SUMA
RURAL BANK LIMITED

ANNUAL REPORT &
FINANCIAL STATEMENTS 2021

Gyabaah & Partners
P. O. Box 985
Bono Sunyani

Suma
Rural Bank

SUMA RURAL BANK LIMITED
FINANCIAL STATEMENTS
YEAR ENDED 31ST DECEMBER 2021

CONTENTS	PAGE

SUMA RURAL BANK LIMITED

Notice of Annual General Meeting

Notice is hereby given that the **36th ANNUAL GENERAL MEETING (AGM)** of shareholders of **SUMA RURAL BANK LIMITED** will be held at Suma Presby Church, Suma-Ahenkro on **Saturday, 10th December, 2022** to transact business of Annual General Meeting at 10:00 a.m. prompt.

AGENDA

1. To read the Notice convening the meeting.
2. To confirm the minutes of the 35th Annual General Meeting.
3. To receive and consider the Chairman's report.
4. To receive and consider the Report of the Directors and Accounts for the year ended 31st December, 2021 and the Auditors' report.
5. To authorize the Directors to fix Auditors remuneration.
6. To fix the remunerations of Directors.
7. To consider and pass a special resolution to alter or change the name of the Bank from Suma Rural Bank Limited to Suma Rural Bank PLC.
8. To elect Directors in place of those retiring by rotation.
9. To transact any other business appropriate to be dealt with at an Annual General Meeting.

BY ORDER OF THE BOARD
SGD.
MOSES KOFI SOGA

(SECRETARY TO THE BOARD)

Dated: 1st November, 2022

NOTE:

- The **Final Accounts for 2021 Financial Year** is available for download at the bank's website (www.sumaruralbank.com)

- A form of proxy is available for download at the Bank's website (www.sumaruralbank.com) and members can complete the form and email it to the address: agm@sumaruralbank.com not less than Forty Eight (48) hours prior to the meeting time.

SUMA RURAL BANK LIMITED
FINANCIAL STATEMENTS
YEAR ENDED 31ST DECEMBER 2021

CORPORATE INFORMATION:

BOARD OF DIRECTORS:

KOFI WIREDU SASAH
VIVIAN MFODWAA GYAN
MOSES KOFI SOGAH
SANAA BEDIATUO NYARKO-DABIE
KWASI AFRAM
WILLIAM ABAYATEYE
EMMANUEL KWESI BABA

SECRETARY

MOSES KOFI SOGAH

AUDITORS:

GYABAAH & PARTNERS
POST OFFICE BOX 985
SUNYANI
BONO REGION

REGISTERED OFFICE

POST OFFICE BOX 13
SUMA AHENKRO
BONO REGION

BANKERS:

ARB APEX BANK LIMITED

SOLICITOR:

BOAMAH FRIMPONG

SUMA RURAL BANK LIMITED
FINANCIAL STATEMENTS
YEAR ENDED 31ST DECEMBER 2021

KEY MANAGEMENT STAFF

NAME	QUALIFICATION	POSITION
Kofi Acheampong	Msc Industrial Finance & Investment	CEO
Kumah Joseph	Bcom	Operations Manager
Dennis Amankona	MBA (Fin), BA Social Science	Head of Credit
Richard Ababio	Bcom	Deputy Operation Manager
Benjamin Ayisi Osei	Bachelor of Science	Head of IT
Mark Asante	BCom (Accounting), MBA	Head of Internal Audit
Rosemond Awusi	MBA	Head of Human Resource
Jonas Oppong	MBA (Fin), BA (Econs)	Head of Compliance
Twene Yaw Francis	BSc Management	Estate & Treasury Manager

PROFILE OF DIRECTORS

NAME	YEAR OF APPOINTMENT	QUALIFICATION
Kofi Wiredu Sasah	1992	B. Ed
Vivian Mfodwaa Gyan	2014	LLB, MBA MA (HRM)
Moses Kofi Soga	2016	B. Ed
Sanaa Bediatuo Nyarko-Dabie	2014	MBA, CIM-UK, CIMG
Kwasi Afram	2018	MBA (Acc & Fin), FCCA, Degree in Social
William Abayateye	2018	Dip in Theology
Emmanuel Kwesi Baba	2015	PGD – MIS, Adv Dip in Computer Science, NVTI

SUMA RURAL BANK LIMITED
FINANCIAL STATEMENTS
YEAR ENDED 31ST DECEMBER 2021

FINANCIAL HIGHLIGHTS

	2021 GH¢	2020 GH¢
The Bank recorded a Profit Before Taxation of:	285,214	92,847
From which is deducted / added tax of:	25,541	(21,131)
Giving a Net Profit After Tax of:	310,755	71,716
Transfer to Statutory Reserve of:	(142,607)	(35,858)
Leaving a Profit to be transferred to Retained Earnings of	168,148	35,858
Prior year adjustment	-	-
Retained Earnings at Start of	(18174)	(54,032)
Retained Earnings at End of	**149,974**	**(18,174)**

SUMA RURAL BANK LIMITED

THE CHAIRMAN REPORT TO SHAREHOLDERS OF SUMA RURAL BANK

Distinguished Shareholders, Colleague Board Members, esteemed invited guests, our valued staff, ladies and gentlemen, I am delighted to welcome you all to the 36th Annual General Meeting of Suma Rural Bank (SRB) and present to you, the Annual Report and Financial Statements of our Bank for the financial year ended 31st December, 2021.

You are collectively acknowledged as the pillar behind the success story of the Bank from year to year and particularly the year under review 2021. Your Bank is adjudged as one of the best performing Banks in the Rural and Community Banks industry and you should be proud of your valuable contribution which have propelled SRB to this enviable height. I would start by highlighting the macro- economic developments during the year under review, particularly those which were of great significance to the financial industry and thereafter, I shall share with you SRB's performance for 2021.

Economic and Political Environment

Ghana's rapid growth (7% in 2017-2019) was halted by the Covid-19 pandemic, the March 2020 lockdown and a sharp decline in commodity exports resulted in a slow economic growth. The economic slowdown had a considerable impact on household and businesses.

Headline inflation averaged 7.5% in the first half of 2021 and ended at 10% as full year average. This was due to exchange rate, food and non-food price hikes and this has continued up to the third quarter of 2022. As of September 2022, inflation reached 37.20% the highest since July 2001.

Fueled by domestic recovery, imports expanded faster than exports in early 2021 while external demand for commodities remained subdued. As a result, current account deficit is estimated to narrow 2.4% of GDP compared to 2.3% in 2020.

The Bank of Ghana monetary policy rate was relatively stable during the year at 14.50%. The rates for 91 and 182 day instruments remained averagely stable from 14.0895% and 14.1204% in 2020 to 12.5121% and 13.1857% in 2021 respectively while 3-year and 5-year instruments moved from 19.85% and 19.25% in 2020 to 19% and 21% in 2021 respectively.

Outlook

GDP growth is expected to slow to 3.5 percent in 2022 and average 3.3 percent over 2022 -2024 as macroeconomic instability and corrective policy measures depress aggregate demand. The weakening impact of high inflation and elevated interest rates on private consumption and investment will be reinforced by monetary and fiscal tightening.

In 2023 agriculture is expected to grow at 2.2 percent, given high input prices and specific issues with cocoa plants. Industrial output is projected to grow by 2.4 percent compared to projected 3.8 percent in 2022, as the oil and gas sector slowly recover and services are expected to grow by 2.7%, as high domestic inflation erodes the purchasing power of consumers.

Risks and Challenges

Ghana's economy continues to suffer the impacts of the pandemic as growth is yet to get back to pre-pandemic levels and this could be compounded by the war in Ukraine and fast depreciation of the cedi against major international currencies. These developments are expected to raise global prices for several key commodities, including food, fuel, fertilizers and metals used in manufacturing, adding to prior inflationary pressures in Ghana.

The rural and community banking industry's high Non-Performing Loan levels remained the major challenge and the driver behind the high lending rates.

Key Performance Indicators for the year 2021

Distinguished Shareholders, I am pleased to inform you that despite these macroeconomic headwinds, your Bank continued to maintain steady growth year on year in most of the key financial indicators in 2021 as indicated below.

Performance Indicators for the 2021 financial year

NO	INDICATORS	AS AT 31ST DEC 2021 (GH¢)	AS AT 31ST DEC. 2020 (GH¢)	%CHANGE	REMARKS
1	Total Deposit	25,621,266	22,565,822	13.54	Favourable
2	Investment	10,697,260	11,210,000	- 4.57	Unfavourable
3	Loan and Overdraft	9,357,7162	7,279,617	8.55	Favourable
4	Shareholder's Funds	2,118,454	1,767,047	19.89	Favourable
5	Share Capital	1,232,769	1,192,129	3.40	Favourable
6	Total Assets	28,454,915	25,754,219	10.49	Favourable
7	Profit Before Tax	285,214	92,847	307.19	Favourable

HIGHLIGHTS ON THE KEY PERFORMANCE INDICATORS (KPI)

Total Deposit

Customer deposits grew by 13.54% from GH¢ 22.56 million in 2020 to GH¢ 25.62 million in 2021 due to intensive mobilization embarked upon by Board, Management and Staff. The Bank's deposit will continue to grow as the Board and Management intend to form a marketing department to spearhead deposit mobilization drive of the Bank.

Investment

The decline in the Banks short-term investment by 4.57% from GH¢ 11,210,000.00 to GH¢ 10,697,260.00 was due to need to redeem our investment in Government securities to supports our local economy by extending credit facilities to local businesses.

Loans and Advances

The Bank's loans and advances increased from GH¢ 7,279,617 to GH¢ 9,357,716 representing a growth of 28.55%. It is noteworthy that more than 40% of these loans went to the agricultural sector due to the Bank's constant and persistent commitment to support the tomatoes, cocoa and cashew farmers within our catchment areas. Kindly allow me to use this opportunity to make a passionate appeal to all our loan defaulters to fulfill their loan repayment obligation to avoid legal actions against them.

Fellow Shareholders, we appeal to you to help us educate all other customers on the need to pay their loan on time as Non-performing loans mitigate so much against our growth and profitability.

Shareholders' Fund (Net Worth)

Dear Shareholders, your Bank's net worth grew by almost 20% from GH¢ 1,772,916 to GH¢ 2,118,454 during the year under review. As the name shows, this amount represents funds due to you the shareholders as at 31st December, 2021. The Board and Management would take prudent measures to further improve your fund in the Bank for the subsequent years.

Paid Up Capital

I wish to inform all shareholders that the Bank's paid up capital as at 31st December, 2021 was GH¢ 1,232,769 as against GH¢ 1,192,129 from the previous year representing a marginal growth of 3.40%. Though we have met the minimum capital requirement, the Bank of Ghana may any moment from now increase the minimum capital requirement threshold. Hence the need to inject fresh capital to meet any possible future increment in the minimum capital threshold.

Total Assets

Ladies and Gentlemen, the total assets of the Bank increased from GH¢ 25,754,219 to GH¢ 28,454,915 representing an increase of 10% during the period under review. The Board and Management would continue to improve upon the operational performance of the bank in order to grow the assets base of the Bank.

Profit before Tax

Fellow Shareholders, despite the economic challenges associated with the post covid 19 pandemic, the profit before tax increase from GH¢ 92,847 to GH¢ 285,214 representing an increase of 307% from 2020 to the period under review. Board and Management are doing everything possible to further improve the profit performance of the bank.

Dividend

The directors do not recommend a dividend payment for the year under review. Notice No BG/GOV/ SEC/2020/03

Governance and Board Changes

The Board is responsible for setting the right tone from the top and ensuring that a robust governance system is in place to enable SRB succeed and deliver long-term sustainable growth and benefits to the various stakeholders. The Board remain committed to fulfilling these obligations and responsibilities in the best interest of the Bank and its stakeholders. The Bank of Ghana Corporate Governance Directive for Rural and Community Banks which serves as a guide to best corporate governance practices became fully operational on March 31, 2022.

In accordance with the Company Act 2019 Act 992 and the Co-operative Governance Directive Akwasi Afram and William Abayeteye are to retire by rotation at this annual general meeting. Two of the directors namely Akwasi Afram and William Abayeteye being eligible offer themselves for re-election. Kindly note that newly elected directors would have to get Bank of Ghana approval before they attend Board meetings.

Electronic Money Transfer (GhanaPay)

Ladies and Gentlemen, let me take this opportunity to admonish our cherished shareholders and customers to register on the Ghana Pay mobile money platform. The Ghana Pay mobile money wallet could facilitate the transfer and receipt of electronic money to and from any mobile money wallet and also provides the subscriber with the convenience of having to deposit or withdraw from their traditional account, once that account is linked to the GhanaPay platform without the need to visit the Bank for deposit and withdrawal transactions.

Kindly visit our agencies to have this registration done for you. All you need for this registration is the Ghana Card and your phone number.

Corporate Social Responsibilities

Dear Shareholders, Nananom, the Bank is committed to the socio-economic development of its operational areas. As a result of that, a total amount of GH¢ 19,683.00 was donated to the various social institutions in the Bank's catchment area. Among these institutions were various educational institutions, District Assemblies, Traditional Councils and Others. The Bank shall continue to give back, part of the wealth it creates to the communities in which the bank operates.

Appreciation:

Ladies and Gentlemen, at this juncture, I wish to express my profound thanks to my fellow board members for the cooperation they have accorded me ever since I took over as the Board Chairman. In the same vein, I wish to thank you the shareholders and the supervisory bodies, customers of the bank and all who have been supportive to the bank.

Conclusion

Nananom, invited guests, fellow shareholders, I could not end my speech without appreciating the effort of management and staff of the Bank for their dedication to the Bank. I will urge them to keep their performance up. I thank you very much for coming to grace this occasion.

I wish you merry Christmas and prosperous New Year

May God bless us all.

Thank you

SUMA RURAL BANK LIMITED

REPORT OF THE DIRECTORS TO THE MEMBERS OF SUMA RURAL BANK LIMITED

Report of the Directors

The Directors in submitting to the shareholders the financial statements of the Bank for the year ended 31st December, 2021 report, as follows:

Directors' Responsibility Statement

The Bank's Directors are responsible for the preparation of financial statements that give a true and fair view of Suma Rural Bank Limited, comprising the statement of financial position at 31st December, 2021, and the statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and the notes to the financial statements which include a summary of significant accounting policies and other explanatory notes, in accordance with International Financial Reporting Standards (IFRSs), and in the manner required by the Companies Act, 2019 (Act 992), and Banks and Specialised Deposit-Taking Institutions Act, 2016 (Act 930). In addition, the Directors are responsible for the preparation of the Directors' report.

The Directors are also responsible for planning, implementing and maintaining internal controls, such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and for maintaining adequate accounting records and an effective system of risk management.

The Directors have made an assessment of the Bank's ability to continue as a going concern and have no reason to believe the business will not be a going concern.
The Auditor is responsible for reporting on whether the financial statements give a true and fair view in accordance with the applicable financial reporting framework.

