting period.

2.7 Financial assets and liabilities

2.7.1 Due from banks, Loans and advances to customers, Financial assets at amortised cost

The Bank measures Due from banks (including Cash and Cash equivalents with other banks), Loans and advances to customers and other financial investments at amortised cost only if both of the following conditions are met:

- The financial asset is held within a

ACCOUNTING POLICIES

Statement of compliance continued...

business model with the objective to hold financial assets in order to collect contractual cash flows

- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding

The details of these conditions are outlined below.

2.7.2 Business model assessment

The Bank determines its business model at the level that best reflects how it manages groups of financial assets to achieve its business objective:

- The risks that affect the performance of the business model (and the financial assets held within that business model) and, in particular, the way those risks are managed
- How managers of the business are compensated (for example, whether the compensation is based on the fair value of the assets managed or on the contractual cash flows collected)

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

2.7.3 The solely payments of principal and interest (SPPI) test

"As a second step of its classification process the Bank assesses the contractual terms of the financial asset to identify whether they meet the SPPI test. 'Principal' for the purpose of this test is defined as the fair value of the financial asset at initial recognition and may change over the life of the financial asset (for example, if there are repayments of principal or amortisation of the premium/discount). The most significant elements of interest within a lending arrangement are typically the consideration for the time value of money and credit risk. To make the SPPI assessment, the Bank applies judgement and considers relevant factors such as the currency in which the financial asset is denominated, and the period for which the interest rate is set. In contrast, contractual terms that introduce a more than de minimis exposure to risks or volatility in the contractual cash flows that are unrelated to a basic lending arrangement do not give rise to contractual cash flows that are solely payments of principal and interest on the amount outstanding. In such cases, the financial asset is required to be measured at FVPL."

2.7.4 Financial assets or financial liabilities held for trading

The Bank classifies financial assets or financial liabilities as held for trading when they have been purchased or issued primarily for short-term profit-making through trading activities or form part of a portfolio of financial instruments that are managed together, for which there is evidence of a recent pattern of short-term profit taking. Held-for-trading assets and liabilities are recorded and measured in the statement of financial position at fair value. Changes in fair value are recognised in net trading income. Interest and dividend income or expense is recorded in net trading income

ACCOUNTING POLICIES

Statement of compliance continued...

according to the terms of the contract, or when the right to payment has been established.

Included in this classification are debt securities, equities, short positions and customer loans that have been acquired principally for the purpose of selling or repurchasing in the near term.

2.7.5 Debt instruments at Fair Value Through Other Comprehensive Income (FVOCI)

The Bank classifies debt instruments at FVOCI when both of the following conditions are met:

- The instrument is held within a business model, the objective of which is achieved by both collecting contractual cash flows and selling financial assets
- The contractual terms of the financial asset meet the SPPI test

FVOCI debt instruments are subsequently measured at fair value with gains and losses arising due to changes in fair value recognised in other comprehensive income (OCI). Interest income and foreign exchange gains and losses are recognised in profit or loss in the same manner as for financial assets measured at amortised cost. On derecognition, cumulative gains or losses previously recognised in OCI are reclassified from OCI to profit or loss.

2.7.6 Equity instruments at Fair Value Through Other Comprehensive Income (FVOCI)

Upon initial recognition, the Bank occasionally elects to classify irrevocably some of its equity investments as equity instruments at FVOCI when they meet the definition of definition of Equity under IAS 32 Financial Instruments: Presentation and are not held for trading. Such classification is determined on an instrument-by-instrument basis. Gains and losses on these equity instruments are never recycled

to profit. Dividends are recognised in profit or loss as other operating income when the right of the payment has been established, except when the Bank benefits from such proceeds as a recovery of part of the cost of the instrument, in which case, such gains are recorded in OCI. Equity instruments at FVOCI are not subject to an impairment assessment.

2.7.7 Debt issued and other borrowed funds

After initial measurement, debt issued and other borrowed funds are subsequently measured at amortised cost. Amortised cost is calculated by taking into account any discount or premium on issued funds, and costs that are an integral part of the EIR.

A compound financial instrument which contains both a liability and an equity component is separated at the issue date. Classification of the liability and equity components of a convertible instrument is not revised as a result of a change in the likelihood that a conversion option will be exercised, even when exercising the option may appear to have become economically advantageous to some holders. When allocating the initial carrying amount of a compound financial instrument to the equity and liability components, the equity component is assigned as the residual amount after deducting from the entire fair value of the instrument, the amount separately determined for the liability component. The value of any derivative features (such as a call options) embedded in the compound financial instrument, other than the equity component (such as an equity conversion option), is included in the liability component. Once the Bank has determined the split between equity and liability, it further evaluates whether the liability component has embedded derivatives that must be separately accounted for.

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2.7.8 Investment securities - Financial assets and financial liabilities at fair value through profit or loss

The Bank presents financial assets measured at fair value through profit or loss as Investment Securities in the financial statements.

Financial assets and financial liabilities in this category are those that are not held for trading and have been either designated by management upon initial recognition or are mandatorily required to be measured at fair value under IFRS 9. Management only designates an instrument at FVPL upon initial recognition when one of the following criteria are met. Such designation is determined on an instrument- by-instrument basis:

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

Or

- The liabilities are part of a group of financial liabilities, which are managed and their performance evaluated on a fair value basis, in accordance with a documented risk management or investment strategy;

Or

- The liabilities contain one or more embedded derivatives, unless they do not significantly modify the cash flows that would otherwise be required by the contract, or it is clear with little or no analysis when a similar instrument is first considered that separation of the embedded derivative(s) is prohibited.

Financial assets and financial liabilities at FVPL are recorded in the statement of financial position at fair value. Changes in fair value are recorded in profit and loss with the exception of movements in fair value of liabilities designated at FVPL due to changes in the Bank's own credit risk. Such changes in fair value are recorded in the Own

credit reserve through OCI and do not get recycled to the profit or loss. Interest earned or incurred on instruments designated at FVPL is accrued in interest income or interest expense, respectively, using the EIR, taking into account any discount/ premium and qualifying transaction costs being an integral part of instrument.

Interest earned on assets mandatorily required to be measured at FVPL is recorded using the contractual interest rate. Dividend income from equity instruments measured at FVPL is recorded in profit or loss as other operating income when the right to the payment has been established.

2.7.9 Financial guarantees, letters of credit and undrawn loan commitments

Financial guarantees are initially recognised in the financial statements (within Provisions) at fair value, being the premium received. Subsequent to initial recognition, the Bank's liability under each guarantee is measured at the higher of the amount initially recognised less cumulative amortisation recognised in the statement of profit or loss, and an ECL allowance. The premium received is recognised in the statement of profit or loss in fees and commission income on a straight line basis over the life of the guarantee.

