



# AGAVE RURAL BANK PLC

# 2023 ANNUAL & REPORT FINANCIAL STATEMENTS

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RURAL BANK PLC



**AgRB**  
**Products & Services**



#### Credit Facilities

- Personal Loans
- Business Term Loans
- Business Overdraft
- Salary Advance
- Business Group Loans
- Agbenenyo Susu Loans
- Group Agric Loans
- Asset Finance
- Tordorxorlor

#### Payments

- GIP
- ACH
- NRT
- GhanaPay



#### Deposits

- Agbenenyo Susu Account
- Business Current Account
- Business Savings Account
- Kiddie Trust Account
- Personal Current Account
- Personal Savings Account
- Agrb Fixed Deposits
- BoG Treasury Bills



#### Digital/Mobile Banking

- AgRB Mobile Banking
- AgRB Agency Banking



#### Card Services

- Ezwich
- ATM



#### Remittances

- Western Union
- Unity Link
- SAMBA
- Apex Link
- MTN Mobile Money
- Apex Instant Pay



#### Notifications

- SMS Alert
- Email



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## AGAVE RURAL BANK PLC

#### Head Office:

**Address:** P. O. Box 52, Dabala, Volta Region

**Tel:** +233 (0) 50 135 4448

**Email:** agaveruralbank@gmail.com

info@agaveruralbank.com

**Website:** www.agaveruralbank.com

#### Sogakope Branch:

**Tel:** +233 (0) 50 131 7149

(0) 50 167 8535

#### Dabala Branch:

**Tel:** +233 (0) 50 131 7143

(0) 50 131 7144

#### Aflao Branch:

**+233 (0) 50 131 7133**

(0) 50 958 2352

#### Sege Branch

**Tel:** +233 (0) 50 131 7134

(0) 50 958 2298





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# **AGAVE RURAL BANK PLC**

## **FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER, 2023**

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## About Agave Rural Bank PLC - AgRB

A fast growing and stable Rural Bank operating within the Volta region of Ghana with 3 branches in (Dabala, Sogakope and Aflao) and the fourth at Sege in the Greater Accra Region.

We offer Financial and advisory services to our clients and also believe in establishing long term relationship with them.

Again, we have invested in well trained professionals to deliver high quality services.



## CORE VALUES



## NOTICE OF ANNUAL GENERAL MEETING

NOTICE is hereby given that the thirty-six (36<sup>th</sup>) Annual General Meeting of AGAVE RURAL BANK PLC will be held on **Saturday, 27<sup>th</sup> July, 2024** at 10:00 am at the **Global Evangelical Church, Dabala**, to transact the following business:

### AGENDA

1. To receive the Report of the Chairperson.
2. To receive the Financial Statements for the year ended 31st December 2023 and the Report of the Directors and the Auditors thereon.
3. To consider retirement and election of Directors.
4. To authorize Directors to fix the remuneration of the Auditors.
5. To fix the remuneration of the Directors.
6. To declare a dividend.

### Notes:

- A member is entitled to attend and vote at the meeting or to appoint a proxy to attend and vote in his or her stead. A proxy needs not be a member of the Bank. Completed proxy forms must be lodged with the Company Secretary, at the Bank's Head Office, Dabala, or electronically sent to [info@agaveruralbank.com](mailto:info@agaveruralbank.com), not less than 48 hours prior to the meeting.
- The 2023 Annual Reports and Financial Statements (with the proxy form therein) will be posted on the website of the company ([www.agaverualbank.com](http://www.agaverualbank.com)).

Dated this 4<sup>th</sup> day of July, 2024.