Business Review

The financial results of the Bank for the year ended 31st December, 2021 are set out in the attached financial statements, highlights of which are as follows:

	2021	2020
	GH¢	GH¢
Profit / (Loss) Before Tax	285,214	92,847
Profit / (Loss) After Tax	310,754	71,716
Total Assets	28,454,915	25,754,219
Total Liabilities	26,336,461	23,987,172
Total Equity	2,118,454	1,767,047

As indicated above, in accordance with Section 29 (a) of the Banks and Specialised Deposit-Taking Institutions Act, 2016 (Act 930), an amount of GH¢142,607 was transferred to the statutory reserve fund from profit for the year, bringing the cumulative balance on the statutory reserve fund to GH¢735,699 at the year end.

The Directors consider the state of the Bank's affairs to be satisfactory.

Dividends

The Directors do not recommend payment of dividend during the year as per the directives from Bank of Ghana.

Particulars of entries in the Interest Register during the Financial Year

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

Capacity Building of Directors to discharge their duties

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 business, the risks and challenges faced, the economic knowledge and the legal and regulatory environment in which the Bank operates. Programmes of strategic and other reviews, together with the other training programmes provided during the year, ensure that Directors continually updated their skills, knowledge and familiarity with the Bank's businesses. This further provides insights about the industry and other developments to enable them effectively fulfil their role on the Board and committees of the Board.

Nature of Business

The principal activities carried out by the Bank include the provision of micro finance facilities in the form of loans to the general public, with the emphasis on lending to those in society with limited incomes who would not ordinarily qualify for a loan from a traditional commercial bank. The Bank also accepts deposits of various types including current accounts, savings accounts and enters into contracts for fixed deposits.
The Bank is licensed to operate the business of a Rural and Community Banking.
There was no change in the nature of the Bank's business during the year.

Majority Shareholder

There is no single majority shareholder, as no individual holds more than 10% of the Bank issued shares.

Going Concern

The Bank's business activities together with the factors likely to affect its future development and performance are summarized in this Financial Report. This Financial Report describes the financial position of the Bank and its cash flows and liquidity position. The Bank is continually in discussion with its financiers (Shareholders) about their support and no matters have been drawn to its attention to suggest that continuous financial support may not be forthcoming on acceptable terms.

The Bank's forecasts and projections, taking account of reasonably possible changes in economics performance, show that the Bank should be able to operate within the level of its current financial resources. The Directors have a reasonable belief that the Bank has adequate resources to continue in operational existence for the foreseeable future and the financial statements continue to be prepared on the going concern basis.

Disclosure of Information to Auditor

In the case of the person who is a Director of the Bank at the date when this report was approved:

- So far as the Directors are aware, there is no relevant audit information as defined in

- the Companies Act of which the Bank's auditors are unaware; and
- The Directors have taken all the steps that they ought to have taken as Directors to make themselves aware of any relevant audit information (as defined) and to establish that the Banks's auditors are aware of that information.

Auditor

The Auditor, Gyabaah and Partners will continue in office in accordance with Section 139 (5) of the Companies Act, 2019 (Act 992) and section 81 of the Banks and Specialised Deposit- Taking Institution Act 2016 (Act 930).

Approval of the Financial Statements

The financial statements of the Bank were approved by the Board of Directors on 2nd April, 2022 and were signed on their behalf by:

..... **DIRECTOR**

..... **DIRECTOR**

SUMA RURAL BANK LIMITED
FINANCIAL STATEMENTS
YEAR ENDED 31ST DECEMBER 2021

REPORT OF THE AUDIT COMMITTEE & CREDIT COMMITTEE

In accordance with corporate governance best practices contained in the Banking Business – Corporate Governance Directive 2018, the members of the Audit Committee of the Bank hereby report as follows:

i. We are of the opinion that the accounting and reporting policies of the Bank are in accordance with legal requirements and agreed ethical practices and that the scope and planning of both the external and internal audits for the full year ended 31st December 2021 were satisfactory and reinforced the Bank's internal control system.

ii. We are satisfied that the Bank has complied with the provisions of Bank of Ghana's Circular BSD/108/2011, International Financial Reporting Standard (IFRS) Implementation, and hereby confirm that an amount has been set aside as at 31st December 2021 in relation to difference in impairment provisions for loans and advances under International Financial Reporting Standard (IFRS) and Bank of Ghana (BoG) Guidelines.

iii. We have deliberated with the external auditors, who have confirmed that necessary cooperation was received from management in the course of their audit and we are satisfied with management's responses thereon and with the effectiveness of the Bank's system of accounting and internal control.

.....

Chairman, Audit Committee

SUMA RURAL BANK LIMITED
INDEPENDENT AUDITOR'S REPORT
TO MEMBERS OF SUMA RURAL BANK LIMITED ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2021

Opinion

We have audited the financial statements of **SUMA Rural Bank Limited set out on pages 17 to 21**, which comprise the statement of financial position as at 31 December, 2021, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of **SUMA Rural Bank Limited** as at 31 December 2021, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) and in manner required by the Companies Act, 2019 (Act 992) and the Bank and Specialised Deposit-Taking Institution Act, 2016 (Act 930).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the financial statements section of our report in accordance with the Companies Act 2019 (Act 992). We are independent of the Bank in accordance with the International Ethics Standard for Accountants' International Code of Ethics for Professional Accountants (IFAC Code) (Including International Independence Standards) (IESBA Code), together with the ethical requirements that are relevant to our audit of the financial statements in Ghana and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

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

Opening Balances from 2020 Financial Statements

The Key Audit Matter	How it was address in our audit
The Financial Statements for 2020 used as the comparative figures and opening balances were not prepared by Gyabaah and Partners.	We (Gyabaah and Partners) confirmed the opening balances and placed reliance on them after conducting series of substantive tests.

Application of IFRS 16, Accounting for Lease in the books of the lessee, in this case Suma Rural Bank, reference to notes 16 and 18

The Key Audit Matter	How it was address in our audit
As at 31 December 2021, the Bank reclassified all the rent of its banking halls under IFRS 16.	To address the Key Audit Matter, we performed the following audit procedures to assess whether the transactions meet the criteria of IFRS 16.

A total of GH¢54,258 was transferred from the rent prepayment to Right of Use Assets during the year.	The existence of assets, documentations relating to the assets (buildings).
An amount of GH¢45,125 was recognised in the Statement of Profit or Loss and Other Comprehensive Income as depreciation of the Right of Use Assets, instead of rent expense.	We confirmed the calculations of the monthly rents charged to the Income Statements

Other Information

The Directors are responsible for the other information. The other information comprises the Report of the Directors as required by the Companies Act, 2019 (Act 992), Corporate Information, Report of the Audit Committee and Credit Committee which we obtained prior to the date of this Auditor's Report date. The Chairperson's Statement which is expected to be made available to us after that date, but 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, we conclude that there is a material misstatement of this other information; we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for The Financial Statements

The Directors are responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards (IFRSs) and in the manner required by the Companies Act, 2019 (Act 992) and the Bank and Specilised Deposit-Taking Institutions Act, 2016 (Act 930), and for such internal control as Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is 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 management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsible to those

those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for

- one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters.

Report on Other Legal and Regulatory Requirement

Compliance with the requirement of Section 137 of the Companies Act, 2019 (Act 992) and Section 85 of the Banks and Specilised Deposit-Taking Institutions Act, 2016 (Act 930)

- We have obtained all the information and explanations which to the best of our knowledge and belief are necessary for the purpose of our audit.
- In our opinion proper books of accounts have been kept by the Bank so far as appears from our examination of those books, and

- The Financial Position, Statements of Profit or Loss and Other Comprehensive Income and Statement of Cash Flows are in agreement with the accounting records and returns.

We are independent of the Bank under pursuant to Section 143 of the Companies Act, 2019 (Act 992), the Bank's transactions were within its powers and the Bank generally complied with the relevant provisions of the Banks and Specialised Deposit-Taking Institutions Act, 2016 (Act 930).

The Bank has generally complied with the provisions of the Anti-Money Laundering Act, 2008 (Act 749) and all relevant Amendment and regulations until it was replaced with the Anti-Money Laundering Act, 2020 (Act 1044) issued on 29 December 2020. The Bank has also generally complied with the relevant provisions of the Anti-Terrorism Act 2008, (Act 762) and all the relevant Amendment and Regulations governing the Acts.

The engagement partner on the audit resulting in the independent auditors' report is **John C Gyabaah (ICAG/P/1002).**

GYABAAH & PARTNERS
CHARTERED ACCOUNTANTS

Gyabaah & Partners
Chartered Accountants

ICAG/F/2021/008

John C Gyabaah
ICAG/P/1002

Gyabaah & Partners
Post Office Box 985
Sunyani
Bono Region

Date ……29/3/2022……

SUMA RURAL BANK LIMITED

Statement of Profit or Loss and Other Comprehensive Income
Year Ended 31st December, 2021

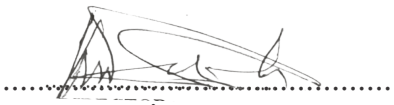
	Notes	2021 GH¢	2020 GH¢
Interest Income	10	4,340,175	3,575,255
Interest Expense	11	(799,795)	(870,588)
Net Interest Income		**3,540,380**	**2,704,667**
Fees and Commission Income	12	736,068	586,718
Fees and Commission Expenses	12	(244,845)	(237,245)
Net Fees and Commission Income		**491,223**	**349,473**
Revenue		**4,031,603**	**3,054,140**
Other Operating Income	13	763,274	798,203
Total Operating Income		**4,794,877**	**3,852,343**
Impairment loss on Financial Assets	19	63,757	148,624
Personnel Expenses	15	1,944,444	1,590,079
Depreciation and Amortisation	16	252,137	255,305
Other Expenses	17	2,249,325	1,765,488
Total Operating Expenses		**4,509,663**	**3,759,496**
Profit/(Loss) before tax		**285,214**	**92,847**
Tax (Expenses)/Credit on ordinary activities	26	25,541	(21,131)
Profit/(Loss) after tax attributable to Equity holders		**310,754**	**71,716**
Other Comprehensive Income			
Movement in Fair Value in Equity Investment (FVOCI)	18	-	-
Related Tax		-	-
		-	**-**
Total Comprehensive Income		**310,754**	**71,716**
Basic Earnings per share	22	**0.12**	**0.03**

The notes from page 22 are an integral part of these financial statements

SUMA RURAL BANK LIMITED
Statement of Financial Position
As at 31st December, 2021

	Notes	2021 GH¢	2020 GH¢
Cash and Cash Equivalents	20	4,649,889	3,648,575
Investment Securities at Amortised Cost	18	10,697,260	11,210,000
Loans and Advances to Customers	19	9,357,716	7,279,617
Current Taxation	26	71,875	105,214
Other Assets	21	1,651,325	1,598,175
		26,428,065	**23,841,581**
Property, Plant Equipment	36	1,649,933	1,752,749
Right of Use Assets	14	51,091	36,216
Intangible Assets	32	202,153	-
Investment Securities at FVOCI	18	123,673	123,673
Total Assets		**28,454,915**	**25,754,219**
Liabilities			
Deposits and Current Accounts	22	25,621,266	22,565,822
Provisions	25	23,121	23,382
Other Liabilities	24	655,850	849,423
		26,300,237	**23,438,627**
Long Tem Liabilities			
Borrowings	23	-	466,656
Deferred Tax Liability	25	36,224	81,889
		36,224	**548,545**
Total Liabilities		**26,336,461**	**23,987,172**
Shareholders Funds			
Equity Share Capital	27	800,000	1,166,729
Deposits for Shares	27	432,769	593,092
Preference Share Capital	27	13	13
Total Stated Capital		**1,232,782**	**1,192,129**
Statutory Reserve Fund	28	735,699	593,092
Other Reserve	29	-	-
Retained Earnings	30	149,973	(18,174)
Total Shareholders Fund		**2,118,454**	**1,767,047**
Total Liabilities and Shareholders Funds		**28,454,915**	**25,754,219**

The financial statements were approved by the Board of Directors on 2nd April, 2022 and signed on their behalf by



..... Director

..... Director

The notes from page 22 are an integral part of these financial statements

SUMA RURAL BANK LIMITED

Statements of Changes in Shareholder Equity
Year Ended 31st December, 2021

	Stated Capital	Deposit for Shares	Statutory Reserve Fund	Other Reserve	Retained Earnings	Total
	GH¢	GH¢	GH¢	GH¢	GH¢	GH¢
Balance as at Start	1,166,729	25,387	593,092	-	(18,174)	1,767,034
Adjustment	(366,729)	366,729	-	-	-	-
Total Comprehensive Income	**-**	**-**	**-**	**-**	**-**	**-**
Profit for the year	-	-	-	-	310,754	310,754
Other Comprehensive Income (Net of Tax)	-	-	-	-	-	-
	800,000	**392,116**	**593,092**	**-**	**292,580**	**2,077,788**
Transfers (to)/from Reserves						
Transfer to Statutory Reserve	-	-	142,607	-	(142,607)	-
Transfer to Credit Reserve	-	-	-	-	-	-
Transfer to Other Funds	-	-	-	-	-	-
Transfer to Other Reserves	-	-	-	-	-	-
Net Transfer Reserves	**-**	**-**	**142,607**	**-**	**(142,607)**	**-**
Transactions with Owners						
Dividend	-	-	-	-	-	-
Shares Issued	-	40,653	-	-	-	40,653
Total Transaction with Owners	**-**	**40,653**	**-**	**-**	**-**	**40,653**
Balance as End	**800,000**	**432,769**	**735,699**	**-**	**149,973**	**2,118,441**

SUMA RURAL BANK LIMITED

Statements of Changes in Shareholder Equity
Year Ended 31st December, 2020

	Stated Capital	Deposit for Shares	Statutory Reserve Fund	Other Reserve	Retained Earnings	Total
	GH¢	GH¢	GH¢	GH¢	GH¢	GH¢
Balance as at Start	1,166,729	-	557,234	-	(54,032)	1,669,931
Total Comprehensive Income	**-**	**-**	**-**	**-**	**-**	**-**
Profit for the year	-	-	-	-	71,716	71,716
Other Comprehensive Income (Net of Tax)	-	-	-	-	-	-
	1,166,729	**-**	**557,234**	**-**	**17,684**	**1,741,647**
Transfers (to)/from Reserves						
Transfer to Statutory Reserve	-	-	35,858	-	(35,858)	-
Transfer to Credit Reserve	-	-	-	-	-	-
Transfer to Other Funds	-	-	-	-	-	-
Transfer to Other Reserves	-	-	-	-	-	-
Net Transfer Reserves	**-**	**-**	**35,858**	**-**	**35,858**	**-**
Transactions with Owners						
Dividend	-	-	-	-	-	-
Shares Issued	-	25,387	-	-	-	25,387
Total Transaction with Owners	**-**	**25,387**	**-**	**-**	**-**	**25,387**
Balance as End	**1,166,729**	**25,387**	**593,092**	**-**	**(18,174)**	**1,767,034**