Undrawn loan commitments and letters of credits are commitments under which, over the duration of the commitment, the Bank is required to provide a loan with pre-specified terms to the customer. Similar to financial guarantee contracts, these contracts are in the scope of the ECL requirements.

2.7.10 Reclassification of financial assets and liabilities

The Bank does not reclassify its financial assets subsequent to their initial recognition, apart from the exceptional circumstances in which the Bank acquires, disposes of, or

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terminates a business line. Financial liabilities are never reclassified.

2.8 Derecognition of financial assets and liabilities

2.8.1 Derecognition due to substantial modification of terms and conditions

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

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

- Change in currency of the loan
- Introduction of an equity feature
- Change in counterparty
- If the modification is such that the instrument would no longer meet the SPPI criterion

If the modification does not result in cash flows that are substantially different, as set out below, the modification does not result in derecognition. Based on the change in cash flows discounted at the original EIR, the Bank records a modification gain or loss, to the extent that an impairment loss has not already been recorded. For financial liabilities, the Bank considers a modification substantial based on qualitative factors and if it results in a difference between the adjusted discounted present value and the original carrying amount of the financial liability of, or greater than, ten percent. For financial assets, this assessment is based on qualitative factors.

2.8.2 Derecognition other than for substantial modification

Financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised when the rights to receive cash flows from the financial asset have expired. The Bank also derecognises the financial asset if it has both transferred the financial asset and the transfer qualifies for derecognition.

The Bank has transferred the financial asset if, and only if, either:

- The Bank has transferred its contractual rights to receive cash flows from the financial asset; or
- It retains the rights to the cash flows, but has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement

Pass-through arrangements are transactions whereby the Bank retains the contractual rights to receive the cash flows of a financial asset (the 'original asset'), but assumes a contractual obligation to pay those cash flows to one or more entities (the 'eventual recipients'), when all of the following three conditions are met:

- The Bank has no obligation to pay amounts to the eventual recipients unless it has collected equivalent amounts from the original asset, excluding short-term advances with the right to full recovery of the amount lent plus accrued interest at market rates
- The Bank cannot sell or pledge the original asset other than as security to the eventual recipients
- The Bank has to remit any cash flows it collects on behalf of the eventual recipients without material delay. In addition, the

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Bank is not entitled to reinvest such cash flows, except for investments in cash or cash equivalents, including interest earned, during the period between the collection date and the date of required remittance to the eventual recipients.

A transfer only qualifies for derecognition if either:

- The Bank has transferred substantially all the risks and rewards of the asset

Or

- The Bank has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset

The Bank considers control to be transferred if and only if, the transferee has the practical ability to sell the asset in its entirety to an unrelated third party and is able to exercise that ability unilaterally and without imposing additional restrictions on the transfer.

When the Bank has neither transferred nor retained substantially all the risks and rewards and has retained control of the asset, the asset continues to be recognised only to the extent of the Bank's continuing involvement, in which case, the Bank also recognises 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 the Bank could be required to pay. If continuing involvement takes the form of a written or purchased option (or both) on the transferred asset, the continuing involvement is measured at the value the Bank would be required to pay upon repurchase. In the case of a written put option on an asset that is measured at fair value, the extent of the entity's continuing

involvement is limited to the lower of the fair value of the transferred asset and the option exercise price.

Financial liabilities

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

2.9 Impairment of financial assets

2.9.1 Overview of the ECL principles

The Bank records an allowance for expected credit loss for all loans and other debt financial assets not held at FVPL, together with loan commitments and financial guarantee contracts, in this section all referred to as 'financial instruments'. Equity instruments are not subject to impairment under IFRS 9.

The ECL allowance is based on the credit losses expected to arise over the life of the asset (the lifetime expected credit losses or LTECL), unless there has been no significant increase in credit risk since origination, in which case, the allowance is based on the 12 months' expected credit losses (12mECL). The 12mECL is the portion of LTECLs that represent the ECL that result from default events on a financial instrument that are possible within the 12 months after the reporting date.

Both LTECL and 12mECL are calculated on either an individual basis or a collective basis, depending on the nature of the underlying

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portfolio of financial instruments. The Bank's policy for grouping financial assets measured on a collective basis is explained here in.

The Bank has established a policy to perform an assessment, at the end of each reporting period, of whether a financial instrument's credit risk has increased significantly since initial recognition, by considering the change in the risk of default occurring over the remaining life of the financial instrument. Based on the above process, the Bank groups its loans into Stage 1, Stage 2, Stage 3 and POCI, as described below:

- Stage 1: When loans are first recognised, the Bank recognises an allowance based on 12mECL. Stage 1 loans also include facilities where the credit risk has improved and the loan has been reclassified from Stage 2.
- Stage 2: When a loan has shown a significant increase in credit risk since origination, the Bank records an allowance for the LTECL. Stage 2 loans also include facilities, where the credit risk has improved and the loan has been reclassified from Stage 3.
- Stage 3: Loans considered credit-impaired. The Bank records an allowance for the LTECL.
- POCI: Purchased or originated credit impaired (POCI) assets are financial assets that are credit impaired on initial recognition. POCI assets are recorded at fair value at original recognition and interest income is subsequently recognised based on a credit-adjusted EIR. The ECL allowance is only recognised or released to the extent that there is a subsequent change in the expected credit losses.

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

This is considered a (partial) derecognition of the financial asset.

2.9.2 The calculation of ECL

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

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

- PD: The Probability of Default is an estimate of the likelihood of default over a given time horizon. A default may only happen at a certain time over the assessed period, if the facility has not been previously derecognised and is still in the portfolio.
- EAD The Exposure at Default is an estimate of the exposure at a future default date, taking into account expected changes in the exposure after the reporting date, including repayments of principal and interest, whether scheduled by contract or otherwise, expected drawdowns on committed facilities, and accrued interest from missed payments.
- LGD The Loss Given Default is an estimate of the loss arising in the case where a default occurs at a given time. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, including from the realisation of any collateral or credit enhancements that are integral to the loan and not required to be recognised separately. It is usually expressed as a percentage of the EAD.

When estimating the ECL, the Bank considers three scenarios (a base case, an upside, and

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a downside). Each of these is associated with PDs, EADs and LGDs. When relevant, the assessment of multiple scenarios also incorporates how defaulted loans are expected to be recovered, including the probability that the loans will cure and the value of collateral or the amount that might be received for selling the asset.