BY ORDER OF THE BOARD



**BERNARD EDEM KOFI DZINYELA ESQ.**  
**(AG. BOARD SECRETARY)**



# AGAVE RURAL BANK PLC

## CORPORATE INFORMATION

<b>BOARD OF DIRECTORS:</b>	<p>Ms. Francesca Dzifa Bedzra - (Chairperson Effective 16/12/2023)</p> <p>Mr. Michael Yao Amekor - (Chairman up to 16/12/2023)</p> <p>Mr. Jonas Zalabak Gborsong</p> <p>Mr. Woelinam Yao Dogbe</p> <p>Mr. Bernard Edem K. Dzinyela</p> <p>Mr. Worlanyo Kwesi Eworyi - (BOG Approved: 18th Jan. 2024)</p> <p>Mr. Dominic Sena Kwasi Agbo - (BOG Approved 18th Jan. 2024)</p>
<b>ACTING SECRETARY:</b>	<p>Mr. Bernard Edem K. Dzinyela</p> <p>P. O. Box 52, Dabala V/R</p>
<b>REGISTERED OFFICE:</b>	<p>Agave Rural Bank PLC</p> <p>P. O. Box 52</p> <p>Dabala</p> <p>Volta Region</p>
<b>BRANCHES</b>	Dabala , Sogakope, Aflao, Sege
<b>KEY MANAGEMENT</b>	<p>Gideon Kwabena Odei CEO (Resigned on 12/03/2024).</p> <p>Michael Agbetepey - Head, Enterprise Business Dev't &amp; Ag. CEO</p> <p>Faith Fenu - Internal Audit Manager</p> <p>Christian Kpetigo-Head, Operations</p> <p>Hilas Torvikey-Finance Manager</p> <p>Pearl A Akordor - Human Resource Manager</p> <p>Naomi Otu - Addo Risk and Compliance Officer</p>
<b>INDEPENDENT AUDITORS:</b>	<p>Nexia Debrah &amp; Co</p> <p>(Chartered Accountants&amp; Licensed Auditors)</p> <p>BCB Legacy House</p> <p>#1 Nii Amugi Avenue</p> <p>East Adabraka, Accra</p> <p>P.O. Box CT 1552</p> <p>Cantonments - Accra</p>
<b>BANKERS:</b>	<p>ARB Apex Bank PLC</p> <p>Ecobank Ghana PLC</p> <p>GCB Bank PLC</p> <p>adbBank PLC</p>

## BOARD OF DIRECTORS



**Francesca Dzifa Bedzra**  
(Board Chairperson)



**Jonas Zalabak Gborsong**  
(Vice Chairman)



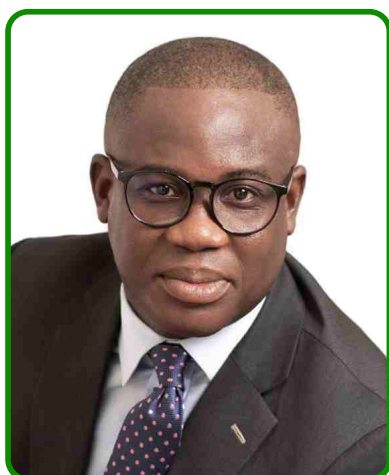
**Bernard Edem K. Dzinyela ESQ**  
(Ag. Secretary)



**Woelinam Yao Dogbe**  
(Member)



**Michael Yao Amekor**  
(Member)



**Dominic Sena Agbo**  
Member  
(Approved by BoG 18th Jan 2024)



**Worlanyo Kwasi Eworyi**  
Member  
(Approved by BoG 18th Jan 2024)



## **BOARD CHAIRPERSON'S REPORT FOR THE YEAR ENDED 31<sup>ST</sup> DECEMBER 2023**

### **1. INTRODUCTION**

It is my pleasure and privilege to welcome you to the 36<sup>th</sup> Annual General Meeting of Agave Rural Bank PLC and to present the Chairperson's Report for the 2023 financial year which ended on 31<sup>st</sup> December 2023.

Despite another challenging operating environment, Agave Rural Bank posted phenomenal gains on all major financial indicators, including an above-industry average growth of 35% in the size of the balance sheet from GH¢24,459,564 in 2022 to GH¢33,060,329 in 2023. Customer deposits also grew by 35% from GH¢20,013,504 to GH¢26,976,098. But perhaps, most noteworthy of all, is the over 6000% growth in Profit Before Tax to GH¢1,673,843.00 from the 2022 figure of GH¢27,169.00

### **2. BANKING INDUSTRY PERFORMANCE AT A GLANCE**

For the overall banking industry, Total Assets stood at GH¢274.92 billion at end-December 2023, a 29.7 per cent growth year-on-year. Foreign currency-denominated assets grew by 41.0 per cent in 2023, from the 51.2 per cent growth in 2022, while local currency assets grew by 25.6 per cent in December 2023, compared to 9.4 per cent growth in 2022.

#### **Solvency**

The industry's solvency position, as measured by the Capital Adequacy Ratio, declined to 13.9 per cent in 2023, from 16.2 per cent in 2022. This was still higher than the prudential minimum of 10 per cent. The decline in the Capital Adequacy Ratio was attributed to losses due to the DDEP coupled with an expansion in the risk-weighted assets of banks.

#### **Liquidity**

Despite the adverse macroeconomic developments, and the negative effect of the DDEP, liquidity in the banks remained satisfactory. Liquid assets to total deposits increased to 86.3 per cent at the end of December 2023, from 85.4 per cent in 2022. Liquid assets to volatile funds also increased to 135.3 per cent in 2023, from 133.8 per cent in 2022.