Deposit for shares represents shares issued but yet to be registered

The notes from page 22 are an integral part of these financial statements

SUMA RURAL BANK LIMITED
Statement of Cash Flows
Year Ended 31st December, 2021

	Notes	2021 GH¢	2020 GH¢
Operating Activities			
Profit/(Loss) before tax	18	285,214	92,847
Adjusted for:			
Depreciation Charges & Amortisation	16	252,137	255,305
Transfer from Other Assets to Right of Use Assets		-	(54,258)
Non Cash Transactions		105,214	-
Operating Profit before working capital changes		**642,565**	**293,894**
Increase/ Decrease in Loans and Advances	19	(2,078,099)	(674,278)
Increase/ Decrease in Other Assets	21	(53,150)	(51,581)
Increase/ Decrease in Deposits	22	3,055,444	4,151,041
Increase/ Decrease in Other Liabilities	23	(193,573)	481,882
Increase/ Decrease in Provisions	25	(261)	17,513
Increase/ Decrease in Borrowing	23	(466,656)	(1,422,200)
Cash Generated/ Used in Operations		**906,270**	**2,796,271**
Tax Paid	35	(92,000)	(25,000)
Net Cash Flow from Operating Activities		**814,270**	**2,771,271**
Investing Activities			
(Increase)/ Decrease in Investments - Short Term	18	512,740	(3,170,000)
Payment of Right of Use of Assets	14	(60,000)	-
Payment for Intangible Assets	32	(224,615)	-
Purchase of Property, Plant & Equipment	36	(81,734)	(366,884)
Net Cash Flow from Operating		**146,391**	**(3,536,884)**
Financing Activities			
Ordinary Shares Issue	27	40,653	25,387
Dividend Paid		-	-
Net Cash Flow from Financing Activities		**40,653**	**25,387**
Net Increase in Cash & Cash Equivalents		**1,001,314**	**(740,226)**
Cash and Cash Equivalents as at Start		3,648,575	4,388,801
Cash and Cash Equivalents as at End	20	**4,649,889**	**3,648,575**
Analysis of Cash & Cash Equivalents			
As at 31st December 2021			
Cash on Hand		2,052,070	1,731,566
Claims on Other Banks		5,970	2,000
Other - ACOD 7		1,200,000	500,000
Current Accounts - ARB Apex Bank Ltd.		149,915	218,224
Ezwich		-	120,788
5% Apex Reserves/ Deposit		1,241,934	1,075,997
		4,649,889	**3,648,575**
Allowance for ECL		-	-
		4,649,889	**3,648,575**
Note			
Non Cash Transactions			
Prior Year Adjustment - Tax		105,214	-
		105,214	**-**

SUMA RURAL BANK LIMITED
NOTES FORMING PART OF FINANCIAL STATEMENTS

1. REPORTING ENTITY

Suma Rural Bank Limited (the Bank) is a limited liability company incorporated and domiciled in Ghana. The address of the Bank's registered office is Post Office Box 13, Suma Ahenkro, Bono Region, Ghana. The financial statements of the Bank as at, and for the year ended 31 December 2021 are as stated in this report. The principal activities carried out by the Bank include the provision of micro finance facilities in the form of loans to the general public. The Bank also accepts deposits of various types including current accounts, savings accounts and enters into contracts for fixed deposits.

For Companies Act, 2019 (Act 992) reporting purposes, the balance sheet is represented by the statement of financial position and the profit or loss account by part of the statement of profit or loss and other comprehensive income in these financial statements.

2. BASIS OF ACCOUNTING

a. Statement of compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) and in the manner required by the Companies Act, 2019 (Act 992) and the Banks and Specilised Deposit-Taking Institutions Act, 2016 (Act 930). There were no changes to significant accounting policies as described in Notes.

b. Functional and Presentation Currency

These financial statements are presented in Ghana Cedi, which is the Bank's functional currency. All amounts have been rounded to the nearest one Ghana Cedi, except when otherwise stated.

c. Basis of Measurement

The financial statements have been prepared on a historical cost basis except financial instruments at fair value through other comprehensive income (FVOCI).

The Bank presents its statement of financial position in order of liquidity. An analysis regarding recovery or settlement within 12 months after the reporting date (current) and more than 12 months after the reporting date (non-current) is presented.

Details of the Bank's accounting policies are included in Note 3

a. Use of Judgements and Estimates

The Preparation of financial statements, in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of the Bank's accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

i. Judgements

Information about judgements made in applying accounting policies that have the most significant effects on the amounts recognised in the financial statements is included in the notes

1. Classification of financial assets: assessment of the business model within which the assets are held and assessment of whether the contractual terms of the financial asset are Solely Payments of Principal and Interests (SPPI) on the principal amount outstanding.

2. Establishing the criteria for determining whether credit risk on the financial asset has increased significantly since initial recognition, determining methodology for incorporating forward-looking information into measurement of Expected Credit Loss (ECL) and selection and approval of models used to measure ECL.

ii. Assumptions and estimation uncertainties

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment in the year ended 31 December 2021 are set out below in relation to the impairment of financial assets and in the following notes:
Impairment of financial instruments: determining inputs into the ECL measurement model, including incorporation of forward-looking information.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Bank has consistently applied the following accounting policies to all periods presented in these financial statements.

a. Leases

At inception of a contract, the Bank assesses whether a contract is, or contains, a lease.
A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.
This policy is applied to contracts entered into (or changed) on or after 1 January 2019.

a. Bank acting as a lessee

The Bank recognises a right-of-use asset and a corresponding lease liability with respect to all lease agreements in which it is the lease, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets.

b. Initial Recognition and Measurement

At commencement or on modification of a contract that contains a lease component, the Bank allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices. However, for leases of branches and office premises, the Bank has elected not to separate non-lease components and accounts for the lease and non-lease components as a single lease component.

The Bank recognises a right-of-use asset and a lease liability at commencement date. The right-of-use asset is initially measured at cost, comprising the initial amount of lease liability adjusted for any lease payment made at or prior to commencement date, plus any initial direct cost plus estimate of the cost to dismantle and remove any improvement made to branches or office premise less any lease incentives received.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Bank's incremental borrowing rate. Generally, the Bank uses its incremental borrowing rate as the discount rate.

The Bank determines its incremental borrowing rate by obtaining interest rate from various external financial sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased.

Lease payments included in the measurement of the lease liability comprise the following:

- Fixed repayment, including in-substance fixed payments
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the Bank is reasonably certain to exercise, lease payments in an optional renewal period if the Bank is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Bank is reasonably certain not to terminate early.

c. Subsequent Measurement

The right-of-use asset is subsequently depreciated on a straight-line basis from the commencement date to the end of the lease term unless the initial recognition considers the exercise of a purchase option or the lease transfers the ownership of the underlying to the Bank by the end of the lease term. In which case, right of use asset is amortised over the useful life of the underlying asst.

Additionally, right of use asset is periodically reduced by impairment losses, if any, and adjusted for certain re-measurements of the lease liability.

Lease liability is subsequently measured at amortised cost using the effective interest method. It is re-measured when there is a change in the original assessment of the lease term, a change in the estimate of residual guarantee or a change in index or rate effecting payments or a change in the fixed lease payment. When the lease liability is re-measured in this way the carrying amount of the right of use asset is adjusted by the same amount or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Bank determines its incremental borrowing rate by analysing its borrowing from various external sources with relevant adjustments to reflect the terms of the lease.

The Bank presents right-of-use assets that do not meet the definition of investment property in “Property and equipment”

Short term lease and leases of low-value assets

The Bank has elected not to recognise right-of-use assets and lease liabilities for low-value assets and short-term leases, including IT equipment. The Bank recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

b. Income tax

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

Current tax is the expected tax payable or receivable on taxable income or loss for the year, measured using tax rates enacted or substantively enacted at the balance sheet date. Current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the following temporary differences: the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit.

Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reviewed at each reporting date and are adjusted to the extent that it is no longer probable that the related tax benefit will be realised.

The measurement of deferred tax reflects the tax consequences that would follow the manner in which the Bank expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Additional income taxes that arise from the distribution of dividends are recognised at the same time as the liability to pay the related dividend is recognised.

In determining the amount of current and deferred tax, the Bank considers the impact of tax exposures, including whether additional taxes and interest may be due. This assessment relies on estimates and assumptions and may involve a series of judgements about future events. New information may become available that causes the Bank to change its judgement regarding the adequacy of existing tax liabilities; such changes to tax liabilities would impact tax expense in the period in which such a determination is made.

c. Financial assets and financial liabilities

Recognition and measurement

The Bank initially recognises *cash and cash equivalents, loans and advances, investment securities, other assets, deposits and debt securities* on the date on which they are originated. All other financial instruments are recognised on the trade date, which is the date on which the Bank becomes a party to the contractual provisions of the instrument. A financial asset or financial liability is measured initially at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue. The fair value of a financial instrument at initial recognition is generally its transaction price.

Classification

Financial Assets

On initial recognition, a financial asset is classified as measured at amortised cost, Fair value through other comprehensive income (FVOCI) or Fair value through profit or loss (FVTPL).

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

1. the asset is held within a business model whose objective is to hold assets to collect

contractual cash flows; and

2. the contractual terms of the financial asset give rise on specified dates to cash flows that are Solely Payment of Principal and Interest (SPPI).
3. A debt instrument is measured at FVOCI only if it meets both of the following conditions and is not designated as at FVTPL:
4. the asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
5. the contractual terms of the financial asset give rise on specified dates to cash flows that are SPPI.
6. All other financial assets are classified as measured at FVTPL.

In addition, on initial recognition, the Bank may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Business model assessment

The Bank makes an assessment of the objective of a business model in which an asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. In particular, whether management's strategy focuses on earning contractual interest revenue, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of the liabilities that are funding those assets or realising cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Bank's management;
- The risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- How managers of the business are compensated e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected;
- The frequency, volume and timing of sales in prior periods, the reasons for such sales and its expectations about future sales activity. However, information about sales activity is not considered in isolation, but as part of an overall assessment of how the Bank's stated objective for managing the financial assets is achieved and how cash flows are realised.

Financial assets that are held for trading or managed and whose performance is evaluated on a fair value basis are measured at FVTPL because they are neither held to collect contractual cash flows nor held both to collect contractual cash flows and to sell financial assets.

Assessment of whether contractual cash flows are solely payments of principal and interest on principal.

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Bank considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making the assessment, the Bank considers:

- contingent events that would change the amount and timing of cash flows;
- prepayment and extension terms;
- terms that limit the Bank's claim to cash flows from specified assets (e.g. non-recourse asset arrangements); and
- features that modify consideration of the time value of money – e.g. periodical reset of interest rates.

The Bank holds a portfolio of long-term fixed rate loans for which the Bank has the option to propose a revision of the interest rate at periodic reset dates. These reset rights are limited to the market rate at the time of revision. The right to reset the rates of the loans based on the revision in market rates is part of the contractually agreed terms on inception of the loan agreement; therefore, the borrowers are obligated to comply with the reset rates without any option of repayment of the loans at par at any reset date. The Bank has determined that the contractual cash flows of these loans are solely payments of principal and interest because the option varies with the interest rate in a way that is considered a consideration for the time value of money, credit risk, other basic lending risks and costs associated with the principal amount outstanding.

Reclassification
Financial assets are not reclassified subsequent to their initial recognition, except in the period after the Bank changes its business model for managing financial assets.

Classification and subsequent measurement
Financial Assets – Subsequent measurement and gains and losses

a) Amortised cost
Financial assets at amortised cost comprises cash and cash equivalents, investment securities at amortised cost, loans and advances to customers, and other assets. They are subsequently measured at amortised cost using the effective interest method less any impairment losses.

Interest income is determined using the effective interest method, foreign exchange gains and losses and impairment are reported in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

b) Fair value through other comprehensive income
Equity instruments
These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gain and losses are recognised in OCL and are never reclassified to profit or loss.

Financial Liabilities - Classification and subsequent measurement

Deposits are the Bank's source of debt funding.

When the Bank sells a financial asset and simultaneously enters into an agreement to repurchase the asset (or a similar asset) at a fixed price on a future date (sale-and-repurchase agreement), the arrangement is accounted for as a deposit, and the underlying asset continues to be recognised in the Bank's financial statements.

Financial liabilities comprising deposit from customers and other liabilities are subsequently measured at their amortised cost using the effective interest method.

I. Derecognition

Financial assets

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

On derecognition of a financial asset, the difference between the carrying amount of the asset (or the carrying amount allocated to the portion of the asset derecognised) and the sum of (i) the consideration received (including any new asset obtained less any new liability assumed) and (ii) any cumulative gain or loss that had been recognised in OCI is recognised in profit or loss.

From 1 January 2021 any cumulative gain/loss recognised in OCI in respect of equity investment securities designated as at FVOCI is not recognised in profit or loss on derecognition of such securities. Any interest in transferred financial assets that qualify for derecognition that is created or retained by the Bank is recognised as a separate asset or liability.

Financial liabilities

The Bank derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire.

ii. Modifications of financial assets and financial liabilities

Financial assets

If the terms of a financial asset were modified, then the Bank evaluated whether the cash flows of the modified asset were substantially different. If the cash flows were substantially different, then the contractual rights to cash flows from the original financial asset were deemed to have expired. In this case, the original financial asset was derecognised and a new financial asset was recognised at fair value.

If the terms of a financial asset were modified because of financial difficulties of the borrower and the asset was not derecognised, then impairment of the asset was measured using the pre- modification interest rate.

Financial liabilities

The Bank derecognised a financial liability when its terms were modified and the cash flows of the modified liability were substantially different. In this case, a new financial liability based on the modified terms was recognised at fair value. The difference between the carrying amount of the financial liability extinguished and consideration paid was recognised in profit or loss. Consideration paid included non-financial assets transferred, if any, and the assumption of liabilities, including the new modified financial liability.

If the modification of a financial liability was not accounted for as derecognition, then any costs and fees incurred were recognised as an adjustment to the carrying amount of the liability and amortised over the remaining term of the modified financial liability by re-computing the effective interest rate on the instrument.

Financial assets

If the terms of a financial asset are modified, then the Bank evaluates whether the cash flows of the modified asset are substantially different.

If the cash flows are substantially different, then the contractual rights to cash flows from the original financial asset are deemed to have expired. In this case, the original financial asset is derecognised and a new financial asset is recognised at fair value plus any eligible transaction costs. Any fees received as part of the modification are accounted for as follows:

- fees that are considered in determining the fair value of the new asset and fees that represent reimbursement of eligible transaction costs are included in the initial measurement of the asset; and
- other fees are included in profit or loss as part of the gain or loss on derecognition.