Impairment losses and releases are accounted for and disclosed separately from modification losses or gains that are accounted for as an adjustment of the financial asset's gross carrying value.

The mechanics of the ECL method are summarised below:

- Stage 1: The 12mECL is calculated as the portion of LTECL that represent the ECL that result from default events on a financial instrument that are possible within the 12 months after the reporting date. The Bank calculates the 12mECL allowance based on the expectation of a default occurring in the 12 months following the reporting date. These expected 12-month default probabilities are applied to a forecast EAD and multiplied by the expected LGD discounted by the original EIR. This calculation is made for each of the three scenarios.
- Stage 2: When a loan has shown a significant increase in credit risk since origination, the Bank records an allowance for the LTECL. The mechanics are similar to those explained above, including the use of multiple scenarios, but PDs and LGDs are estimated over the lifetime of the instrument.
- Stage 3: For loans considered credit-impaired, the Bank recognises the lifetime expected credit losses for these loans. The method is similar to that for Stage 2 assets, with the PD set at 100%.
- POCI: POCI assets are financial assets that are credit impaired on initial recognition. The Bank only recognises the cumulative changes in lifetime ECL since initial

recognition, based on a probability weighting of the four scenarios, discounted by the credit adjusted EIR.

2.9.3 Debt instruments measured at fair value through OCI

The ECL for debt instruments measured at FVOCI do not reduce the carrying amount of these financial assets in the statement of financial position, which remains at fair value. Instead, an amount equal to the allowance that would arise if the assets were measured at amortised cost is recognised in OCI as an accumulated impairment amount, with a corresponding charge to profit or loss. The accumulated loss recognised in OCI is recycled to the profit and loss upon derecognition of the assets.

2.9.4 Purchased or originated credit impaired financial assets (POCI)

For POCI financial assets, the Bank only recognises the cumulative changes in LTECL since initial recognition in the loss allowance.

2.9.5 Forward looking information

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

- GDP growth
- Unemployment rates
- Inflation rates

2.9.6 Write-offs

Financial assets are written off either partially or in their entirety only when the Bank has no reasonable expectation of recovering a financial asset in its entirety or a portion thereof. If the amount to be written off is greater than the accumulated loss allowance, the difference is first treated as an addition to the allowance that is then applied against the gross carrying amount. Any subsequent recoveries are credited to credit loss expense.

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2.9.7 Cash and cash equivalents

Cash and cash equivalents as referred to in the cash flow statement comprises cash on hand, non-restricted current accounts with central banks and amounts due from banks on demand or with an original maturity of three months or less.

2.10 Right-of-use asset

The Bank recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are initially measured at cost, which comprises:

- the amount of the initial lease liability;
- any lease payments made at or before the commencement date, including rent prepayments, less any lease incentives received;
- any initial direct costs incurred; and
- an estimate of costs to dismantle and remove the underlying asset or to restore the site on which it is located, when such obligations exist.

Rent prepayments related to lease contracts are capitalised as part of the cost of the right-of-use asset, in accordance with IFRS 16. Such prepayments are not recognised separately as prepaid expenses, as they represent lease payments made before the commencement of the lease term.

Subsequently, right-of-use assets are measured at cost less accumulated depreciation and accumulated impairment losses, if any, and adjusted for any remeasurement of lease liabilities.

Depreciation is calculated on a straight-line basis over the shorter of the asset's useful life and the lease term.

Right-of-use assets are presented as a separate line item on the face of the statement of

financial position or disclosed within property, plant and equipment, depending on the nature of the underlying asset.

2.11 Post-employment benefits and short-term employee benefits

2.11.1 Short-term employee benefits

The cost of all short-term employee benefits is recognised during the period in which the employee renders the related service on an undiscounted basis.

Accruals for employee entitlement to annual leave represents the present obligation, which the Bank has to pay as a result of employees' services, provided to the reporting date. The accruals have been calculated at undiscounted amounts based on current salary rates.

A liability is recognised for the amount expected to be paid under short term bonuses in the Bank as the Bank has a present legal constructive obligation to pay the amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

3. Critical accounting judgements and key sources of estimation uncertainty

The Bank's management makes assumptions, estimates and judgements in the process of applying the Bank's accounting policies that affect the assets, liabilities, income and expenses in the consolidated annual financial statements prepared in accordance with IFRSs. The assumptions, estimates and judgements are based on historical experience and other factors that are believed to be reasonable under the circumstances. While the management reviews their judgements, estimates and assumptions continuously, the actual results will seldom equal to the estimates.

The estimates and the underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in

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the period in which the estimate is revised if the revision policy affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

3.1 Useful lives of property, plant and equipment

The Bank determines the estimated useful lives and related depreciation charges for its property, plant and equipment. The Directors will increase the depreciation charge where useful lives are less than previously estimated lives, or it will write-off or write-down technically obsolete or non strategic assets that have been abandoned or sold. The rates are set out in note 2.8.

3.2 Income taxation

Income taxation for the year includes current taxation and deferred taxation. Current taxation and deferred taxation are recognised in profit or loss, except to the extent that the taxation arises from a transaction or event which is recognised directly in equity. In the case if the taxation relates to items that are recognised directly to equity, current taxation and deferred taxation are also recognised directly to equity.

Current tax liabilities and assets are measured at the amount expected to be paid to or recovered from the taxation authorities, using the taxation rates and taxation laws that have been enacted or substantively enacted by the statement of financial position date. Current tax is the amount of income tax payable or recoverable in respect of the taxable profit or loss for a period.

Deferred tax assets and liabilities arise from deductible and taxable temporary differences respectively. Temporary differences are the differences between the carrying amounts of assets and liabilities for financial reporting purposes and their taxation bases. Deferred tax assets also arise from unused taxation losses and unused taxation credits.

A deferred tax liability is recognised for all taxable temporary differences, except to the extent that the deferred tax liability arises from the initial recognition of an asset or liability in a transaction which is not a business combination; and at the time of the transaction, affects neither accounting profit nor taxable profit (taxation loss).