#### **Asset Quality**

The industry's Non-Performing Loan ratio increased to 20.6 per cent at the end of December 2023, from 16.6 per cent at the end of December 2022. The increase in the ratio was due to the increase in the NPL stock, resulting from the adverse macroeconomic conditions. (Source: Bank of Ghana, Annual report 2023)

### **3. RURAL BANKING SECTOR PERFORMANCE**

Rural Banks' aggregate balance sheet depicted impressive performance compared to the year ended December 2022; total assets grew 20.7% compared to growth of 16.0% in 2022.

The total number of licensed RCBs at end-December 2023, was 147. The total assets of the sub-sector at the end of December 2023 was GH¢11.10 billion, representing a 29.9 per cent growth, year-on-year.

The average Capital Adequacy Ratio (CAR) at end-December 2023 declined to 7.5 per cent, below the 10 per cent minimum prudential requirement. The non-performing Loans (NPL) ratio improved marginally to 9.9 per cent at the end of December 2023, from 11.7 per cent the previous year.

The key indicators for RCBs for 2023

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

Source: Bank of Ghana, 2023 Annual Report

#### 4. HIGHLIGHTS OF OUR 2023 FINANCIAL PERFORMANCE

Indicator	2023	2022	Change
	GH¢	GH¢	%
<b>Total Assets</b>	33,060,329	24,459,564	35
<b>Customer Deposits</b>	26,976,098	20,013,503	35
<b>Loans and Advances</b>	12,744,205	8,305,838	53
<b>Total Investment</b>	15,543,293	12,515,081	24
<b>Operating Income</b>	8,547,166	5,837,236	46
<b>Shareholder's Funds</b>	4,813,258	3,607,770	33
<b>Profit Before Tax</b>	1,673,843	27,169	6061

#### 5. CORPORATE GOVERNANCE

The Board continues to ensure that the Bank's governance processes are aligned with the Regulator's directives and frameworks.

##### 5.1 Board Committees

The Board has two main committees: the Business and Credit Committee (BCC) and the Audit, Finance, Administration, Risk, and Compliance Committee (AFARCC). These Committees assist the Board in carrying out its responsibilities.

##### 5.2 Board Development

During the year under review, Directors participated in various capacity-building training programs which included AML/CFT (Anti-Money Laundering and Countering Financing of Terrorism), Corporate Governance Directives, and Risk Management Guidelines.

The Board encourages Directors to undertake continuing education and training to develop and maintain the skills and knowledge needed to perform their role as Directors effectively. Mr. Dominic Sena Agbo and Mr. Worlanyo Kwasi Eworyi joined the Board in March 2024 after



receiving their approval from the Bank of Ghana. This brings the total number of Directors to the full Regulatory compliment of seven (7).

## **6. RETIREMENT/RE-ELECTION OF DIRECTORS**

In accordance with Section 325 of the Companies Act, 2019 (Act 992) and in line with the Corporate Governance Directive for Rural and Community Banks issued by the Bank of Ghana in May 2021, the following Directors will retire by rotation and being eligible, offer themselves up for re-election:

- a. Francesca Dzifa Bedzra
- b. Bernard Kofi Edem Dzinyela
- c. Jonas Zalabak Gborsong
- d. Woelinam Yao Dogbe

## **7. CORPORATE SOCIAL RESPONSIBILITY**

The Bank supported the South Tongu District Assembly, Ada West District Assembly, Ketu South District Assembly and the Ministry of Agriculture with various farming equipment during the 2023 Farmer's Day celebration which was held at various locations within those districts.

Again, we supported some flood victims through the South Tongu District Assembly with 520 bags of sachet water after the dam spillage by VRA.

## **8. DIVIDEND**

For the 2023 financial year, the Board recommends a total dividend payment of GH¢620,000.00 split into a cash dividend of GH¢0.0091 per share and a non-cash dividend of GH¢0.0091 per share.

It is worth mentioning that the quantum of dividend declared and paid is subject to the final approval by the Bank of Ghana, in line with section 35 of the Banks and Specialised Deposit-Taking Institutions Act, 2016 (Act 930).

## **9. CONCLUSION**

Ladies and gentlemen, despite the difficult business environment in 2023, your Bank remained focused on its objectives. Even though the economic environment continues to be challenging, our Bank is still strong and we are confident that, the Bank will continue to meet the expectations of all Stakeholders.

## **10. APPRECIATION**

The bank's exceptional performance in 2023 shows the dedication, resilience and commitment of our Management team and Staff to deliver on their set targets even within the tasking operating environment. It is also a testament to our cherished customers and communities' faith in us with their continued patronage of our services and we are immensely grateful.