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

If the modification of a financial asset measured at amortised cost or FVOCI does not result in derecognition of the financial asset, then the Bank first recalculates the gross carrying amount of the financial asset using the original effective interest rate of the asset and recognises the resulting adjustment as a modification gain or loss in profit or loss. Any costs or fees incurred and fees received as part of the modification adjust the gross carrying amount of the modified financial asset and are amortised over the remaining term of the modified financial asset.

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

Financial liabilities

The Bank derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different. In this case, a new financial liability based on the modified terms is recognised at fair value. The difference between the carrying

amount of the financial liability derecognised and consideration paid is recognised in profit or loss. Consideration paid includes non-financial assets transferred, if any, and the assumption of liabilities, including the new modified financial liability.

If the modification of a financial liability is not accounted for as derecognition, then the amortised cost of the liability is recalculated by discounting the modified cash flows at the original effective interest rate and the resulting gain or loss is recognised in profit or loss. Any costs and fees incurred are recognised as an adjustment to the carrying amount of the liability and amortised over the remaining term of the modified financial liability by re-computing the effective interest rate on the instrument.

iii. Offsetting financial instruments

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

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

iv. Fair value measurement

'Fair value' is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Bank has access at that date. The fair value of a liability reflects its non-performance risk.

When available, the Bank measures the fair value of an instrument using the quoted price in an active market for that instrument. A market is regarded as active if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

If there is no quoted price in an active market, then the Bank uses valuation techniques that maximise the use of relevant observable inputs and minimise the use of unobservable inputs. The chosen valuation technique incorporates all of the factors that market participants would take into account in pricing a transaction.

The best evidence of the fair value of a financial instrument at initial recognition is normally the transaction price – i.e. the fair value of the consideration given or received. If the Bank determines that the fair value at initial recognition differs from the transaction price and the fair value is evidenced neither by a quoted price in an active market for an identical asset or liability nor based on a valuation technique that uses only data from observable markets, then the financial instrument is initially measured at fair value, adjusted to defer the difference between the fair value at initial recognition and the transaction price. Subsequently, that difference is recognised in profit or loss on an appropriate basis over the life of the instrument but no later than when the valuation is wholly supported by observable market data or the transaction is closed out.

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

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

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

*v. **impairment of financial assets***

At each reporting date, the Bank assesses whether there is objective evidence that its financial assets are impaired. A financial asset or a group of financial assets is impaired when objective evidence demonstrates that a loss event has occurred after the initial recognition of the asset(s) and that the loss event has an impact on the future cash flows of the asset(s) that can be estimated reliably.

Objective evidence that financial assets are impaired includes:

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

The Bank considers evidence of impairment for loans and advances to customers and held-to-maturity investment securities at both a specific asset and a collective level. All individually significant loans and advances and held-to- maturity investment securities are assessed for specific impairment. Those found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified. Loans and advances to customers and held-to-maturity investment securities that are not individually significant are collectively assessed for impairment by grouping together loans and advances to customers and held-to-maturity investment securities with similar risk characteristics.

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

Impairment losses on assets measured at amortised cost are calculated as the difference between the carrying amount and the present value of estimated future cash flows discounted at the asset's original effective interest rate. If the terms of a financial asset are renegotiated or modified or an existing financial asset is replaced with a new one due to financial difficulties of the borrower, then an assessment is made of whether the financial asset should be derecognised. If the cash flows of the renegotiated asset are substantially different, then the contractual rights to cash flows from the original financial asset are deemed to have expired. In this case, the original financial asset is derecognised and the new financial asset is recognised at fair value.

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

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

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

The Bank writes off a loan or an investment debt security, either partially or in full, and any related allowance for impairment losses, when the Bank's Board of Directors determines that there is no realistic prospect of recovery and approval for write-off is granted by the Central Bank.

The Bank recognises loss allowances for ECL on financial assets that are debt instruments that are not measured at FVTPL. No impairment loss is recognised on equity investments.

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

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

The Bank considers a debt investment security to have low credit risk when its credit risk rating is equivalent to the globally understood definition of 'investment grade'. The Bank does not apply the low credit risk exemption to any other financial instruments.

- If the expected restructuring will not result in derecognition of the existing asset, then the expected cash flows arising from the modified financial asset are included in calculating the cash shortfalls from the existing asset.

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

12-month ECL are the portion of ECL that result from default events on a financial instrument that are possible within the 12 months after the reporting date. Financial instruments for which a 12-month ECL is recognised are referred to as 'Stage 1 financial instruments. Life-time ECL are the ECL that result from all possible default events over the expected life of the financial instrument. Financial instruments for which a lifetime ECL is recognised but which are not credit-impaired are referred to as 'Stage 2 financial instruments.

Measurement of ECL

ECL are a probability-weighted estimate of credit losses. They are measured as follows:

- financial assets that are not credit-impaired at the reporting date: as the present value of all cash shortfalls (i.e., the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Bank expects to receive);
- financial assets that are credit-impaired at the reporting date: as the difference between the gross carrying amount and the present value of estimated future cash flows;
- undrawn loan commitments: as the present value of the difference between the contractual cash flows that are due to the Bank if the commitment is drawn down and the cash flows that the Bank expects to receive; and

Restructured financial assets

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

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

Credit-impaired financial assets

At each reporting date, the Bank assesses whether financial assets carried at amortised cost and debt financial assets carried at FVOCI, and finance lease receivables are credit-impaired (referred to as 'Stage 3 financial assets'). A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or past due event;
- the restructuring of a loan or advance by the Bank on terms that the Bank would not consider otherwise;

- it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or

- the disappearance of an active market for a security because of financial difficulties.

A loan that has been renegotiated due to a deterioration in the borrower's condition is usually considered to be credit impaired unless there is evidence that the risk of not receiving contractual cash flows has reduced significantly and there are no other indicators of impairment. In addition, a retail loan that is overdue for 30 days or more is considered credit-impaired even when the regulatory definition of default is different.

In making an assessment of whether an investment in sovereign debt is credit-impaired, the Bank considers the following factors.

- The market's assessment of creditworthiness as reflected in the bond yields.
- The rating agencies' assessments of creditworthiness.
- The country's ability to access the capital markets for new debt issuance.
- The probability of debt being restructured, resulting in holders suffering losses through voluntary or mandatory debt forgiveness.
- The international support mechanisms in place to provide the necessary support as lender of last resort' to that country, as well as the intention, reflected in public statements, of governments and agencies to use those mechanisms. This includes an assessment of the depth of those mechanisms and, irrespective of the political intent, whether there is the capacity to fulfil the required criteria.

Presentation of allowance for ECL in the statement of financial position

Loss allowances for ECL are presented in the statement of financial position as follows:

- financial assets measured at amortised cost: as a deduction from the gross carrying amount of the assets;
- where a financial instrument includes both a drawn and an undrawn component, and the Bank cannot identify the ECL on the loan commitment component separately from those on the drawn component: The Bank presents a combined loss allowance for both components. The combined amount is presented as a deduction from the gross carrying amount of the drawn component. Any excess of the loss allowance over the gross amount of the drawn component is presented as a provision.

Write-off

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

Recoveries of amounts previously written off are included in 'impairment losses on financial instruments' in the statement of comprehensive income. Financial assets that are written off could still be subject to enforcement activities in order to comply with the Bank's procedures for recovery of amounts due.

d. Interest Income and Expense

Interest income and expense for all interest-bearing financial instruments are recognised within 'interest income' and 'interest expense' in profit or loss using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial asset or a financial liability and allocating interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability.

When calculating the effective interest rate, the Bank estimates cash flows considering all contractual terms of the financial instrument, including prepayment options, but does not consider future credit losses. The calculation includes all fees that are an integral part of the effective interest rate, transaction costs and all other premiums or discounts.

Calculation of interest income and expense

The effective interest rate of a financial asset or financial liability is calculated on initial recognition of a financial asset or a financial liability. In calculating interest income and expense, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit-impaired) or to the amortised cost of the liability.

However, for financial assets that have become credit-impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the amortised cost of the financial asset. If the asset is no longer credit-impaired, then the calculation of interest income reverts to the gross basis.

For financial assets that were credit-impaired on initial recognition, interest income is calculated by applying the credit-adjusted effective interest rate to the amortised cost of the asset. The calculation of interest income does not revert to a gross basis, even if the credit risk of the asset improves.

Presentation

Interest income calculated using the effective interest method presented in the statement of comprehensive income consist of interest on financial assets and financial liabilities measured at amortised cost;

Interest expense presented in the statement of comprehensive income consist of financial liabilities measured at amortised cost.

e. Fees and commissions income

Fees and commission are generally recognised on an accrual basis when the service has been provided. Loan commitment fees for loans that are likely to be drawn down are deferred, together with related direct costs, and recognised as an adjustment to the effective interest rate on the loan. If a loan commitment is not expected to result in the draw-down of a loan, then the related loan commitment fee is recognised on a straight-line basis over the commitment period.

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

f. Net trading income

Net trading income comprises gains less losses relating to trading assets and liabilities, including interest.

g. Cash and Cash Equivalents

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

Cash and cash equivalents are carried at amortised cost in the statement of financial position.

h. Property and equipment

i. Recognition and measurement

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

Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment. When parts of an item of property or equipment have different useful lives, they are accounted for as separate items (major components) of property and equipment.

The gain or loss on disposal of an item of property and equipment is determined by comparing the proceeds from disposal with the carrying amount of the item of property and equipment, and is recognised in other income/other expenses in profit or loss.

ii. Subsequent costs

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

iii. Depreciation

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each part of an item of property and equipment since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset.

The estimated useful lives for the current and corresponding periods are as follows:

Freehold Land & Buildings	2%
Motor Vehicle	20%
Office Equipment	25%
Furniture and Fittings	25%

Computers & Accessories	25%
Right of Used Assets	Leased Period

I. Intangible assets

i. Computer software

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

Amortisation is recognised in the statement of comprehensive income on a straight-line basis over the estimated useful life of the software, from the date that it is available for use. The estimated useful life of software is 5 years.

Amortisation methods, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate.

j. Impairment of non-financial assets

The carrying amounts of the Bank's non-financial assets other than deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. An impairment loss is recognised if the carrying amount of an asset exceeds its recoverable amount. Impairment losses are recognised in profit or loss.

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

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

k. Deposits from customers

Deposits from customers are the Bank's sources of funding. Deposits from customers are initially measured at fair value plus transaction costs, and subsequently measured at their amortised cost using the effective interest method.

l. Levies and similar charges

The Bank recognises the liability arising from levies and similar charges when it becomes legally enforceable.

m. Provisions and Contingencies

Provisions

A provision is recognised if, as a result of a past event, the Bank has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation.

Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. Future operating costs are not provided for.

Contingencies

A Contingent Liabilities is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the bank, or a present obligation that arises from past events but is not recognised because it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or the amount of the obligation cannot be measured with sufficient reliability,

If the likelihood of an outflow of resource is remote, the possible obligation is neither a provision nor a contingent liability and no disclosure is made.

i. Contingent liabilities and commitments

The conduct of the Bank's business does not involve acceptance and performance bonds and indemnities.

n. Employee Benefits

i. Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which the Bank pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an employee benefit expense in profit or loss in the periods during which services are rendered by employees. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

ii. Short term benefits

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

iii. Other long-term employment benefits – Long Service Benefit

Long Service Benefits accrue to employees based on graduated periods of uninterrupted service. These benefits accrue over the service life of employees. Provision for Long Service Benefits is made based on valuation done using the projected unit credit basis. Gains or losses arising are charged to other comprehensive income.

o. Stated capital and reserves

I. Share capital

The Bank classifies capital and equity instruments in accordance with the contractual terms of the instrument. The Bank's share capital is not redeemable by holders in the normal course of business and bears an entitlement to distributions that is non-cumulative and at the discretion of the Directors. Accordingly, they are presented as a component of issued capital within equity.

ii. Share issue costs

Incremental costs directly attributable to the issue of an equity instrument are deducted from the initial measurement of the equity instruments.

iii. Dividend on ordinary shares

Dividends on ordinary shares are recognized in the period in which they are approved by the shareholders. The Directors of the Bank proposed no dividend as at the end of the financial year ended 31 December 2021.

iv. Retained earnings

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

v. Statutory reserve

This represents amounts set aside as a non-distributable reserve from annual profits in accordance with section 34 of Banks and Specialised Deposit-Taking Institutions Act, 2016 (Act 930) and guidelines from Bank of Ghana.

vi. Credit risk reserve

This is a reserve created to set aside the excess of amounts recognized as impairment loss on loans and advances to customers, based on provisions calculated in accordance with the requirements of IFRS and the Bank of Ghana's prudential guidelines.

p. Related parties

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operational decisions, or one other party controls both.

Majority shareholder

There is no single majority shareholder and all the transactions with individual and corporate shareholders were conducted in an arm's length.

Transactions with key management personnel

The Bank's key management personnel and other employees of the Institution, and persons connected with them, are also considered to be related parties for disclosure purposes. The definition of key management includes the close members of family of key personnel and any entity over which key management exercise control. The key management personnel have been identified as the executive, non-executive directors and core employees of the Bank.

Interest rates charged on key management personnel for loans are at concessionary rates and other than the rates that would be charged in an arm's length transaction.

4. RISK MANAGEMENT FRAMEWORK

The Board of Directors has overall responsibility for the establishment and oversight of the Bank's risk management framework. The Board is responsible for developing and monitoring the Bank's risk management policies over specified areas.

The Bank's risk management policies are established to identify and analyse risks faced by the Bank, set appropriate risk limits and controls and monitor risks and adherence to

established policies. Risk management policies and systems are reviewed regularly to reflect changes in market conditions, products and services offered. Through training and setting of standards and procedures, the Bank has developed a disciplined and reasonably effective control environment in which all employees understand their roles and obligations.

The Bank's Board is responsible for monitoring compliance with the Bank's risk management policies and procedures, and for reviewing the adequacy of the risk management framework in relation to risks faced by the Bank.

The Bank's Board of Directors have been meeting on periodic bases to assess the risk associated with Bank's operations and monitoring of policies implemented.

5. FINANCIAL RISK MANAGEMENT

The Bank's activities expose the business to risks. These risks are managed professionally and in a targeted manner. Key risks arising from core functions are identified and measured to facilitate managing and determining risk positions and capital allocations. The Bank has exposure to the following types of risks from its use of financial instruments:

i. credit risk
ii. liquidity risk
iii. market risks
iv. operational risks

The Bank continues to assess its overall risk management framework and governance structure. This note presents information about the Bank's exposure to each of the above risks, the Bank's objectives, policies and processes for measuring and managing risk, and the Bank's management of capital.

a. Credit risk

Credit risk is the risk of financial loss to the Bank if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Bank's loans and advances to customers, cash and cash equivalents and investment securities. For risk management reporting purposes, the Bank considers all elements of credit risk exposure.

COVID-19 consideration

IFRS 7 Financial Instruments: Disclosures requires disclosure of the nature and extent of risks arising from financial instruments and how the company manages those risks.