Notes to the Annual Financial Statements

Figures in GHS	2024	2023
4. Interest income		
Interest on loans	29,489,658	20,989,529
Interest on overdraft	4,760,749	4,747,412
Interest on investments	19,640,885	8,604,379
	<u>53,891,292</u>	<u>34,341,320</u>
5. Interest expense		
Interest on borrowings	226,112	252,206
Interest on fixed deposits	7,407,851	6,703,587
Interest on savings	3,051,268	1,983,476
	<u>10,685,231</u>	<u>8,939,269</u>
6. Fee and commission income		
Committment fees	2,432,423	2,223,061
Committment on remittances	421,115	194,993
Other commissions	1,279,087	1,207,381
	<u>4,132,625</u>	<u>3,625,435</u>
7. Fee and commission expense		
Cheque clearing fees	1,977	876
Susu agents commission	754,193	355,223
	<u>756,170</u>	<u>356,099</u>
8. Other operating income		
SMS charges	87,583	81,901
Bad debt recovered	89,204	343,068
Sundry income	920,221	1,480,970
	<u>1,097,008</u>	<u>1,905,939</u>
9. Net Impairment loss on financial assets		
Provision on loans and advances	2,692,559	1,366,019
Credit risk reserve transfer	(74,612)	(185,242)
Impairment on investments	897,459	1,193,396
Net impairment loss on financial assets	<u>3,515,406</u>	<u>2,374,173</u>
10. Personnel expenses		
Salaries & Wages	7,199,607	5,857,331
Employer's pension contribution	475,671	1,010,770
Medical expenses	302,084	281,353
Staff training	929,600	409,006
Bonus	663,435	564,062
Long service award	750,886	80,500
Other staff cost	5,861,927	4,939,809
	<u>16,183,210</u>	<u>13,142,831</u>
11. Depreciation and amortisation		
Depreciation	1,280,210	1,201,753
Amortisation - Right-of-Use- Assets	207,804	231,325
	<u>1,488,014</u>	<u>1,433,078</u>

Notes to the Annual Financial Statements

Figures in GHS	2024	2023
12. Other operating expenses		
Audit expenses	26,050	21,100
Advertising & publicity	258,388	206,942
Auditors' remuneration	100,000	52,000
Cleaning & Sanitation	279,194	152,305
Computer expenses	1,186,272	752,513
Consultancy fees	69,639	68,824
Recovery expenses	209,261	80,540
Mobilization expenses	1,560,040	1,175,145
Directors Remuneration	142,000	148,950
Donations & Charitable contributions	146,927	130,110
Electricity and water	367,781	347,521
Entertainment	61,320	60,430
Staff durbar	291,764	208,326
Generator Running cost	346,132	184,402
Insurance	821,793	654,477
Legal expense	880,157	84,722
Specie movement	178,074	86,157
Microfinance expenses	1,547,512	569,934
Motor vehicle running cost	527,169	370,740
Board meeting expenses	276,201	260,767
Business promotion	1,376,747	322,641
Rent, Rates & Levies	497,327	486,396
Annual General Meeting	370,189	287,477
Postage, Telephone & Telegraph	99,916	63,514
Printing and stationery	940,010	506,027
Repairs and maintenance	1,004,278	697,370
Sundry expenses	3,083,999	1,461,980
Police Guard	710,989	623,763
Software License & Support	1,135,430	609,296
Subscriptions & Periodicals	184,567	175,158
Travelling expenses	702,232	523,930
	19,381,358	11,373,457
13. Income tax expense		
Current tax (note 26)	3,088,534	1,282,959
Deferred tax (note 27)	212,175	20,980
	3,300,709	1,303,939

14. Earnings per share**Basic and diluted earnings per share**

The calculation of basic and diluted earnings per share at 31 December 2024 was based on the profit/(loss) attributable to ordinary shareholders of GHS3,810,827 (2023: GHS949,848) and a number of ordinary shares outstanding of 29,043,036 (2023: 29,043,036) calculated at follows:

Net profit for the year attributable to equity holders of the Bank	3,810,827	949,848
Number of ordinary shares	29,043,036	29,043,036
Basic and diluted earnings per share	0.13	0.03

Notes to the Annual Financial Statements

Figures in GHS	2024	2023
15. Cash and cash equivalents		
Cash on hand	7,888,108	6,804,218
Mobile money	1,591,750	275,935
Clearing account	701,914	674,851
ARB Placement Account	12,140,003	7,219,181
	22,321,775	14,974,185
Apex Certificate of Deposit (ACOD 7)	12,050,000	9,000,000
GCB Bank clearing account	15,023	15,023
	34,386,798	23,989,208
16. Short and medium term investments		
Treasury bills	110,707,438	27,288,485
Impairment on treasury bills	(138,614)	-
	110,568,824	27,288,485
17. Loans and advances to customers		
Analysis by product type:		
Loans	76,416,284	57,016,611
Overdraft	14,799,232	14,947,497
Gross loans and advances	91,215,516	71,964,108
Allowance for impairment	(8,052,797)	(5,434,850)
At 31 December	83,162,719	65,348,481
Analysis by industry:		
Agric loan	2,138,616	913,687
Commercial loan	3,629,909	6,105,446
Corporate loan	1,651,852	1,651,852
Managed loan	948,498	728,718
Microfinance loan	7,990,467	6,604,830
Staff loan	4,987,248	4,308,739
Personal loan	34,424,663	36,703,338
Susu loans	9,284,798	-
Controller loans	11,360,234	-
Overdraft	14,799,232	14,947,497
Gross loan and advances	91,215,516	71,964,108
Impairment loss allowance		
12 months ECL	(5,011,017)	(1,922,188)
Lifetime ECL	(3,041,781)	(3,512,662)
Net loans and advances	83,162,719	66,529,258

Notes to the Annual Financial Statements

Loans and advances to customers continued...

Figures in GHS	2024	2023
Other Statistics		
(i) Loan Loss Provision Ratio	9 %	8 %
(ii) Gross Non Performing Loans Ratio	12 %	14 %
(iii) Twenty (20) Largest Exposures	14 %	22 %
Analysis by Type of customers		
Individuals and other private enterprise	86,228,268	67,655,369
Staff loan	4,987,248	4,308,739
Gross loans and advances	91,215,516	71,964,108
Allowance for impairment	(8,052,797)	(5,434,850)
At 31 December	83,162,719	66,529,258
Analysis of gross credit portfolio		
A. Stage 1: Performing		
Agric loan	41,219	264,195
Commercial loan	274,877	5,839,219
Managed loan	73,983	386,315
Microfinance loan	626,221	4,483,970
Staff loan	211,161	4,197,649
Personal loan	2,552,508	25,177,284
Susu loan	827,164	-
Overdraft	403,885	12,966,053
	5,011,017	53,314,686
B. Stage 2: Under performing		
Agric loan	497,995	642,039
Commercial loan	62,083	45,031
Managed loan	25,450	65,917
Microfinance loan	198,183	1,810,064
Personal loan	765,000	11,178,798
Susu loan	12,205	-
Overdraft	355,213	-
	1,916,128	13,741,848
C. Stage 3: Non performing		
Agric loan	21,255	7,454
Commercial loan	501,851	1,873,048
Managed loan	28,293	276,487
Microfinance loan	15,994	310,795
Staff loan	29,092	111,090
Personal loan	-	347,256
Overdraft	529,169	1,981,444
	1,125,653	4,907,574
Total (A+B+c)	8,052,797	71,964,108

Notes to the Annual Financial Statements

Loans and advances to customers continued...