On behalf of the Board, Management and Staff, I take this opportunity to thank our very esteemed Shareholders, as well as all of you, who in various ways, have kept faith with the bank over the years. With your continued support and partnership, we promise to keep on delivering to you a sustainable organisation with a productive and positive future.

Let me extend my sincere appreciation to the Bank of Ghana, the ARB Apex Bank PLC, the Association of Rural Banks – Ghana, colleagues from other banks and all other Stakeholders for their unwavering support.

Thank you very much.

**AGAVE RURAL BANK PLC  
REPORT OF THE DIRECTORS TO THE MEMBERS OF  
AGAVE RURAL BANK PLC**

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

**DIRECTORS' RESPONSIBILITY**

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

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

As Directors, we are also responsible for establishing a system of internal controls as we consider necessary for safeguarding the assets of the Bank and taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Bank of Ghana has issued a directive on Corporate Governance for Rural and Community Banks (RCBs) which became effective on 31st March 2022 and requires compliance by all RCBs. Our report on this can be found on pages 11-17 of this report.

**NATURE OF BUSINESS**

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

**FINANCIAL RESULTS AND DIVIDEND**

The Financial Statements have been prepared in accordance with the International Financial Reporting Standards (IFRS) and incorporate disclosures in line with the accounting philosophy of the bank. The financial performance and position of the bank are depicted in the attached Financial Statements on pages 23-57. Below are the brief highlights of the financial results of the bank for the year 2023 with 2022 in comparison.

	<b>2023 GH¢</b>	<b>2022 GH¢</b>
Profit before tax for the year	1,673,843	27,169
From which is deducted a tax (charge)/credit of	(492,882)	(33,282)
	-----	-----
Resulting in a Profit/(Loss) after tax of	1,180,961	<b>(6,112)</b>
To which must be added the balance brought forward on the Retained Earnings Account at the beginning of the year	602,896	710,408
	-----	-----
Leaving a balance before statutory and other transfers of	<b>1,783,857</b>	<b>704,296</b>
From which the following transfers were made:		
• Transfer to Statutory Reserve in accordance with Section 34 of the Banking Act 2016 (Act 930)	(295,240)	-
• Transfer from Credit Risk Reserve as per the BOG directive	50,589	127,504
• Dividend payable	-	(228,904)
	-----	-----
<b>Leaving a balance on the Retained Earnings Account to be Carried Forward of</b>	<b>1,539,206</b>	<b>602,896</b>
	=====	=====

**The Directors would be recommending the payment of dividend for the year.**

## **AGAVE RURAL BANK PLC REPORT OF THE DIRECTORS (CONT'D)**

### **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, and to appreciate the economic knowledge and the legal and regulatory environment within which the Bank operates. Further, the bank and its Directors are beneficiaries of regular training programmes provided by both the ARB Apex Bank PLC and the Bank of Ghana which are geared towards broader and deeper knowledge of the conditions and terrain of the banking sector in Ghana.

### **CORPORATE SOCIAL RESPONSIBILITY**

Responsive to its social responsibilities, the Bank made a total donation of GH¢7,490 to persons, including those affected by the recent floods in the Volta Region.

### **CONFLICT OF INTEREST AND ETHICS**

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

### **APPOINTMENT, RETIREMENT AND RE-ELECTION OF BOARD MEMBERS**

In accordance with section 325 of the Companies Act 2019, (Act 992) and the Regulations of the Bank, Mr. Micheal Yao Amekor retire by rotation and being eligible, offers himself for re-election.

Ms. Francesca Dzifa Bedzra became Board Chair, through elections, to fill the vacancy of Board Chair, which had arisen earlier, as a result of former Board Chair, Mr. Michael Yao Amekor, awaiting approval from BoG, to reassume Directorship on the Board.

Two new Directors in the persons of Mr. Worlanyo Kwesi Eworyi and Mr. Dominic Sena Kwasi Agbo were appointed as Directors with effect from 18th January 2024.

### **GOING CONCERN CONSIDERATIONS**

The attached financial statements have been presented on the basis of accounting policies and conventions applicable to a going concern entity. As Directors, we have made the necessary assessment and evaluation of the future capital and other financial requirements of the bank, and nothing has come to our attention through that evaluative exercise that leads us to conclude that the bank is not a going concern.

### **AUDITORS AND FEES**

Messrs Nexia Debrah & Co were appointed external Auditors of the bank in place of Messrs Accounting Associates (Chartered Accountants & Consultants), whose term of office as the Auditors of the bank expired after the audit of the financial statements for the year ended 31st December 2022.