In response to COVID-19 induced regulatory directives, banks introduced changes to the way they did their businesses, which in turn impacted the credit risk that arose from the transactions that they entered into and risk management practices. Banks changed the terms and conditions of the loan that they originated, changed their debt collection processes, received government guarantees in respect of its credit exposures among others (restructured timing and amounts of payments), reduced provisions for loans in the "Other Loans Especially Mentioned" (OLEM) category from 10 percent to 5 percent for all banks and SDIs as a policy response to loans that may experience difficulty in repayments due to slowdown in economic activity. These impacted the qualitative considerations in impairment computation as well as the regulatory credit reserve of the banks.

Regulatory changes

- The Bank of Ghana lowered the policy rate from 16% to 14.5% to encourage banks to lend to relevant sectors of the economy to support growth during this period.
- The Monetary Policy Committee (MPC) also reduced the primary reserve ratio from 10% to 8% for universal banks and from 8% to 6% for Rural and Community banks, to provide banks with more liquidity to support critical sectors of the economy.
- Provisioning for loans in OLEM category was reduced from 10% to 5%.
- Additionally, loan repayments that are past due up to 30 days for Rural and Community Banks, and Microfinance institutions were considered current.
- To encourage more use of digital platforms transaction fees for mobile money was waived for transactions up to a value GHS100.

Bank-specific changes

In line with the policy directs issued by the Bank of Ghana, the Bank also amended its regulatory loan provision requirement for loans and advances classified as OLEM category 10% to 5%. The Bank also granted moratorium to customers who were adversely affected by the COVID-19 pandemic.

Quantitatively, the impact of these bank-specific interventions (mainly granting of moratoriums to selected customers) was assessed as immaterial.

i. Settlement risk

The Bank's activities may give rise to risk at the time of settlement of transactions and trade. Settlement risk is the risk of loss due to the failure of a company to honour its obligations to deliver cash, securities or other assets as contractually agreed.

For certain types of transactions, the Bank mitigates this risk by conducting settlements through a clearing agent (the Bank's bankers) to ensure that a transaction is settled only when both parties have fulfilled their contractual settlement obligations.

ii. Management of credit risk

The Board of Directors created the Credit Committee for the oversight of credit risk. A separate Credit Unit, reporting to the Credit Committee through the General Manager, is responsible for managing the Bank's credit risk, including the following.

- Formulating credit policies in consultation with business units, covering collateral requirements, credit assessment, risk grading and reporting, documentary and legal procedures, and compliance with regulatory and statutory requirements.
- Establishing the authorization structure for the approval and renewal of credit facilities. Authorization limits are allocated to key management personnel, branch managers and credit committee. Larger facilities as well as advances to staff of the Bank require approval by the Board of Directors, as appropriate.
- Reviewing and assessing credit risk: Bank Credit Committee assesses all credit exposures in excess of designated limits, before facilities are committed to customers by the business unit concerned. Renewals and reviews of facilities are subject to the same review process.
- Developing and maintain the Bank's risk gradings to categorise exposures according to the degree of risk of default. The current risk grading framework consists of 8 grades reflecting varying degree of risk of default. The responsibility for setting risk grades lies with the final approving committee. Risk grades are subject to regular reviews by

Bank's Risk Committee.

Developing and maintaining the Bank's processes for measuring ECL: This includes processes for:

- initial approval, regular validation of the ECL model
- determining and monitoring significant increase in credit risk; and
- incorporation of forward-looking information.

- Reviewing compliance of stakeholders with agreed exposure limits, including those for selected credit customer groups and product type. Regular reports on the credit quality of portfolios are provided to Bank's Credit Committee, which may require appropriate corrective action to be taken. These include reports containing estimates of ECL allowances.

- Reviewing the acceptability of specific classes of collateral for credit risk mitigation. The principal collateral types for loans are:
  - Compulsory savings;
  - Short term investments
  - Guarantors
  - Mortgages over residential properties; and
  - Charges over business assets such as premises, inventory and accounts receivable.

The bank also registers all its collateral with the regulator (Bank of Ghana) and keeps a register at the banking premises (Head Office).

Regular audits of business units and Bank's credit processes are undertaken by Internal Audit.

iii. Credit Quality Analysis

Credit risk exposures relating to statements of financial position assets was as follows:

Credit Risk	**2021 (GH¢)**	**2020 (GH¢)**
Neither past due nor impaired	8,170,104	6,541,473
Past due but not impaired		
Days Overdue		
30 - 90	974,636	333,778
91 - 180	270,027	159,592
181 - 360	281,777	496,547
Over 360	548,961	572,259
	2,075,401	**1,562,176**
Impaired		
Days Overdue		
Up to 30	81,701	65,415
More than 30 - 90	48,732	16,689
More than 90 - 180	67,507	39,898
More than 180 - 360	140,889	248,274
More than 360	548,961	572,259
Adjustment	-	(118,502)
	887,789	**824,032**

Loans and Advances at Amortised Cost	2021 (GH¢)	2020 (GH¢)
Analysed in terms of Quality		
Neither past due nor impaired	8,170,104	6,541,473
Past due but not impaired	2,075,401	1,562,176
Gross Loans and Advances	**10,245,505**	**8,103,649**
Impaired	(887,789)	(824,032)
	9,357,716	**7,279,617**
Credit Risk		
Loans and Advances to Customers	**9,357,716**	**7,279,617**
Loan and Advances		
Analysis by type of Purpose/ Sector		
Agriculture	166,939	218,426
Cottage Industry	701	688
Transport	30,303	34,648
Trading	170,689	374,001
Other/ Salary	9,876,873	7,475,886
	10,245,505	**8,103,649**
Loans and Advances	9,669,526	7,479,960
Overdraft	575,979	623,689
	10,245,505	**8,103,649**
Allowance for ECL	(887,789)	(824,032)
	9,357,716	**7,279,617**
20 Largest Exposure	2,338,882	-
Non Performing	1,100,765	-
Key Loan Ratios		
Loan loss provision ratio	8.67%	10.17%
20 Largest Exposures to Total Exposures	22.83%	0.00%
Non Performing Loans	11%	0%

Loans and Advances 2021

	Stage 1 GH¢	Stage 2 GH¢	Stage 3 GH¢	Total GH¢
Grade 1-3 Low (Fair Risk)	8,170,104	-	-	8,170,104
Grade 4-5 (Watch List)	-	974,636	-	974,636
Grade 6 (Substandard)	-	-	270,027	270,027
Grade 7 (Doubtful)	-	-	281,777	281,777
Grade 8 (Loss)	-	-	548,961	548,961
Total Gross Amount	**8,170,104**	**974,636**	**1,100,765**	**10,245,505**
Allowance for ECL	(81,701)	(48,732)	(757,356)	(887,789)
Carrying Amount	**8,088,403**	**925,904**	**343,409**	**9,357,716**

Loss Allowance

	Stage 1 GH¢	Stage 2 GH¢	Stage 3 GH¢	Total GH¢
Balance at 1 January	65,415	16,689	741,929	824,032
12 - months ECL	81,701	-	-	81,701
Lifetime ECL not Credit - Impaired	-	48,732	-	48,732
Lifetime ECL Credit - Impaired	-	-	757,356	757,356
Balance at 31 December	**81,701**	**48,732**	**757,356**	**887,789**
Charge for the year	**16,286**	**32,043**	**15,428**	**63,757**

Investment Securities 2021

	Stage 1 GH¢	Stage 2 GH¢	Stage 3 GH¢	Total GH¢
Grade 1-3	4,580,000	-	-	4,580,000
Grade 4-5	-	5,330,000	-	5,330,000
Grade 6-8	-	-	787,260	787,260
Total Gross Amount	**4,580,000**	**5,330,000**	**787,260**	**10,697,260**
Allowance for ECL	-	-	-	-
Carrying Amount	**4,580,000**	**5,330,000**	**787,260**	**10,697,260**

Cash and Cash Equivalents 2021

	Stage 1 GH¢	Stage 2 GH¢	Stage 3 GH¢	Total GH¢
Grade 1-3	2,207,955	-	-	2,207,955
Grade 4-5	-	2,441,934	-	2,441,934
Grade 6-8	-	-	-	-
Total Gross Amount	**2,207,955**	**2,441,934**	-	**4,649,889**
Allowance for ECL	-	-	-	-
Carrying Amount	**2,207,955**	**2,441,934**	-	**4,649,889**

Other Assets 2021

	Stage 1 GH¢	Stage 2 GH¢	Stage 3 GH¢	Total GH¢
Grade 1-3	517,290	-	-	517,290
Grade 4-5	-	-	-	-
Grade 6-8	-	-	-	-
Total Gross Amount	**517,290**	-	-	**517,290**
Allowance for ECL	-	-	-	-
Carrying Amount	**517,290**	-	-	**517,290**

The above represents the maximum exposure to credit risk at 31 December 2021 without taking into account of any collateral held or other credit enhancements attached. The exposures set out above are based on net carrying amounts reported in the statement of financial position. The following table sets out information about the overdue status of loans and advances to customers in stages 1, 2 and 3.

Loans and Advances 2021

	Stage 1 GH¢	Stage 2 GH¢	Stage 3 GH¢	Total GH¢
Current	8,170,104	-	-	8,170,104
Overdue < 90 days	-	974,636	-	974,636
Overdue > 90 days	-	-	1,100,765	1,100,765
Total Gross Amount	**8,170,104**	**974,636**	**1,100,765**	**10,245,505**
Allowance for ECL	(81,701)	(48,732)	(757,356)	(887,789)
Carrying Amount	**8,088,403**	**925,904**	**343,409**	**9,357,716**

Maximum Exposure to Credit Risk 2021

	Stage 1 GH¢	Stage 2 GH¢	Stage 3 GH¢	Total GH¢
Loans and Advances to Customers	8,170,104	974,636	1,100,765	10,245,505
Investment Securities	4,580,000	5,330,000	787,260	10,697,260
Cash and Cash Equivalents	2,207,955	2,441,934	-	4,649,889
Other Assets	517,290	-	-	517,290
	15,475,349	**8,746,570**	**1,888,025**	**26,109,944**

The above represents the maximum exposure to credit risk at 31 December 2021 without taking into account of any collateral held or other credit enhancements attached. The exposures set out above are based on net carrying amounts reported in the statement of financial position. The following table sets out information about the credit quality of financial assets measured at amortised costs, unless specifically indicated, for financial assets, the amounts in the table represent gross carry amount.

The following tables sets out information about the credit quality of financial assets measured at amortised cost. Unless specifically indicated, for financial assets, the amounts in the table represent gross carrying amounts.

Modified Financial Assets

The contractual terms of a loan may be modified for a number of reasons, including changing market conditions, customer retention and other factors not related to a current or potential credit deterioration of the customer. An existing loan may be derecognised and the renegotiated loan recognised as a new loan at fair value in accordance with the accounting policy.

The Bank renegotiates loans with customers in financial difficulties to maximise collection opportunities and minimise the risk of default. Under the Bank's forbearance policy, loan forbearance is granted on a selective basis if the debtor is currently in default on its debt or if there is a high risk of default, there is evidence that the debtor made all reasonable efforts to pay under the original contractual terms and the debtor is expected to be able to meet the revised terms.

The revised terms usually include extending the maturity, changing the timing of interest payments and amending the terms of loan covenants.

Cash and Cash Equivalents

The Bank held cash and cash equivalents of GH¢4,649,899 at 31 December 2021 (2020: GH¢3,648,575). The cash and cash equivalents are held with ARB Apex Bank and other reputable financial institution counterparties.

Collateral held and other credit enhancements

The Bank holds collateral and other credit enhancements against certain of its credit exposures. The information below sets out the principal types of collateral held against different types of financial assets.

Loans and advances to customers

The general creditworthiness of a customer tends to be the most relevant indicator of credit quality of a loan extended to it. However, collateral provides additional security and the Bank generally requests that borrowers provide it. The Bank may take collateral in the form of cash deposit, guarantor and mortgage.

Other types of collateral

In addition to the guarantor and mortgage used as collateral for loans and advances to customers, the Bank also holds other types of collateral such as investments (ie fixed deposits, treasury bills, certificate of deposit).

Assets obtained by taking possession of collateral

The Bank did not hold any financial and non-financial assets resulting from taking possession of collateral held as security against loans and advances at the reporting date.

iv. Amounts arising from ECL

Inputs, assumptions and techniques used for estimating impairment

Significant increase in credit risk

When determining whether the risk of default on a financial instrument has increased significantly since initial recognition, the Bank considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Bank's historical experience and expert credit assessment and including forward-looking information.

The objective of the assessment is to identify whether a significant increase in credit risk has occurred for an exposure by comparing:

1. the remaining lifetime probability of default (PD) as at the reporting date; with
2. the remaining lifetime PD for this point in time that was estimated at the time of initial recognition of the exposure (adjusted where relevant for changes in prepayment expectations).

The Bank uses three criteria for determining whether there has been a significant increase in credit risk:

- quantitative test based on movement in PD;
- qualitative indicators; and
- a backstop of 30 days past due.

Credit risk grades

The Bank allocates each exposure to a credit risk grade based on a variety of data that is determined to be predictive of the risk of default and applying experienced credit judgement. Credit risk grades are defined using qualitative and quantitative factors that are indicative of risk of default. These factors vary depending on the nature of the exposure and the type of borrower.

Credit risk grades are defined and calibrated such that the risk of default occurring increases exponentially as the credit risk deteriorates.

Each exposure is allocated to a credit risk grade on initial recognition based on available information about the borrower. Exposures are subject to ongoing monitoring, which may result in an exposure being moved to a different credit risk grade. The monitoring typically involves use of the following data.

Corporate and retail exposures:

i. Information obtained during periodic review of customer files – e.g. audited financial statements, management accounts, budgets and projections. Examples of areas of particular focus are: gross profit margins, financial leverage ratios, debt service coverage, compliance with covenants, quality of management, senior management changes
ii. Actual and expected significant changes in the political, regulatory and technological environment of the borrower or in its business activities
iii. Internally collected data on customer behaviour
iv. Payment record: this includes overdue status as well as a range of variables about payment ratios
v. Utilisation of the granted limit
vi. Requests for and granting of forbearance
vii. Existing and forecast changes in business, financial and economic conditions

Generating the term structure of PD

Credit risk grades are a primary input into the determination of the term structure of PD for exposures. The Bank collects performance and default information about its credit risk exposures analysed by type of products and borrower as well as by credit risk grading.

The bank employs a model to analyse the data collected and generate estimates of the remaining lifetime PD of exposures and how these are expected to change as a result of the passage of time.

Determining whether credit risk has increased significantly

The Bank assesses whether credit risk has increased significantly since initial recognition at each reporting date. Determining whether an increase in credit risk is significant depends on the characteristics of the financial instrument and the borrower, and the geographical region. What is considered significant differs for different types of lending.