Figures in GHS	2024	2023
Expected credit loss allowance		
At 1 January	5,434,850	4,254,073
Charged in profit or loss	2,692,559	1,366,019
Per audited statement	8,127,409	5,620,092
Credit risk reserve	(74,612)	(185,242)
At 31 December	8,052,797	5,434,850

The table below summarises the analysis of impairment provision on loans and advanced for which an ECL allowance is recognised.

31 December 2024	Stage 1	Stage 2	Stage 3	Total
Agric loan	41,219	497,995	21,255	560,468
Commercial loan	274,877	62,083	501,851	838,811
Managed loan	73,983	25,450	28,293	127,725
Microfinance loan	626,221	198,183	15,994	840,398
Staff loan	211,161	-	29,092	240,253
Personal loan	2,552,508	765,000	-	3,317,507
Susu	827,164	12,205	-	839,369
Overdraft	403,885	355,213	529,169	1,288,267
Total impairment allowance	5,011,017	1,916,128	1,125,653	8,052,797

31 December 2023	Stage 1	Stage 2	Stage 3	Total
Agric loan	1,835	99,687	1,140	102,662
Commercial loan	469,234	16,236	675,335	1,160,805
Managed loan	31,525	18,974	79,588	130,087
Microfinance loan	229,389	480,118	82,438	791,945
Staff loan	3,606	-	496	4,101
Personal loan	882,117	1,710,980	58,469	2,651,566
Overdraft	304,482	-	289,202	593,683
Total impairment allowance	1,922,188	2,325,996	1,186,667	5,434,850

Loan provisioning/impairments are carried out in accordance with the Bank of Ghana Policy as well as the principles of IFRS. Loan impairment losses calculated based on IFRS principles are passed through the statement of comprehensive income. Where the provisions per IFRS are more than provisions of the Bank of Ghana guidelines, no regulatory credit reserve is required.

There was a credit risk reserve of GHS 74,612 made in the year as IFRS provision was less than the provision under the Bank of Ghana guidelines, (2023: GHS 185,242)

18. Investment securities

Government of Ghana Bonds	30,065,845	28,451,269
Impairment - Investment securities (note 18.1)	(438,431)	(349,366)
	29,627,414	28,101,903
ARB Apex Bank Ltd Shares	278,536	209,488
	29,905,950	28,311,391

At the end of the year, the Bank's investments in Government of Ghana (GoG) Bonds was GHS29,905,950 (2023: GHS 28,311,391). Below are the details of the new securities:

Notes to the Annual Financial Statements

Investment securities continued...

Figures in GHS			2024	2023
Government Bonds				
4yr FXR Bond @8.35% (Maturity date: 16/2/2027)			2,924,117	2,781,970
5yr FXR Bond @8.50% (Maturity date: 15/2/2028)			2,930,593	2,781,970
6yr FXR Bond @8.65% (Maturity date: 13/2/2029)			2,876,647	2,724,731
7yr FXR Bond @8.80% (Maturity date: 12/2/2030)			2,883,008	2,724,731
8yr FXR Bond @8.95% (Maturity date: 11/2/2031)			2,662,755	2,511,021
9yr FXR Bond @9.10% (Maturity date: 10/2/2032)			2,668,635	2,511,021
10yr FXR Bond @9.25% (Maturity date: 8/2/2033)			2,674,524	2,511,021
11yr FXR Bond @9.40% (Maturity date: 7/2/2034)			1,825,018	1,709,680
12yr FXR Bond @9.55% (Maturity date: 6/2/2035)			1,829,040	1,709,680
13yr FXR Bond @9.70% (Maturity date: 5/2/2036)			1,833,065	1,709,680
14yr FXR Bond @9.85% (Maturity date: 3/2/2037)			1,837,098	1,709,680
15yr FXR Bond @10.00% (Maturity date: 2/2/2038)			1,841,137	1,709,680
			28,785,637	27,094,865
Local bonds				
CMB-DDE @ 13% (Maturity date: 2/9/2024)			-	67,820
CMB-DDE @ 13% (Maturity date: 1/9/2025)			269,517	271,281
CMB-DDE @ 13% (Maturity date: 31/8/2026)			336,897	339,101
CMB-DDE @ 13% (Maturity date: 30/8/2027)			336,897	339,101
CMB-DDE @ 13% (Maturity date: 28/8/2028)			336,897	339,101
			1,280,208	1,356,404
Total Government of Ghana Bonds			30,065,845	28,451,269
Impairment - Investment securities (note)			(438,431)	(349,366)
			29,627,414	28,101,903
Movement	Shares	Value		
ARB Apex shares	44,590	0.045	2,000	2,000
Shares - 2023	46,707	1.232	57,540	57,540
Addition	56,136	1.230	69,048	-
Surplus arising on revaluation	-	-	42,590	42,590
Bonus shares given	12,044	1.230	14,814	14,814
Right issue	80,000	1.157	92,544	92,544
	239,477	4.894	278,536	209,488

There was a resolution passed at the Extra-Ordinary General Meeting which mandated the ARB Apex Bank to raise an amount of GHS25 million over a period of five (5) years from the RCBs.

The Bank purchased 56,136 shares in the year (2023: 46,707 shares) valued at GHS69,047.62, (2023: GHS 57,540).

Provision for impairment on investment

Impairment on investment securities (Note 18)	438,431	349,366
Impairment on investment receivable (Note 19)	3,529,410	2,861,030
Impairment on treasury bills (Note 16)	138,614	-
Total impairment at 31 December 2024	4,106,455	3,210,396

Notes to the Annual Financial Statements

Figures in GHS	2024	2023
19. Other assets		
Investment receivable	8,268,875	8,268,875
Impairment on investment receivable	(3,529,410)	(2,861,030)
	4,739,465	5,407,845
Stationery stock	59,279	197,671
Office account	660,783	1,457,181
Prepayments	160,505	110,673
Interest in arrears	2,409,875	1,555,180
Interest and commission accrued	1,379,146	1,005,635
	9,409,053	9,734,185

Included in office account are matured investments amounting to GHS8,268,875 that have been validated and yet to receive payment from the financial institutions. The Bank was not able to recover any amount from the institutions. The balance was impaired by GHS3,529,410 leaving an outstanding balance of GHS4,739,465 at the end of the year.