In accordance with section 139 (5) of the Companies Act, 2019 (Act 992), the new Auditors have indicated their desire to continue in office as external Auditors of the bank. We therefore recommend their continued appointment.

The remuneration paid or payable to the Auditors at the reporting date is **GH¢35,000 (2022:GH¢37,600)**.

**AGAVE RURAL BANK PLC  
REPORT OF THE DIRECTORS (CONT'D)**

**MANAGEMENT REPRESENTATION AND APPROVAL OF ACCOUNTS**

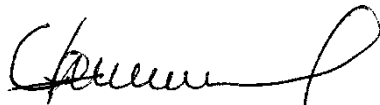
We certify that the Statement of Comprehensive Income and the Statement of Financial Position referred to in the report of the Auditors together with the notes thereon identified on pages 18 to 52 of this report have been prepared from records, information and representations made by us, the Directors of Agave Rural Bank Plc.

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

We confirm that to the best of our knowledge and belief the Financial Statements contain all transactions and that they are complete and accurate in all material respects. We approve the Statement of Comprehensive Income for the year ended December 31, 2023, and the Statement of Financial Position at that date together with the notes thereon this **25th day of April 2024**



.....  
Francesca Bedzra Dzifa  
(Board Chairperson)



.....  
Jonas Gborsong Zalabak  
(Vice Chairman)

DABALA

**April 25, 2024**



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#### GHANAPAY CHARGES

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GhanaPay to users on other mobile money services.	No fees charged.
GhanaPay to Bank	Free transactions
Ability to move money from GhanaPay to one's bank account and vice versa	1% and 0.50 minimum

#### Becoming A GhanaPay Customer

##### REQUIREMENTS

Valid Ghana Card  
Passport (for foreign nationals)  
Registered Active Mobile Number  
GPS Address  
Next of Kin  
Source of Funds  
Occupation  
Note: Bank account not mandatory

## AGAVE RURAL BANK PLC

#### How to register for a wallet

- Download app
- Select ARB Apex Bank
- Select Agave Rural Bank as Branch
- Follow steps to continue



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## AGAVE RURAL BANK PLC

#### Head Office:

**Address:** P. O. Box 52, Dabala, Volta Region

**Tel:** +233 (0) 50 135 4448

**Email:** agaveruralbank@gmail.com  
info@agaveruralbank.com

**Website:** www.agaveruralbank.com

#### Sogakope Branch:

**Tel:** +233 (0) 50 131 7149  
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#### Dabala Branch:

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(0) 50 958 2352

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**Tel:** +233 (0) 50 131 7134  
(0) 50 958 2298



## **AGAVE RURAL BANK PLC STATEMENT ON CORPORATE GOVERNANCE**

### **INTRODUCTION**

Agave Rural Bank Plc is a Bank of Ghana regulated Financial Institution operating in the Volta Region of the Republic of Ghana. Among others, the Bank is guided by the Companies Act 2019 (Act 992) and the Banks and Specialised Deposit-Taking Institutions Act 2016 (Act 930).

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

### **BOARD STRUCTURE, SIZE, COMPOSITION AND QUALIFICATION**

The Board of Agave Rural Bank PLC is made up of Seven Directors (7), two of whom were appointed in the year 2024. All the Directors are Shareholders of the bank and ordinarily resident in Ghana. The Board members together represent collective expertise , qualifications and experience in Law, Marketing, Governance, Accountancy , Banking and Finance, Auditing and Management that are useful in guiding the Bank's business.

### **INDEPENDENCE OF THE BOARD**

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

### **BOARD OF DIRECTORS' RESPONSIBILITY**

As Directors, we are also responsible for establishing a system of internal controls as we consider necessary for safeguarding the assets of the Bank and taking reasonable steps for the prevention and detection of fraud and other irregularities.

In the discharge of its responsibilities, the Board is ably assisted by its sub-committees.

### **BOARD SUB-COMMITTEES**

The Board of Agave Rural Bank Plc has two (2) sub-committees namely: Audit, Finance, Administration, Risk & Compliance and Business and Credit Committee.

- A) Audit, Finance, Administration, Risk & Compliance Sub-Committee
  - i. Mr. Jonas Zalabak Gborsong- Chairman
  - ii. Ms. Francesca Dzifa Bedzra - Member
- B) Business and Credit Sub-Committee
  - i. Mr. Woelinam Yao Dogbe - Chairman
  - ii. Mr. Bernard Edem Kofi Dzinyela Esq.- Member



**AGAVE RURAL BANK PLC  
STATEMENT ON CORPORATE GOVERNANCE (CONT'D)**

**BOARD MEETING AND SUB-COMMITTEE MEETING ATTENDANCE**

The Board had four (4) scheduled meetings in the year under review. There were also unscheduled meetings (mainly virtual) to address urgent issues. Below is the summary of attendance at Board and Sub-Committee meetings of the Board of Directors.