As a general indicator, credit risk of a particular exposure is deemed to have increased significantly since initial recognition if, based on the Bank's quantitative modelling:

i. the remaining lifetime PD is determined to have increased by more than a stated threshold of the corresponding amount estimated on initial recognition; or,
ii. if the absolute change is annualised, lifetime PD since initial recognition is greater than a stated threshold of basis points.

iii. The credit risk may also be deemed to have increased significantly since initial recognition based on qualitative factors linked to the Bank's credit risk management processes that may not otherwise be fully reflected in its quantitative analysis on a timely basis. This will be the case for exposures that meet certain heightened risk criteria, such as placement on a watch list. Such qualitative factors are based on its expert judgment and relevant historical experiences. As a backstop, the Bank considers that a significant increase in credit risk occurs no later than when an asset is more than 30 days past due. Days past due are determined by counting the number of days since the earliest elapsed due date in respect of which full payment has not been received.

Due dates are determined without considering any grace period that might be available to the borrower.

If there is evidence that there is no longer a significant increase in credit risk relative to initial recognition, then the loss allowance on an instrument return to being measured as 12-month ECL. Some qualitative indicators of an increase in credit risk, such as delinquency or forbearance, may be indicative of an increased risk of default that persists after the indicator itself has ceased to exist. In these cases, the Bank determines a probation period during which the financial asset is required to demonstrate good behaviour to provide evidence that its credit risk has declined sufficiently. When contractual terms of a loan have been modified, evidence that the criteria for recognising lifetime ECL are no longer met includes a history of up-to-date payment performance against the modified contractual terms.

The Bank monitors the effectiveness of the criteria used to identify significant increases in credit risk by regular reviews to confirm that:

1. the criteria are capable of identifying significant increases in credit risk before an exposure is in default;
2. the criteria do not align with the point in time when an asset becomes 30 days past due;
3. the average time between the identification of a significant increase in credit risk and default appears reasonable;
4. exposures are not generally transferred directly from 12-month ECL measurement to credit-impaired; and
5. there is no unwarranted volatility in loss allowance from transfers between 12-month PD (Stage 1) and lifetime PD (Stage 2)

Definition of default

The Bank considers a financial asset to be in default when:

- the borrower is unlikely to pay its credit obligations to the Bank in full, without recourse by the Bank to actions such as realising security (if any is held);
- the borrower is more than 90 days past due on any material credit obligation to the Bank. Overdrafts are considered as being past due once the customer has breached an advised limit or been advised of a limit smaller than the current amount outstanding; or
- it is becoming probable that the borrower will restructure the asset as a result of bankruptcy due to the borrower's inability to pay its credit obligations.
- In assessing whether a borrower is in default, the Bank considers indicators that are:
- qualitative: e.g. breaches of covenant;
- quantitative: e.g. overdue status and non-payment on another obligation of the same issuer to the Bank; and
- based on data developed internally and obtained from external sources.

Inputs into the assessment of whether a financial instrument is in default and their significance may vary over time to reflect changes in circumstances.

The definition of default largely aligns with that applied by the Bank for regulatory capital purposes.

Incorporation of forward-looking information

The Bank incorporates forward-looking information into both the assessment of whether the credit risk of an instrument has increased significantly since its initial recognition and the measurement of ECL. The base case is aligned with information used by the Bank for other purposes such as strategic planning and budgeting. External information considered includes economic data and forecasts published by governmental bodies and monetary authorities in Ghana.

Measurement of ECL

The key inputs into the measurement of ECL are the term structure of the following variables:

- Probability of Default (PD);
- Loss Given Default (LGD); and
- Exposure At Default (EAD).

ECL for exposures in Stage 1 is calculated by multiplying the 12-month PD by LGD and EAD. Lifetime ECL is calculated by multiplying the lifetime PD by LGD and EAD.

LGD is the magnitude of the likely loss if there is a default. The Bank estimates LGD parameters based on the history of recovery rates of claims against defaulted counterparties. The LGD models consider the structure, collateral, seniority of the claim, counterparty industry and recovery costs of any collateral that is integral to the financial asset.

EAD represents the expected exposure in the event of a default. The Bank derives the EAD from the current exposure to the counterparty and potential changes to the current amount allowed under the contract and arising from amortisation. The EAD of a financial asset is its gross carrying amount at the time of default. For lending commitments, the EADs are potential future amounts that may be drawn under the contract, which are estimated based on historical observations and forward-looking forecasts.

As described above, and subject to using a maximum of a 12-month PD for Stage 1 financial assets, the Bank measures ECL considering the risk of default over the maximum contractual period (including borrower's extension options if any) over which it is exposed to credit risk, even if, for credit risk management purposes, the Bank considers a longer period.

The maximum contractual period extends to the date at which the Bank has the right to require repayment of an advance or terminate a loan commitment.

Loss allowance

The following tables show reconciliations from the opening to the closing balance of the loss allowance by class of financial instrument. Comparative amounts for 2020 represent the allowance account for credit losses and reflect the measurement basis under IFRS 9:

Loans and Advances 2021

	Stage 1 GH¢	Stage 2 GH¢	Stage 3 GH¢	Total GH¢
Current	8,170,104	-	-	8,170,104
Overdue < 90 days	-	974,636	-	974,636
Overdue > 90 days	-	-	1,100,765	1,100,765
Total Gross Amount	**8,170,104**	**974,636**	**1,100,765**	**10,245,505**
Allowance for ECL	(81,701)	(48,732)	(757,356)	(887,789)
Carrying Amount	**8,088,403**	**925,904**	**343,409**	**9,357,716**

	Stage 1 GH¢	Stage 2 GH¢	Stage 3 GH¢	Total GH¢
Balance at 1 January	65,415	16,689	741,929	824,032
12 - months ECL	81,701	-	-	81,701
Lifetime ECL not Credit - Impaired	-	48,732	-	48,732
Lifetime ECL Credit - Impaired	-	-	757,356	757,356
Balance at 31 December	**81,701**	**48,732**	**757,356**	**887,789**
Charge for the year	**16,286**	**32,043**	**15,428**	**63,757**

b. Liquidity Risk

'Liquidity risk' is the risk that the Bank will encounter difficulty in meeting obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The consequences may be the failure to meet obligations to repay depositors and fulfil commitments to lenders. The Bank's objective when managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Bank's reputation.

The key measure used by the Bank for managing liquidity risk is the ratio of net liquid assets to deposits from customers. For this purpose, 'liquid assets' include cash, cash reserve balances with ARB Apex Bank, balance with other banks, investments up to one year and government securities. 'Volatile liabilities' include deposits from customers, other liabilities, etc.

	Note	2021 GH¢	2020 GH¢
Cash and Cash Equivalents	20	4,649,889	3,648,575
Investment Securities at Amortised Cost	18	10,697,260	11,210,000
		15,347,149	**14,858,575**
Deposits and Current Accounts	22	25,621,266	22,565,822
Net Exposure		**(10,274,117)**	**(7,707,247)**
% of Exposure		**40%**	**34%**

At the reporting date, the ratio of the Bank's net liquid assets to deposits from customers was 40% (2020: 34%)

i. Exposure to Liquidity Risk

The table below sets out the remaining contractual maturities of the Bank's financial liabilities and financial assets at the reporting date

	Carrying Amount 2021 GH¢	Carrying Amount 2020 GH¢
Deposits from Customers	25,621,266	22,565,822
Other Liabilities	655,850	849,423
	26,277,116	**23,415,245**
Cash and Cash Equivalents	4,649,889	3,648,575
Investment Securities at Amortised Cost	10,697,260	11,210,000
Loans and Advances to Customers	9,357,716	7,279,617
	24,704,865	**22,138,192**
Total Liquidity Reserves	**1,572,251**	**1,277,053**

ii. Liquidity reserves

The table below sets out the components of the Bank's liquidity reserves.

	2021 GH¢	2020 GH¢
Balances with ARB Apex Bank	2,591,849	1,794,221
Cash and Balances with Other Banks	5,970	2,000
Cash on Hand	2,052,070	1,731,566
	4,649,889	**3,527,787**

c. Market risk

Market risk is the risk of loss arising from adverse changes in market conditions (interest rates and equity prices) during the period. Positions that expose the Bank to market risk are non-trading related.

i. Risk identification

The Bank identifies market risk through daily monitoring of levels and profit and loss balances of non-trading positions. The Audit and Risk Committee, the Treasurer and the Finance Manager monitor market risk factors that affect the value of income streams on non-trading portfolios on a daily basis.

The table below sets out the allocation of assets and liabilities subject to market risk between trading and non-trading portfolios.

	Carrying Amount	Market risk measure Non trading portfolio
	GH¢	GH¢
Assets subject to market risk		
Cash and Cash Equivalents	4,649,889	4,649,889
Investment Securities at Amortised Cost	10,697,260	10,697,260
Loans and Advances to Customers	9,357,716	9,357,716
	24,704,865	**24,704,865**
Liabilities subject to market risk		
Deposits from Customers	25,621,266	25,621,266
Total Liquidity Reserves	**1,572,251**	**1,277,053**

ii. Interest rate risk

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

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

The Bank uses gap analysis to measure its exposure to interest rate risk. Through this analysis, it compares the values of interest rate sensitive assets and liabilities that mature or reprice at various time periods in the future. The Bank may make judgmental assumptions about the behaviour of assets and liabilities which do not have specific contractual maturity or repricing dates.

iii. Exposure to Interest Rate Risk

The following is a summary of the Bank's interest rate gap position on non-trading portfolios. The interest rate repricing gap table analyses the full-term structure of interest rate mismatches within the Bank's statement of financial position on the maturity date.

	Carrying Amount GH¢
Assets subject to market risk	24,704,865
Liabilities subject to market risk	25,621,266
Interest rate risk	**(916,401)**

The management of interest rate risk against interest rate gap limits is supplemented by monitoring sensitivity of the Bank's financial assets and financial liabilities to various standard and non-standard interest rate scenarios. Standard scenarios that are considered on a monthly basis.

Due to the fixed nature of the Bank's interest-bearing instruments, no sensitivity analysis has been disclosed. Overall, non-trading interest rate risk positions are managed by Treasury, which uses investment securities and customer deposits to manage the overall position arising from the Bank's non-trading activities.

iv. Exposure to currency risk – non-trading portfolios

As at the reporting date the Bank did not have any exposures to currency risks.

d. <u>Operational risk</u>

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the Bank's processes, personnel, technology and infrastructure, and from external factors other than credit, market and liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards of corporate behaviour. Operational risks arise from all of the Bank's operations. The Bank's objective is to manage operational risk so as to balance the avoidance of financial losses and damage to the Bank's reputation with overall cost effectiveness and to avoid control procedures that restrict initiative and creativity. The primary responsibility for the development and implementation of controls to address operational risk is assigned to senior management within each business unit.

The Bank's Compliance Unit is responsible for establishing and maintaining an appropriate framework of the Bank's compliance policies and procedures. This responsibility is supported by the development of overall Bank standards for the management of operational risk.

The Bank has a Risk and Compliance unit which monitors the all the frameworks governing the operations of the Bank. The unit reports to Bank of Ghana on monthly basis, issues report to Board of Directors on risk and compliance on period basis and on daily basis liaise with the internal audit unit of the bank to minimise risk and comply with laws, frameworks and standards.

6. FAIR VALUE OF FINANCIAL INSTRUMENTS

The fair values of financial assets and financial liabilities that are traded in active markets are based on quoted market prices or dealer price quotations. For all other financial instruments, the Bank determines fair values using other valuation techniques.

For financial instruments that trade infrequently and have little price transparency, fair value is less objective and requires varying degrees of judgment depending on liquidity, concentration, uncertainty of market factors, pricing assumptions and other risks affecting the specific instrument.

a) Valuation models

The Bank measures fair values using the following fair value hierarchy, which reflects the significance of the inputs used in making the measurements.

Level 1: Inputs that are quoted market prices (unadjusted) in active markets for identical instruments.

The Bank measures fair values using the following fair value hierarchy, which reflects the significance of the inputs used in making the measurements.Level 2: Inputs other than quoted prices included within Level 1 that are observable either directly (i.e. as prices) or indirectly (i.e. derived from prices). This category includes instruments valued using: quoted market prices in active markets for similar instruments; quoted prices for identical or similar instruments in markets that are considered less than active; or other valuation techniques in which all significant inputs are directly or indirectly observable from market data.

Level 3: inputs that are unobservable. This category includes all instruments for which the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument's valuation. This category includes instruments that are valued based on quoted prices for similar instruments for which significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

Valuation techniques include net present value and discounted cash flow models, comparison with similar instruments for which market observable prices exit and other valuation models. Assumptions and inputs used in valuation techniques includes risk-free and benchmark interest rates, credit spreads and other premia used in estimating discount rates.

The objective of valuation techniques is to arrive at a fair value measurement that reflects the price that would be received to sell the asset or paid to transfer the liability in an orderly transaction between market participants at the measurement date.

Availability of observable market prices and model inputs reduces the need for management judgment and estimation and also reduces the uncertainty associated with determining fair values. Availability of observable market prices and inputs varies depending on the products and markets and is prone to changes based on specific events and general conditions in the financial markets.

a. Financial instruments measured at fair value – fair value hierarchy
   The following table analyses financial instruments measured at fair value at the reporting date, by the level in the fair value hierarchy into which the fair value measurement is categorized. The amounts are based on the values recognised in the statement of financial position.

b. Financial instruments not measured at fair value
   The following table sets out the fair values of financial instruments not measured at fair value and analyses them by the level in the fair value hierarchy into which each fair value measurement is categorized.

Cash and cash equivalents

Cash and cash equivalents include, cash on hand, balances with banks and other financial institutions, and short-term investments.

Investment securities

The fair value of investment securities is based on market prices or broker/dealer price quotations. Where this information is not available, fair value is rated using quoted market prices for securities with similar credit, maturity and yield characteristics.

Loans and advances to customers

Loans and advances to customers are net of charges for impairment. The estimated fair value of loans and advances represents the discounted amount of estimated future cash flows expected to be received. Expected cash flows are discounted at current market rates to determine the fair value.

Deposits from customers

The estimated fair value of deposits with no stated maturity dates, which includes non-interest-bearing deposits, is the amount repayable on demand. The estimated fair value of fixed interest-bearing deposits is based on discounted cash flows using interest rates for new debts with similar maturity profiles.

7. CAPITAL MANAGEMENT

a. Regulatory capital

The Bank's regulator, the Bank of Ghana sets and monitors capital requirements for the Bank as a whole.

In implementing current capital requirements, the Bank of Ghana requires the Bank to maintain a prescribed ratio of total capital to total risk-weighted assets.

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

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

ii. Tier 2 capital, also referred to as supplementary/secondary capital includes revaluation reserves, latent revaluation reserves and hybrid capital instruments. Latent revaluation reserves relate to unrealised gains on equity instruments classified as FVOCI.