The investment receivable per institution is analysed as follows:

NKD Financial Institution Opening balance	4,553,592	4,588,735
Additional interest on investment	-	4,857
Amount recovered	-	(40,000)
	4,553,592	4,553,592
Blackshield Capital Management (Liquidator)	921,767	921,767
CDH Savings and Loans Company Limited	825,697	825,697
AM Fund	1,967,819	1,967,819
	8,268,875	8,268,875
Impairment on investment receivable	(3,529,410)	(2,861,030)
	4,739,465	5,407,845

Notes to the Annual Financial Statements

Figures in GHS**2024****2023****20. Property, plant and equipment**

	Cost	Accumulated depreciation	2024 Carrying value	Cost	Accumulated depreciated	2023 Carrying value
<i>Owned assets</i>						
Bank Premises	4,274,661	(348,779)	3,925,882	4,274,661	(263,759)	4,010,902
Office equipment	2,199,411	(1,924,820)	274,591	2,157,291	(1,745,479)	411,812
Motor vehicles	3,081,244	(1,676,686)	1,404,558	1,505,674	(1,355,439)	150,235
Furniture and fixtures	1,192,089	(818,172)	373,917	1,149,089	(621,614)	527,475
Land	673,131	-	673,131	669,131	-	669,131
Computers	2,474,556	(1,752,342)	722,214	2,056,424	(1,337,137)	719,287
T24 Banking Software	385,054	(173,274)	211,780	385,054	(134,769)	250,285
Motor Bikes	637,267	(432,841)	204,426	560,602	(388,507)	172,095
Work In Progress	316,152	-	316,152	311,152	-	311,152
	15,233,565	(7,126,914)	8,106,651	13,069,078	(5,846,704)	7,222,374

The carrying amounts of property, plant and equipment can be reconciled as follows:

	Carrying value at beginning of year	Additions	Depreciation	2024 Carrying value at end of year
<i>Owned assets</i>				
Bank Premises	4,010,902		(85,020)	3,925,882
Office equipment	411,812	42,120	(179,341)	274,591
Motor vehicles	150,235	1,575,570	(321,247)	1,404,558
Furniture and fixtures	527,475	43,000	(196,558)	373,917
Land	669,131	4,000	-	673,131
Computers	719,287	418,132	(415,205)	722,214
T24 Banking Software	250,285	-	(38,505)	211,780
Motor Bikes	172,095	76,705	(44,376)	204,426
Work In Progress	311,152	5,000	-	316,152
	7,222,374	2,164,527	(1,280,252)	8,106,651

	Carrying value at beginning of year	Additions	Depreciation	2023 Carrying value at end of year
<i>Owned assets</i>				
Bank Premises	3,863,928	228,565	(81,591)	4,010,902
Office equipment	517,542	250,928	(356,658)	411,812
Motor vehicles	291,105	-	(140,870)	150,235
Furniture and fixtures	576,087	140,089	(188,701)	527,475
Land	620,571	48,560	-	669,131
Computers	773,695	308,768	(363,176)	719,287
T24 Banking Software	288,790	-	(38,505)	250,285
Motor Bikes	39,562	164,783	(32,252)	172,095
Work In Progress	281,558	29,594	-	311,152
	7,252,838	1,171,287	(1,201,753)	7,222,374

Notes to the Annual Financial Statements

Figures in GHS	2024	2023
21. Right of use asset		
Reconciliation for the year		
Balance at beginning of the year		
At Cost	940,045	-
Accumulated amortisation	(231,325)	-
Carrying amount	<u>708,720</u>	<u>-</u>
Movement for the year	180,000	940,045
Addition	(207,804)	(231,325)
Amortisation	<u>680,916</u>	<u>708,720</u>
Balance at the end of the year		
Closing balance at the end of the year		
At Cost	1,120,045	940,045
Accumulated amortisation	(439,129)	(231,325)
Carrying amount	<u>680,916</u>	<u>708,720</u>

During the year, the Bank reassessed lease-related prepayments and determined that they qualify as Right-of-Use assets under IFRS 16. As a result, an amount of GHS940,045 was reclassified from prepayments to Right-of-Use assets. The ROU assets are amortised over the rent agreement term.

The balance represents the prepaid rent at the end of the year.

22. Deposits and current accounts

Demand Deposits	41,283,745	25,796,446
Savings Deposits	91,330,200	54,692,487
Time/Fixed Deposits	55,309,245	38,720,935
Susu Deposits	59,938,151	24,545,999
	<u>247,861,341</u>	<u>143,755,867</u>
Analysis by type of depositors		
Individuals and other private enterprise	243,856,486	140,678,771
Public Enterprise	4,004,855	3,077,096
	<u>247,861,341</u>	<u>143,755,867</u>
Ten (10) Largest depositors to total deposit ratio	9 %	11 %

23. Borrowings

ARB Apex Loan	1,530,000	780,766
	<u>1,530,000</u>	<u>780,766</u>

This is a loan facility of GHS 1,700,000 from ARB Apex Bank PLC to the Bank to purchase an armoured bullion van for its operation. The loan is payable in 60 equal monthly instalments at an interest rate of 17% per annum.

Notes to the Annual Financial Statements

Figures in GHS	2024	2024
24. Managed funds		
Rural Enterprise Programme	61,600	212,165
CAPBUS Funds	237,004	246,567
Mastercard Nkosuo Fund	470,625	481,962
OMTRIX	33,980	33,984
	803,209	974,678

Mastercard Nkosuo Fund is a Covid-19 relief fund for Micro, Small and Medium Sized Enterprises (MSMEs): This was expected to be disbursed to 156 clients by January 30, 2022 at the Osino, Nsawam, Kyebi and Nkawkaw branches.