Name of Director	Designation	Board Meetings	Audit, Finance, Administration, Risk & Compliance Sub-committee	Business and Credit Sub-committee
Mr. Michael Yao Amekor	Chairman	4/4	-	-
Mr. Jonas Zalabak Gborsong	Vice Chairman	4/4	4/4	-
Mr. Woelinam Yao Dogbe	Director	3/4	-	4/4
Ms. Francesca Dzifa Bedzra	Director	4/4	4/4	-
Mr. Bernard Edem Kofi Dzinyela Esq.	Director / Ag Secretary	4/4	-	4/4

The two new Directors appointed in January 2024 will participate fully in 2024 board of Directors' meetings.

**PROFILE OF BOARD OF DIRECTORS:**

**Francesca Dzifa Bedzra (Chairperson)**

Francesca was appointed as a member of the Board in November 2021. She served as a member of the Audit, Finance, Administration, Risk and Compliance Committee (AFARCC) till January 2024, when she was elected as the Chair of the Board. Francesca holds a BSBA in Banking & Finance from the University of Ghana Business School, a Chartered Institute of Management Accountants (CIMA) certificate in Business Accounting, a Master of Arts degree in Financial Economics from Youngstown State University, Ohio and certificates from Henley Business School in Adaptive Leadership and the University of Wits Business School in their Future-Fit Senior Banker Development Programme.

Her professional experience spans over 15 years across Global Business Advisory and Banking, working in Business Valuation, Corporate Litigation, Mergers & Acquisitions, Strategy Development & Execution and Corporate Debt Financing.

As the Board Chair, she leads the Board in setting strategic goals and ensuring the Bank is profitable and provides leadership for the effective management of the Bank. She is also to ensure that all corporate governance directives are strictly adhered to by all members. She currently works as a Strategy Enablement Manager of the Corporate and Investment Banking unit at Stanbic Bank, Ghana.

**Michael Yao Amekor**

Michael was appointed as a member of the Board in August 2020. He served as a member of the Business and Credit Committee till August 2022 when he was elected as the Chair of the Board. He was re-elected at the AGM in 2023 and appointed to the Board in October 2023. Michael holds a Bachelor of Science degree in Business Administration in Banking & Finance from University of Ghana Business School, a Master of Science degree in Economics and Finance from Southern Illinois University, Edwardsville, USA and a Master of Business Administration in Finance and Strategy from Washington University, Olin Business School, Missouri, USA.

**AGAVE RURAL BANK PLC****STATEMENT ON CORPORATE GOVERNANCE (CONT'D)**

During his tenure as Board Chair, he led the Board in setting strategic goals and ensured the Bank was profitable and also provided leadership for the effective management of the Bank. He also ensured that all corporate governance directives are strictly adhered to by all members. He is currently the Managing Director of TF Properties Limited, a subsidiary of the Teachers Fund from June 2022 till date.

**Jonas Zalabak Gborsong**

Jonas was appointed as a member of the Board in November 2021. Upon his appointment, he was elected as the Chair for the Audit, Finance, Administration, Risk and Compliance committee (AFARCC). He was the Acting Board Chair until a substantive Chair was elected in January 2024.

He holds a Chartered Tax Practitioner certificate from the Chartered Institute of Taxation, Ghana, Master of Science in Development Finance from the University of Ghana and is a Chartered Certified Accountant

(ACCA). He also holds a certificate in Corporate Tax Management and a Bachelor of Science in Business Administration, Accounting, from the University of Ghana Business School, Legon. He is also a member of the Institute of Chartered Accountants, Ghana. Jonas is a Regulatory and Capital Management Manager at Stanbic Ghana. He has over 15 years' experience in the Banking industry.

He has an extensive taxation expertise and a strong record of providing sound financial and regulatory advice to C-level Management, directly impacting the companies bottom-line. Jonas is results driven; and has overseen prudential returns on an asset base of GH¢24.6 billion.

Jonas advises Executive Management on how best to deploy capital to increase profitability and undertakes periodic capital management planning reporting and forecasting.

**Woelinam Yao Dogbe**

Woelinam was appointed as a member of the Board in November 2021 and is the Chairman of the Business and Credit Committee.

Woelinam is a Chartered Banker and an International Finance Corporation (IFC) Certified Environmental and Social Risk Management (ESRM) Consultant with 15 years' professional experience across financial services, management consulting, and private enterprise. He has worked with top-tier Financial institutions including Standard Chartered Bank, Fidelity Bank Ghana, United Bank for Africa (UBA), and Bayport Savings & Loans. He is an innovative and analytical person with effective communication skills and excellent organizational skills.