Various limits are applied to elements of the capital base. The qualifying tier 2 capital cannot exceed tier 1 capital. Risk-weighted assets are determined according to specified requirements that seek to reflect the varying levels of risk attached to assets and off-balance sheet exposures (if any).

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

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

Capital Adequacy Ratio (CAR)

The capital adequacy ratio is the quotient of the capital base of the Bank and the Bank's risk-weighted asset base. In accordance with Bank of Ghana regulations, a minimum ratio of 10% is to be maintained.

The Bank's Capital Adequacy Ratio (CAR) as at the year-end was 9.24% below the regulatory minimum requirement.

b. Capital allocation

The allocation of capital between specific operations and activities is, to a large extent, driven by optimisation of the return achieved on the capital allocated. The amount of capital allocated to each operation or activity is based primarily upon the regulatory capital, but in some cases the regulatory requirements do not reflect fully the varying degree of risk associated with different activities. In such cases the capital requirements may be flexed to reflect differing risk profiles, subject to the overall level of capital to support a particular operation or activity not falling below the minimum required for regulatory purposes. The process of allocating capital to specific operations and activities is undertaken independently of those responsible for the operation, by the Bank's Risk Management and Credit Administration Units, and is subject to review by the executive committee of the Board as appropriate.

Although maximisation of the return on risk-adjusted capital is the principal basis used in determining how capital is allocated within the Bank to particular operations or activities, it is not the sole basis used for decision making. Account also is taken of synergies with other operations and activities, the availability of management and other resources, and the fit of the activity with the Bank's longer term strategic objectives.

The Bank's policies in respect of capital management and allocation are reviewed regularly by the Board of Directors.

8. SEGMENT REPORTING

The Bank's current operation is not segregated to show divisional performance and as such does not lend itself to segmental reporting; hence management has provided information on all its agencies which do not meet the definition of segmental reporting.

9. SUBSEQUENT EVENTS

Events subsequent to the statement of financial position date are reflected in the financial statements only to the extent that they relate to the year under consideration and the effect in material.

Unclaimed Balance and Dormant Accounts Directive, 2021

The Bank of Ghana issued a new directive on unclaimed and dormant accounts in February 2021. This directive was issued pursuant to Section 92 of the Banks and Specialised Deposit. Taking Institutions Act, 2016 (Act 930).

The objectives of this Directive are to operationalize Section 143 of Act 930, establish processes and procedures for reclaim of funds by dormant account holders or their legal representatives and to ensure adequate protection of customers' funds that have become dormant.

The Directive requires, amongst others, that the regulated entity should:

- Create and maintain a dormant account register;
- Contact holders of dormant accounts or next of kin;
- Publish dormant accounts in newspapers; and
- Transfer the funds on dormant accounts to Bank of Ghana after three years.

The Bank is assessing the impact of the directive on its business.

Corporate Governance Directives for Rural and Community Banks

The Bank of Ghana issues a Corporate Governance Directives for Rural and Community Banks in May 2021. This Directive was issued pursuant to the powers conferred on the Bank of Ghana by sections 56 and 92 of the Banks and Specialised Deposit-taking Institutions Act, 2016 (Act 930) and is applicable to Rural and Community Banks (RCBs).

The objectives of the Directive are to:

Require RCBs to adopt sound corporate governance principles and best practices to enable them undertake their licensed business in a sustainable manner;

- promote the interest of depositors and other stakeholders by enhancing corporate performance and accountability of RCBs;
- promote and maintain public trust and confidence in RCBs by prescribing sound corporate governance standards which are critical to the proper functioning of the RCBs; and
- Maximize shareholders' value and interest.

The effective date for the implementation of all sections of the Corporate Governance Directive is 31 March 2022.

The Bank is assessing the impact of this directive on its corporate governance structure.

No other events have occurred since the end of the reporting period that would have had a material effect on the financial statements or require disclosure.

	2021 GH¢	2020 GH¢
10. Interest Income		
Loans	2,812,357	2,714,803
Overdrafts	137,162	-
Interest on Overdue Loans/ Overdraft	113	-
Investment Securities	1,390,543	860,452
	4,340,175	**3,575,255**
11. Interest Expenses		
Savings	381,482	698,312
Fixed Deposits	376,304	-
Interest on Borrowings	42,009	172,276
	799,795	**870,588**
12. Fees and Commission Income		
Commitment Fees	552,399	431,070
Commission on Turnover	162,532	141,315
Cheque Clearing Fees	16,897	14,333
Remittances	4,240	-
	736,068	**586,718**
Fees and Commission Expenses		
Mobilisation Expenses	9,730	23,385
Susu Expenses	229,424	205,595
Micro-Finance Expenses	5,691	8,265
	244,845	**237,245**
13. Other Operating Income		
Other	763,274	798,203
	763,274	**798,203**

		2021 GH¢	2020 GH¢
14. Right of Use Assets - Lease			
Balance at Start		54,258	-
Additions		60,000	54,258
Balance at End		**114,258**	**54,258**
Accumulated Depreciation at Start		18,042	-
Depreciation Charge for the year		45,125	18,042
Accumulated Depreciation at End		63,167	18,042
Carrying Amount		**51,091**	**36,216**
15. Personnel Expenses			
Staff Wages and Salaries		1,338,758	1,186,219
Staff End of Year Party		128,636	25,538
Staff Housing Expenses		-	1,468
Staff Training Expenses		70,883	35,400
Medical Expenses		21,500	22,250
Other Staff Cost		384,667	319,204
		1,944,444	**1,590,079**
16. Depreciation and Amortisation	**Note**		
Property Plant and Equipment	36	184,550	237,263
Right of Use Assets	14	45,125	18,042
Intangible Assets	32	22,462	-
		252,137	**255,305**
17. Other Expenses			
Directors Emoluments		61,825	44,060
Board Meeting Expenses		8,727	5,460
Committee Meeting Expenses		-	-
Travelling, Transport & Meeting Expenses		395,361	360,401
Audit Expenses		7,400	3,886
Audit Fees		10,000	11,813
Consultancy Fees		-	1,000

	2021 GH¢	2020 GH¢
17. Other Expenses (Continued)		
Printing and Stationery	56,292	50,557
AGM Expenses	75,500	60,160
Postage and Telephone	53,041	-
Donation and Charity Expenses	19,683	24,520
Entertainment and Business Promotion	53,138	41,771
Shortage in Till	2,376	862
Cashier Efficiency	1,800	1,200
Police Guard Expenses	127,650	119,070
Fuel and Lubricant	90,054	190,801
Specie Movement	42,770	26,240
Office and Administrative Expenses	57,160	45,079
Advertising / Promotional Expenses	21,942	27,144
Bank Charges	25,808	35,057
Loan Recovery Expenses	4,620	-
Cheque Clearing Expenses	5,091	820
Motor Vehicle Running Expenses (R & M)	46,677	-
Rent and Rates	15,206	396
Water and Electricity	106,729	84,925
Housing/ Bungalow Expenses	8,518	-
Subscriptions and Periodicals	41,674	39,917
Legal Expenses/ Fees	19,000	24,912
Defalcation Written-Off	45,000	-
Generator Running Costs	68,639	-
Cleaning and Sanitation	43,807	34,205
Computerisation Expenses	485,993	280,415
Repairs and Maintenance	70,988	104,486
Communication Cost	-	21,680
Sundry Expenses	14,209	10,270
Insurance	162,647	114,381
	2,249,325	**1,765,488**

	Note	2021 GH¢	2020 GH¢
18. Investment Security (at Amortised Cost)	**Note**		
(a) Treasury Bills		7,390,000	11,210,000
Other Bill		3,307,260	-
		10,697,260	**11,210,000**
Impairment at End	34	-	-
		10,697,260	**11,210,000**
18. Investment Security (at FVOCI)			
(b) Investment in ARB Apex Bank Shares		123,673	123,673
		123,673	123,673
Reconciliation of Investment in ARB Apex Shares			
Balance at Start		123,673	123,673
Fair Value gain/(loss)		-	-
Balance at End		**123,673**	**123,673**
Original Value of Shares		123,673	123,673

The fair value gain/(loss) represents the cummulative net change in the fair value of investment held at Fair Value through Other Comprehensive Income (FVOCI) recognised as fair value reserve until the assets are derecognised.

	Note		
19. Loan and Advances	**Note**		
(a) Loans and Advances		9,669,526	7,479,960
Overdraft		575,979	623,689
		10,245,505	**8,103,649**
Allowance for ECL	34	(887,789)	(824,032)
		9,357,716	**7,279,617**
19. Impairment Losses on Financial Assets	**Note**		
(b) Investment Securities (Amortised Cost)	18	-	-
Loans and Advances to Customers	19	887,789	824,032
Cash and Cash Equivalent	20	-	-
Others Assets	21	-	-
		887,789	**824,032**

		2021 GH¢	2020 GH¢
19. Impairment of Financial Assets Recognised			
(c) Balance at Start		824,032	675,408
Recognised in Income Statement		63,757	148,624
		887,789	**824,032**
19. Credit Risk Reserve	**Note**		
(d) Impairment per BoG	33	887,789	824,032
Impairment per IFRS	33	887,789	824,032
		-	-

This is reserve created to set aside the excess of amounts recognised as impairment loss on Financial Assets, based on provisions calculated in accordance with the requirement of IFRS and the Bank of Ghan's prudential guidelines.

20. Cash and Cash Equivalent	**Note**		
Cash on Hand		2,052,070	1,731,566
Claims on Other Banks		5,970	2,000
Other - ACOD 7		1,2000,000	500,000
Current Accounts - ARB Apex Bank Ltd		149,915	218,224
Ezwish		-	120,788
5% Apex Reserves / Deposit		1,241,934	1,075,997
		4,649,889	**3,648,575**
Allowance for ECL	34	-	-
		4,649,889	**3,648,575**

21. Other Assets	**Note**		
Stationery Stock		97,784	117,419
Rent Prepaid		42,006	-
Sundry account Receivables		-	-
Interest / Comm Accrued		350,379	198,492
Insurance Prepaid		41,705	41,666
Interest in Arrears		166,911	179,349
Managed Loaned Funds		993	17,234
Others		951,547	1,044,015
Allowance for ECL	34	-	-
		1,651,325	**1,598,175**

		2021 GH¢	2020 GH¢
22. Deposit and Current Accounts			
Savings Account		15,631,817	14,276,890
Current Account		5,185,122	3,983,698
Time Deposit		2,932,616	2,539,722
Susu		1,871,711	1,765,512
		25,621,266	**22,565,822**
23. Borrowings			
Balance at Start		466,656	1,888,856
Repayments		(466,656)	(1,422,200)
Balance at End		**-**	**466,656**
Comprising			
Social Infrastructure Fund		-	466,656
24. Other Liabilities			
Accrued Interest		88,758	72,737
Unearned Discount T/Bills		185,311	204,385
Managed Funds		46,298	78,214
Other Payables (T24 License Payable)		65,513	-
Interest Suspense		-	56,053
Others		269,970	438,034
		655,850	**849,423**
25. Provisions	**Note**		
Provision for Audit Fees		14,500	11,813
Development Fund	25	5,869	5,869
Others		2,752	5,700
		23,121	**23,382**
25. *Reconciliation of Development Fund*			
(a) Balance at Start		5,869	5,869
Provisions utilised during the year		-	-
Balance at End		**5,869**	**5,869**

The provisions are on account of constructive obligation created by the Bank as a result of the Bank's involvement in the community development, provision of educational scholarships to brilliant but needy students within the catchment areas of the Bank, end of service benefit planned for its employees and others constructive obligations of the Bank.

	Note	2021 GH¢	2020 GH¢
26. Current Tax			
(a) Balance at Start		(105,214)	(91,242)
Charge for the year	35	20,125	11,028
Adjustment during the year		105,214	-
Payment during the year	35	(92,000)	(25,000)
		(71,875)	**(105,214)**
26. Deferred Tax			
(b) Balance at Start		81,889	71,786
Release for the year		(45,665)	10,103
Balance at End	35	**36,224**	**81,889**
26. Reconciliation of Tax Expense on Income Statement			
(c) **Analysis of Taxation charge in the year**			
Current Tax on Income for the year		20,125	11,028
Deferred Tax released for the year		(45,665)	10,103
Tax on Ordinary Activities		**(25,541)**	**21,131**
26. Profit (Loss) before Tax		**285,214**	**92,847**
(d)			
Tax applicable at 25%		71,303	23,212
Tax effect on Non-Deductible Expenses		252,137	255,305
Tax effect on Capital Allowances		(187,492)	(51,138)
Deferred Tax released for the year		(45,665)	10,103
Current Tax Charge at 25%		**90,284**	**237,482**
Effective Tax Rate		**32%**	**256%**
Tax Liability/ (Assets) at End		(71,875)	(105,214)

	2021 GH¢	2020 GH¢
27. Stated Capital		
Authorised Shares (of no par value)		
Ordinary Shares	167,707,705	167,707,705
Preference Shares	-	-
Issued and Fully Paid Shares	**Shares**	**Shares**
(a) Number of Shares at Start	2,507,499	2,507,499
Transfer to Deposits for Shares	(907,499)	-
Shares issued and registered	-	-
Number of Shares at End	**1,600,000**	**2,507,499**
Amount (GH¢)	**800,000**	**1,166,729**
Deposits for Shares	**Shares**	**Shares**
(b) Number of Shares at Start	50,144	-
Transfer to Deposits for Shares	907,499	-
Shares issued during the year	81,306	50,144
Number of Shares at End	**1,038,949**	**50,144**
Amount for Shares Issued (GH¢)	**40,653**	**25,387**

Deposit for shares represents shares issued but yet to be registered with the Registrar General Department

27. Preference Shares		
(c) Number of Shares at Start	130	130
Shares issued during the year	-	-
Number of Shares at End	**130**	**130**
Amount (GH¢)	**13**	**13**
28. Statutory Reserve Fund		
Balance at Start	593,092	557,234
Transfer from Retained Earnings	142,607	35,858
Balance at End	**735,699**	**593,092**

This represents amount set aside as a non-ditributable reserve from annual profit in accordance with section 34 of Banks and Specialised Deposit-Taking Institutions Act, 2016 (Act 930) and guidelines from Bank of Ghana.