25. Dividend

Balance at 1 January	468,516	810,135
Payment during the year	(63,623)	(341,619)
Balance at 31 December	404,893	468,516

26. Current tax

	Balance at January	Tax adjustment	Paid during the year	Profit or Loss account	Balance at December
	GHS	GHS	GHS	GHS	GHS
2022	(354,504)	-	-	-	(354,504)
2023	545,652	-	(570,883)	-	(25,231)
2024	-	(300)	(1,603,516)	2,732,957	1,129,141
	191,148	(300)	(2,174,399)	2,732,957	749,406

Growth and sustainability levy

2023	112,989	-	-	-	112,989
2024	-	-	(320,703)	355,577	34,874
	112,989	-	(320,703)	355,577	147,863
Total	304,137	(300)	(2,495,103)	3,088,534	897,268

27. Deferred taxation

At 1 January	170,518	149,538
Charge for the year	212,175	20,980
At 31 December	382,693	170,518

28. Interest payable and other liabilities

Office account	1,383,221	636,821
Accrued interest	1,913,639	1,536,702
Loan Risk Fund	231,298	67,466
Other payables	2,715,428	1,695,381
	6,243,586	3,936,370

Notes to the Annual Financial Statements

Figures in GHS		2024	2023
29.	Stated capital		
	(a) Authorised		
	Ordinary shares	49,875,000	49,875,000
	Preference shares	125,000	125,000
		<u>50,000,000</u>	<u>50,000,000</u>

	No. of shares		Stated Capital	Stated Capital
	2024	2023		
(b) Issued				
Balance at 1 January	29,043,036	29,043,036	4,041,912	4,041,912
Preference shares	125,000	125,000	13	13
	<u>29,168,036</u>	<u>29,168,036</u>	<u>4,041,925</u>	<u>4,041,925</u>

(c) There were no unpaid liabilities on any share and there were no calls or instalments unpaid.

(d) There are no treasury shares.

30. Credit risk reserve

This reserve represents the balance of amounts transferred from retained profits to meet excess of impairment allowances based on Bank of Ghana's provisioning guidelines and IFRS.

Credit risk reserve reconciliation

IFRS Impairment	8,052,797	5,434,850
Bank of Ghana provision	8,127,409	5,620,092
	<u>(74,612)</u>	<u>(185,242)</u>

Analysis

Balance at opening	185,242	-
Reserve for the year	74,612	185,242
Balance at close	<u>259,854</u>	<u>185,242</u>

31. Statutory Reserves

Balance at 1 January	4,917,721	4,798,990
Transfer for the year (12.5% of profit)	476,353	118,731
Balance at 31 December	<u>5,394,074</u>	<u>4,917,721</u>

32. Deposit for shares

This represents 2,980,084 (2023: 902,527) ordinary shares purchased by prospective shareholders amounting to GHS 894,026 (2023: GHS 270,758). These would be added to stated capital once the registration process is completed at the Registrar Generals Department.

33. Retained Earnings

Balance at 1 January	3,304,819	2,658,944
Profit/(loss) for the year	3,810,827	949,848
Transfer to credit risk reserve	(74,612)	(185,242)
Transfer to statutory reserve (12.5% of Profit)	(476,353)	(118,731)
	<u>6,564,680</u>	<u>3,304,819</u>

Notes to the Annual Financial Statements

Figures in GHS	2024	2023
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The Bank during the year under review purchased their investments at a premium which interest earned is accrued until maturity.

The Loan Risk Fund is an account which accumulates the 0.4% insurance premium charged on loans granted to customers. The loan risk fund is handled by Ghana Union Assurance and it covers up to the end of benefit period or full amortization of the loan.

34. Contingent liabilities

No known contingent liabilities existed as at 31 December 2024 that would have a material effect on the results of the financial statements as set out on pages 24 to 53 or the continued existence of the Bank as a going concern.

35. Event after the reporting period

No events occurred during the year ended 31 December 2024 and the date the Directors approved the financial statements that would have a material impact on the results as disclosed in the financial statements as set out on pages 24 to 53 or the continued existence of the Bank as a going concern.

36. Related party transactions

In the ordinary course of business, the Bank gives loans to Board of Directors and Staff. The total amount of outstanding balances of related parties during the year were as follows:

	GHS	GHS
Key management staff	2,053,452	1,747,905
Other Staff	2,933,796	2,560,834
	<u>4,987,248</u>	<u>4,308,739</u>

The total remuneration of Directors and other members of key management staff including allowances during the year were as follows:

	GHS	GHS
Directors	142,000	148,950
Key management staff	2,652,112	1,747,905
	<u>2,794,112</u>	<u>1,896,855</u>

37. Capital commitments

The Bank has commitments towards the construction of a fence wall, filling and compacting of land at Kyebi. At 31 December 2024, total work done to date and held as capital work in progress amounted to GHS 316,152 (2023: GHS 311,152).

38. Implementation of Right-of-Use assets (IFRS 16)

During the year, the Bank reassessed the classification of prepayments related to lease agreements and determined that these should be recognized as Right-of-Use assets in accordance with IFRS 16. This change aligns with the revised interpretation of lease-related prepayments and better reflects the substance of lease agreements.

Account	Previous classification	New classification	Change
Prepayments (Other asset)	708,720	-	708,720
Prepaid expense	231,326	-	231,326
Right-of-Use Asset (Non-Current)	-	940,045	(940,045)

Notes to the Annual Financial Statements

Figures in GHS	2024	2023
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39. Going Concern

The Directors believe that the Bank will be a going concern in the year ahead. For this reason we continue to adopt the going concern basis in preparing the annual financial statements.

40. Corporate Social Responsibilities

Amounts spent in fulfilling corporate social responsibilities for the year under review amounted to GHS 116,027 (2023: GHS 104,460)

The activities included donations towards the Independence Day celebrations at Osino, Educational Sponsorships, Osino Zonal Sports Association and Funeral Rites of some individuals in the Osino community.

41. Regulatory Disclosures

i) *Non-performing loans*

Percentage of gross non-performing loans (sub-standard to loss) to total credit advances portfolio (gross) was 12% (2023: 14%)

ii) *Amount of loans written off*

There was no loan write off done during the year.

iii) *Breaches in statutory liquidity*

The Bank complied with all requirements with respect to statutory liquidity.

iv) *Liquidity Ratio*

The Bank's liquidity ratio at the end of 2024 was 58.48% (2023: 35.67%)

v) *Capital Adequacy Ratio*

The Bank's capital adequacy ratio at the end of 2024 was 16% (2023: 12%).

vi) *Disclosure of interest rates*

Lending rates (Loans and advances)

Loan Products	1 Year	2 Years	3 Years	4 Years
Salary Loan	32% p.a	30% p.a.	28% p.a.	26% p.a
Business/ Commercial Loan	34% p.a	32% p.a.	30% p.a.	-
Standing Overdraft	36% p.a			
Staff Loans	10% p.a	8% p.a	6% p.a	4%
Susu Loans	34% p.a	32% p.a	30% p.a	
Monthly Overdraft	20% per month			
Microfinance Loans	42% per annum			
Seasonal loans	15% for 3 Months (5% per month)			
Bronya Bosea	18% for 6 Months (3% per month)			
Abraboahyease	15% flat rate for 3 months			
Agic Loan (Poultry and Piggery)	25% flat rate for 18 months with 6 months moratorium			

Notes to the Annual Financial Statements

Regulatory Disclosures continued...