Woelinam holds a Master's degree in Business Administration from the University of Bradford, United Kingdom and a Bachelor of Science in Psychology from the University of Ghana, Legon.

**Bernard Kofi Edem Dzinyela**

Bernard was appointed as a member of the Board in November 2021 and he is a member of the Business and Credit Committee. He also serves as the Acting Board Secretary.

He holds a Bachelor of Arts degree in Economics and Sociology and a Bachelor of Law degree, all from the University of Cape Coast and a three-year post-secondary Teacher's Certificate "A" from the University of Cape Coast. He further went to the Ghana School of Law and called to the bar in 2018.

## AGAVE RURAL BANK PLC STATEMENT ON CORPORATE GOVERNANCE (CONT'D)

Bernard is a private legal practitioner in Accra with vast experience in providing legal representation in court, review of documents, drafting of court processes and legal opinions. He is an astute lawyer and brings highly valued legal acumen to bear on the Board.

### **Dominic Sena Agbo**

Sena was appointed as a member of the Board in January 2024 and is a member of the Business and Credit Committee.

He is currently the Executive Director at Strategic African Securities and brings over a decade of experience in investment banking, infrastructure advisory, private equity, and principal investing. His role at Strategic African Securities has allowed him to showcase his expertise in leading high-stakes equity and debt investment projects, particularly in the infrastructure and energy sectors across Ghana and West Africa.

Sena possesses an array of skills, including expertise in Private Equity and Principal Investing, Debt and Equity Capital Markets, Mergers and Acquisition, Infrastructure Project Finance and Strategic Planning and Performance Management.

Sena Agbo is a graduate of the University of Ghana with an MA in Economic Policy Management, a BA in Economics and a Diploma in Financial Management from the Institute of Commercial Management, UK.

### **Worlanyo Kwesi Eworyi**

Worlanyo was appointed as a member of the Board in January 2024. He is a member of the Audit, Finance, Administration, Risk and Compliance Committee (AFARCC).

Eworyi holds a Master of Business Administration from the Kwame Nkrumah University of Technology, a member of the Institute of Chartered Accountants, Ghana, Bachelor of Science in Accounting, from the University of Ghana Business School and a Higher National Diploma in Accounting from the Ho Technical University.

Worlanyo currently works with Republic Bank Ghana Plc as a Branch Manager. He supervises both business and operational schedules at the Branch. He also worked at the Internal Audit Department from 2007 to 2015. He rose through the ranks to become a Team Leader. He has been involved in periodic audit of branches and departments.

As a professional teacher, he also enjoys teaching on a part time basis. He is currently a Lecturer at the **Institute of Chartered Accountants**.

## **BOARD EVALUATION**

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

**AGAVE RURAL BANK PLC****STATEMENT ON CORPORATE GOVERNANCE (CONT'D)****PROFILE OF KEY MANAGEMENT PERSONNEL****Gideon Kwabena Odei (MIOD)**

Gideon is an experienced Executive Officer with a demonstrated history of 17 years of work in a number of rural banks in Ghana. He is skilled in Corporate Governance, Regulatory Compliance, Negotiation, Administration, Financial Analysis, Banking Operations and Customer Service. He is well trained and skilled in TEMENOS T24 Banking Application. Mr. Odei has a Master's degree in Business Administration (MBA) from Accra Business School and a B.Sc. (Hons) in Agriculture, awarded by the Kwame Nkrumah University of Science and Technology, Kumasi, Ghana.

Mr. Odei is a member of the Institute of Directors, Ghana (IoD-Ghana).

**Michael Agbetepey (ACIB, CCP)**

Michael is the Head of Segments and Channels, currently acting as Chief Executive Officer, with over 15 years of experience in the rural banking environment. He holds a Bachelor of Commerce (Accounting & Finance) degree from the University of Cape Coast and a Master's degree in Development Finance from the University of Ghana Legon. He is a Chartered Banker, and a Chartered Credit Professional.

As the Head of Segments and Channels, he is responsible for leading the Business team in developing and maintaining business relationships, deploying financial solutions, acquiring new customers, meeting, and deepening existing client relationships, and achieving profitability and growth targets as well as managing the customer experience.