	2021 GH¢	2020 GH¢
29. Other Reserve		
Balance at Start	-	-
Transfer from Retained Earnings	-	-
Balance at End	**-**	**-**

30. Retained Earnings

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

31. Basic Earning per Share	**2021 (GH¢)**	**2020 (GH¢)**
Net Profit after Tax	310,754	71,716
Number of Shares in Issue	2,638,949	2 ,557,643
Weighted Average number of Shares	2,579,104	2,557,656
E.P.S.	**0.12**	**0.03**

32. Intangible Assets

2021	**Software License GH¢**	**Computer Software GH¢**	**Total GH¢**
Cost			
Balance at Start	-	-	-
Additions	224,615	-	224,615
Balance at End	**224,615**	**-**	**224,615**
Amortisation			
Balance at Start	-	-	-
Charge for the year	22,462	-	22,462
Balance at End	**22,462**	**-**	**22,462**
Carrying Amount	**202,153**	**-**	**202,153**

Intangible Assets

2020	**Software License GH¢**	**Computer Software GH¢**	**Total GH¢**
Cost			
Balance at Start	-	-	-
Additions	-	-	-
Balance at End	**-**	**-**	**-**
Amortisation			
Balance at Start	-	-	-
Charge for the year	-	-	-
Balance at End	**-**	**-**	**-**
Carrying Amount	**-**	**-**	**-**

33. Impairment of Loans and Advances - BoG

	2021		**2020**	
	Gross Loan	**Impairment**	**Gross Loan**	**Impairment**
Current	8,170,104	81,701	6,541,473	65,415
OLEM	974,636	48,732	333,778	16,689
Substandard	270,027	67,507	159,592	39,898
Doubtful	281,777	140,889	496,547	248,274
Loss	548,961	548,961	572,259	572,259
Adjustment	-	-	-	(118,502)
	10,245,505	**887,789**	**8,103,649**	**824,032**

34. Impairment Losses on Financial Assets

(a) Investment Securities (Amortised Cost)	-	-
Loans and Advances to Customers	(887,789)	(824,032)
Cash and Cash Equivalents	-	-
Other Assets	-	-
	(887,789)	**(824,032)**

34. Impairment of Financial Assets - IFRS

(a) Loans and Advances 2021

	Stage 1 GH¢	Stage 2 GH¢	Stage 3 GH¢	Total GH¢
Grade 1-3 Low (Fair Risk)	8,170,104	-	-	8,170,104
Grade 4-5 (Watch List)	-	974,636	-	974,636
Grade 6 (Substandard)	-	-	270,027	270,027
Grade 7 (Doubtful)	-	-	281,777	281,777
Grade 8 (Loss)	-	-	548,961	548,961
Total Gross Amount	**8,170,104**	**974,636**	**1,100,765**	**10,245,505**
Allowance for ECL	(81,701)	(48,732)	(757,356)	(824,032)
Carrying Amount	**8,088,403**	**925,904**	**343,409**	**9,357,716**

Loss Allowance

	Stage 1 GH¢	Stage 2 GH¢	Stage 3 GH¢	Total GH¢
Balance at 1 January	65,415	16,689	741,929	824,032
12 - months ECL	81,701	-	-	81,701
Lifetime ECL not Credit - Impaired	-	48,732	-	48,732
Lifetime ECL Credit - Impaired	-	-	757,356	757,356
Balance at 31 December	**81,701**	**48,732**	**757,356**	**887,789**
Charge for the year	**16,286**	**32,043**	**15,428**	**63,757**

Loans and Advances 2020

	Stage 1 GH¢	Stage 2 GH¢	Stage 3 GH¢	Total GH¢
Grade 1-3 Low (Fair Risk)	6,541,473	-	-	6,541,473
Grade 4-5 (Watch List)	-	333,778	-	333,778
Grade 6 (Substandard)	-	-	159,592	159,592
Grade 7 (Doubtful)	-	-	496,547	496,547
Grade 8 (Loss)	-	-	572,259	572,259
Total Gross Amount	**6,541,473**	**333,778**	**1,228,398**	**8,103,649**
Allowance for ECL	(65,415)	(16,689)	(741,929)	(887,789)
Carrying Amount	**6,476,058**	**317,089**	**486,470**	**7,279,617**

Loss Allowance

	Stage 1 GH¢	Stage 2 GH¢	Stage 3 GH¢	Total GH¢
Balance at 1 January	-	-	-	675,408
12 - months ECL	65,415	-	-	65,415
Lifetime ECL not Credit - Impaired	-	16,689	-	16,689
Lifetime ECL Credit - Impaired	-	-	741,929	741,929
Balance at 31 December	**65,415**	**16,689**	**741,929**	**824,032**
Charge for the year	**65,415**	**16,689**	**741,929**	**148,624**

(b) Investment Securities 2021

	Stage 1 GH¢	Stage 2 GH¢	Stage 3 GH¢	Total GH¢
Grade 1-3	4,580,000	-	-	4,580,000
Grade 4-5	-	5,330,000	-	5,330,000
Grade 6-8	-	-	787,260	787,260
Total Gross Amount	**4,580,000**	**5,330,000**	**787,260**	**10,697,260**
Allowance for ECL	-	-	-	-
Carrying Amount	**4,580,000**	**5,330,000**	**787,260**	**10,697,260**

Investment Securities 2020

	Stage 1 GH¢	Stage 2 GH¢	Stage 3 GH¢	Total GH¢
Grade 1-3	7,290,000	-	-	7,290,000
Grade 4-5	-	2,420,000	-	2,420,000
Grade 6-8	-	-	1,500,00	1,500,00
Total Gross Amount	**7,290,000**	**2,420,000**	1,500,00	**11,210,000**
Allowance for ECL	-	-	-	-
Carrying Amount	**7,290,000**	**2,420,000**	**1,500,00**	**11,210,000**

(c) Cash and Cash Equivalents 2021

	Stage 1 GH¢	Stage 2 GH¢	Stage 3 GH¢	Total GH¢
Grade 1-3	2,207,955	-	-	2,207,955
Grade 4-5	-	2,441,934	-	2,441,934
Grade 6-8	-	-	-	-
Total Gross Amount	**2,207,955**	**2,441,934**	-	**4,649,889**
Allowance for ECL	-	-	-	-
Carrying Amount	**2,207,955**	**2,441,934**	-	**4,649,889**

Cash and Cash Equivalents 2020

	Stage 1 GH¢	Stage 2 GH¢	Stage 3 GH¢	Total GH¢
Grade 1-3	3,648,575	-	-	3,648,575
Grade 4-5	-	-	-	-
Grade 6-8	-	-	-	-
Total Gross Amount	**3,648,575**	**-**	-	**3,648,575**
Allowance for ECL	-	-	-	-
Carrying Amount	**3,648,575**	-	-	**3,648,575**

(d) Other Assets 2021

	Stage 1 GH¢	Stage 2 GH¢	Stage 3 GH¢	Total GH¢
Grade 1-3	517,290	-	-	517,290
Grade 4-5	-	-	-	-
Grade 6-8	-	-	-	-
Total Gross Amount	**517,290**	-	-	**517,290**
Allowance for ECL	-	-	-	-
Carrying Amount	**517,290**	-	-	**517,290**

Other Assets 2020

	Stage 1 GH¢	Stage 2 GH¢	Stage 3 GH¢	Total GH¢
Grade 1-3	377,841	-	-	377,841
Grade 4-5	-	-	-	-
Grade 6-8	-	-	-	-
Total Gross Amount	377,841	-	-	**377,841**
Allowance for ECL	-	-	-	-
Carrying Amount	**377,841**	-	-	**377,841**

35. Taxation

(a) Recognised Deferred Tax

Asset/Liabilities	Carrying Amount	Tax Base	Temporary Difference
Cash and Cash Equivalent	4,649,889	4,649,889	-
Short Term Investments	10,697,260	10,697,260	-
Long Term Investments	123,673	123,673	-
Loans and Advances	9,357,716	10,245,505	(887,789)
Other Assets	1,651,325	1,651,325	-
Property, Plant and Equipment	1,649,933	554,081	1,095,852
Intangible Assets	202,153	202,154	(1)
Right of Use Assets	51,091	114,258	(63,167)
Total	**28,383,040**	**28,238,144**	**144,895**
Deferred Tax at End			36,224

35. Tax Schedule

(a) Year	Balance b/d	Charge	Payment	Adjustment	Balance c/d
2019	-	-	-	-	-
2020	(91,242)	11,028	(25,000)	-	(105,214)
2021	(105,214)	20,125	(92,000)	105,214	(71,875)
	(196,456)	31,153	(117,000)	-	(177,089)

Corporate Tax Paid

Previous Year's Outstandings	-	-
Current Year	92,000	25,000
	92,000	**25,000**

36. Property Plant & Equip.

2021	Capital WIP GH¢	Land & Buildings GH¢	Office Equipment GH¢	Office Computers GH¢	Furniture Fixtures & Fittings GH¢	Motor Vehicles GH¢	Motor Bikes GH¢	Total GH¢
Balance	1,300	1,225,168	727,148	171,970	168,602	394,347	34,380	2,722,915
Addition	-	-	50,075	6,695	11,784	-	13,180	81,734
Fully Depreciated	-	-	(102,374)	(40,518)	(21,396)	(130,053)	-	(294,341)
Adjustment/Transfer	(1,300)	1,300	(15,174)	15,174	-	-	-	-
Reclassification	-	-	-	-	-	-	-	-
Full Disposed	-	-	-	-	-	-	-	-
	-	**1,226,468**	**659,675**	**153,321**	**158,990**	**264,294**	**47,560**	**2,510,308**
Depreciation								
Balance	-	132,695	328,450	134,489	160,697	196,241	17,594	970,166
Adjustment	-	-	-	-	-	-	-	-
Charge for the year	-	22,860	65,309	21,404	19,688	50,511	4,778	184,550
Reclassification	-	-	-	-	-	-	-	-
Full Disposed	-	-	(102,374)	(40,518)	(21,396)	(130,053)	-	(294,341)
	-	**155,555**	**291,385**	**115,375**	**158,989**	**116,699**	**22,372**	**860,375**
Carrying Amount at 31st December 2021	**-**	**1,070,913**	**368,290**	**37,946**	**1**	**147,595**	**25,188**	**1,649,933**
Carrying Amount at 31st December 2020	**1,300**	**1,092,473**	**398,698**	**37,481**	**7,905**	**198,106**	**16,786**	**1,752,749**

36. Property Plant & Equip.

2020	Capital WIP GH¢	Land & Buildings GH¢	Office Equipment GH¢	Office Computers GH¢	Furniture Fixtures & Fittings GH¢	Motor Vehicles GH¢	Motor Bikes GH¢	Total GH¢
Balance as at Start	1,300	1,225,168	659,080	135,316	167,762	133,025	34,380	2,356,031
Addition	-	-	68,068	36,654	840	261,322	-	366,884
Fully Depreciated	-	-	-	-	-	-	-	-
Adjustments	-	-	-	-	-	-	-	-
Balance at End	**-**	**1,225,168**	**727,148**	**171,970**	**168,602**	**394,347**	**34,380**	**2,722,915**
Depreciation								
Balance at Start	-	109,835	267,599	120,788	116,490	103,668	14,523	732,903
Fully Depreciated	-	-	-	-	-	-	-	-
Adjustment	-	-	-	-	-	-	-	-
Charge for the year	-	22,860	60,851	13,701	44,207	92,573	3,071	237,263
	-	**132,695**	**328,450**	**134,489**	**160,697**	**196,106**	**17,594**	**970,166**
Carrying Amount at 31st December 2020	**1,300**	**1,092,473**	**398,698**	**37,481**	**7,905**	**198,106**	**16,786**	**1,752,749**
Carrying Amount at 31st December 2019	**1,300**	**1,115,333**	**391,481**	**14,528**	**51,272**	**29,357**	**19,857**	**1,623,128**

SUMA RURAL BANK LIMITED

Value Added Statement for the Year Ended 31st December, 2021

	2021 GH¢	2020 GH¢
Interest earned and other Operating Income	5,839,517	4,960,176
Direct Cost of Service and Other Costs	(2,423,618)	(1,953,213)
Value Added by Banking Services	**3,415,899**	**3,006,963**
Non Banking Income	-	-
Impairment Losses	(63,757)	(148,624)
Valued Added	**3,352,142**	**2,858,339**
Distributed as follows		
To Employees		
Directors	70,552	49,520
Other Employees	1,944,444	1,590,079
	2,014,996	**1,639,599**
To Government		
Income Tax	(25,541)	21,131
Rates	-	-
	(25,541)	**21,131**
To Providers of		
Finance Costs (Interest paid on Borrowings)	799,795	870,588
Dividend Payments	-	-
	799,795	**870,588**
Retention		
Depreciation and Amortisation	252,137	255,305
Retained Earnings	**310,754**	**71,716**
Transfer to Statutory Reserve	142,607	35,858
Transfer to Other Reserve	-	-
Transfer to Other Funds	-	-
Transfer to Income Surplus	168,147	35,858
	310,754	**71,716**

SUMA RURAL BANK LIMITED
Top Twenty (20) Shareholders List as at 22 Nov 2022

S/N	Customer No.	Full Name	Total Shares	Value (GH¢)	Shares Percent(%)
1	SH1204262A	Lymin Creek Limited	217,728	105,272.73	8.16
2	SH12009093	Sasah Wiredu Kofi	56,004	21,177.82	2.10
3	SH12004058	Johnson Ofori-Asubonteng	54,602	20,481.07	2.05
4	SH1204061A	Vivian Mfodwaa Gyan	46,687	16,707.55	1.75
5	SH1204128A	Nsrawudi Kwame Nicholas	41,565	14,308.03	1.56
6	SH12004460	Baba Kwesi Emmanuel	41,4201	3,624.88	1.55
7	SH12006004	Saana Bediatuo Nyarko - Dabie	40,804	13,984.38	1.53
8	SH1204304A	Soga Kofi Moses	38,484	13,081.29	1.44
9	SH1202651A	Adjei-amponsah Martin	22,772	10,975.60	0.85
10	SH12010162	Francis Twene Yaw	18,981	9,401.29	0.71
11	SH12010122	Yiadom Kusi Boachie	18,974	9,042.24	0.71
12	SH12012942	Gyan Clement	17,400	8,700.00	0.65
13	SH12001094	Kumah Joseph	17,260	8,534.73	0.65
14	SH1202677A	Ababio Richard	14,546	7,221.17	0.55
15	SH12010064	Mary Mfodwaa	14,321	7,112.63	0.54
16	SH12005140	Donkor Agyemang Clement	14,223	6,798.10	0.53
17	SH1203171A	Eric Ansah Ankomah	14,048	6,752.35	0.53
18	SH12004467	Amankona Dennis	13,525	6,734.28	0.51
19	SH12004493	Yiadom Diana	13,525	6,734.28	0.51
20	SH12010065	Awuah Alex Kwasi	12,435	5,910.00	0.47
	Total:		**729,304**	**312,554.42**	**27.35**

SUMA RURAL BANK LIMITED

Proxy of Authorization

I/We
_____of

_____Being a Shareholder(s) of hereby appoint

_____

on _____ at the Annual General Meeting of the Bank to be held on the 10th December, 2022 at Suma Presby Church, Suma-Ahenkro and at any adjournment thereon.

Signed on the _____ day of _____ 2022

_____
(Shareholder's Signature)

NOTE:
Completed Proxy form should reach the Secretary, Suma Rural Bank Ltd., not less than Forty-eight (48) hours prior to the meeting time.