Figures in GHS	2024	2023
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Deposit interest rates

Amount (GHS)	91 days (3months)	182 days (6 months)	365 days/1 year
5,000 - 20,000	8%	8.5%	9.50%
21,000 - 50,000	10%	10.5%	11.50%
51,000 - 100,000	12%	12.50%	13.50%
101,000 - 200,000	14%	14.50%	15.50%
Exceeding 200,000	NEGOTIABLE		
Savings and Susu Amount			
interest rate p.a	4% p.a		
Interest rate for savings accounts is 4% per annum			

Tenor of Fixed Deposit

3 months
6 months
1 year

42. Minimum paid up capital

According to Section 28 of the Banks and Specialised deposit-Taking Institutions Act 2016 (Act 930), the Bank has met the minimum paid up capital of Rural Banks of GHS 1,000,000.

Computation of paid-up capital according to Section 28 (3) includes the following:

Ordinary share capital	4,041,925	4,041,925
Statutory reserve	5,394,074	4,917,721
Retained earnings	6,564,681	3,304,819
Deposit for shares	1,319,267	424,561
	<u>17,319,267</u>	<u>12,689,026</u>

Section 33 of the Banks and Specialised Deposit-Taking Institutions Act, 2016 (Act 930) states that any Bank which fails to meet the minimum capital requirement is liable to pay to the Bank of Ghana a penalty of one-half per mille of the difference between the capital that the entity should have maintained and the level of capital actually maintained by the entity for each day that the default continues.

Share structure

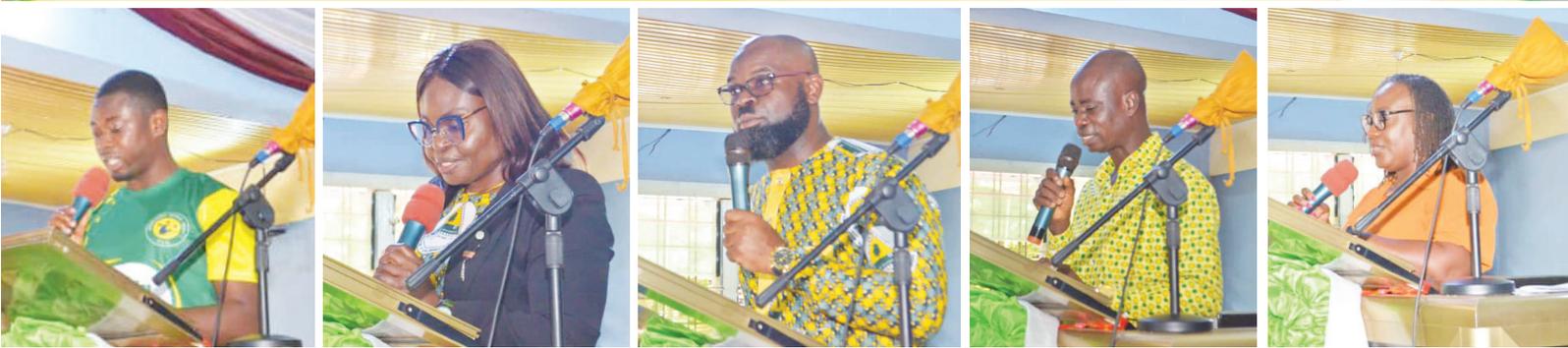
List of top 20 shareholders	%	Number of shares
RBF Ltd.	14.23	4,742,103
Doris Arkorful	4.78	1,594,020
K. Peasah Boadu	4.58	1,525,552
Prince Kofi Amoabeng	4.18	1,393,911
Mumuadu Com. Services	2.11	703,936
Okyere Agyekum Kofi	1.05	349,779
Dr.Seth Adu	1.03	343,829
Noah Ansa-Dakwa	0.95	315,753
Kwabena Baah Duodu	0.94	311,998
Kotoko M. Francis	0.79	262,848
Osei Leticia	0.73	244,029
Ntow Kofi Ebenezer	0.65	215,036
Oppong-Agyare Kwadwo Asante	0.60	200,335
Otu Boateng Samuel K.	0.59	195,260
Prof. Robert Addo Fening	0.57	190,894
I. A. Duodu	0.51	169,732
HEDOE MARK DAVID	0.51	169,000
ACQUAH ASYNCRITUS	0.50	166,661
Smart-Yeboah Nicholas	0.46	153,684
COFFIE BEATRICE	0.45	149,999
Others	59.80	19,933,558
Grand Total	100	33,331,917

Analysis of shareholding as at 31 December 2023

Category	No. of shareholders	Number of Shares	% Holding
1 - 1,000	3058	14,666,855	44 %
1,001 - 5,000	53	3,710,898	11 %
5,001 - 10,000	29	5,698,578	17 %
10,000 and over	3140	9,255,586	28 %
	6280	33,331,917	100 %

Directors shareholding	Certificate No.	% Holding	No of shares
Asante Ayeh Benjamin	SH31302661	0.10	36,663
Oppong Danquah Amos	SH31302645	0.10	35,333
Narkotey Stephen	SH31302666	0.27	100,000
Agyarko Kofi Adu	SH31302663	0.19	69,999
Debrah Godwin	SH31302660	0.12	43,500
Agyei Josephine	SH31302783	0.22	80,066
		0.53	365,561

35th AGM





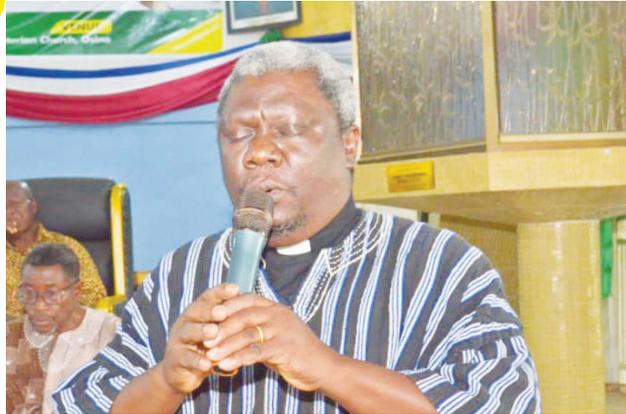
35th AGM







35th AGM



MUMUADU RURAL BANK LIMITED PROXY AUTHORISATION

I/We..... of

Being a member/members, hereby appoint

of or failing him/her

of

As my/our proxy to vote on my/our behalf at the Annual General Meeting of Mumuadu Rural Bank Limited to be held on at and any adjournment thereof.

Signed:

This day of