**Pearl Ama Akordor (ACIHRM 1990)**

Pearl joined the Bank in January 2020 as the Head of Human Resource, Administration and Customer Experience. She has over 10 years working experience as a Human Resource Professional with vast knowledge in labour law, training and development and policy formulation in various sectors including rural banking. She holds a Bachelor of Arts degree in Primary Education and a Master of Arts degree in Human Resource Management, all from the University of Cape Coast. She is an Associate member of the Chartered Institute of Human Resource Management, Ghana. She is currently pursuing a Master of Arts degree in Gender, Peace and Security from the Kofi Annan International Peace Keeping Centre and Certified Management Professional program with the Centre for Professional Certification, Ghana.

As the Head of HR/ Admin and Customer Experience, she is responsible for leading the day-to-day running of administration and ensuring policies and regulations are adhered to while providing a serene environment for personal growth and development.

**Hilas Torvikey (ACIB)**

Hilas joined the Bank in January 2020 as the Head of Finance, a position he still holds till date. He has over 8 years' experience in the rural banking environment. He holds a Bachelor of Arts degree in Psychology with Philosophy from the University of Ghana. He is also a member of the Chartered Institute of Bankers, Ghana and currently pursuing his professional certification with the Institute of Chartered Accountants, Ghana.

As the Head of Finance, he is responsible for leading the finance department and ensuring the Bank is liquid and work according to the accounting standards and do daily reconciliation. He is also responsible for managing the investment portfolio of the Bank and ensuring the Bank makes prudent investment decisions.

**AGAVE RURAL BANK PLC****STATEMENT ON CORPORATE GOVERNANCE (CONT'D)****Faith Fenu (CA)**

Faith joined the Bank in December 2005 as an Accounts Clerk and served through the ranks until he was appointed as the Head of Internal Audit in 2020, a position he still holds till date. He has over 18 years' experience in the rural banking environment. He holds a Higher National Diploma in Accounting from the Accra Technical University and a Post Chartered Diploma in Forensic Audit. He is also a member of the Institute of Chartered Accountants, Ghana.

As the Head of Internal Audit, he is responsible for leading the audit department and ensuring the Bank adheres to all regulations both internally and externally. He is also responsible for ensuring the department evaluates the adequacy and efficiency of the Bank's internal Controls to deter /prevent fraud and/or misappropriation. He is also responsible for investigating reported occurrences of fraud, embezzlement, and theft.

**Naomi Otu-Addo**

Naomi joined the Bank in December 2005 as an Accounts Clerk and has served through the ranks. In 2021, she was appointed the Head of Risk & Compliance, a position she still holds till date. She has over 18 years' experience in the rural banking environment. She holds a Higher National Diploma in Accounting from the Cape Coast Technical University and a Bachelor of Commerce from the University of Cape Coast.

As the Head of Risk & Compliance, she is responsible for leading the department and ensuring the Bank complies with all regulations both internally and externally. She is also to ensure that there are no breaches in the operations of the Bank. All issues relating to Anti-Money Laundering (AML) and KYC/ KYE are in strict compliance.

**Christian Delanyo Kpetigo (CCP)**

Christian joined the Bank in October 2010 as a Project Officer and has served through the ranks and assumed the position of Head of Credit in January 2024. Before his current role, he was the Head of Operations, a position he held from March 2020. He has over 13 years' experience in the rural banking environment. He holds a Bachelor of Science degree in Agricultural Technology from the University for Development Studies, Tamale. He is also a member of the Chartered Institute of Credit Management, Ghana.

As the Head of Credit, he is responsible for leading the credit department in monitoring and overseeing the effective management of credit facilities of the Bank. He is also responsible for managing the loan portfolio of the Bank.

**BOARD SECRETARY**

Mr. Dzinyela Bernard Edem Kofi Esq, an approved Director of the Bank had been appointed by the Board to take up additional responsibility as Acting Secretary to the Board until a substantive Secretary is appointed.

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

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

The Board recognizes that it is not in full compliance by having a Director play the role of Acting Secretary, the Regulator notified of this development. To cure this non-compliance, a search for a substantive Company Secretary is underway.



## PROFESSIONAL DEVELOPMENT AND TRAINING OF DIRECTORS

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

### A. Anti -Money Laundering Training – Risk and Compliance (AMLO) – Agave Rural Bank Plc

1	Mr. Amekor, Michael Yao	6 <sup>th</sup> October, 2023
2	Mr. Gborsong, Zalabak Jonas	6 <sup>th</sup> October, 2023
3	Mr. Dogbe, Woelinam Yao	6 <sup>th</sup> October, 2023
4	Ms Bedzra, Francesca Dzifa	6 <sup>th</sup> October, 2023
5	Mr. Dzinyela, Bernard Edem Kofi Esq.	6 <sup>th</sup> October, 2023

### B. Cyber Security & Fraud Management Training- ARB Apex Bank Plc

i Mr. Gborsong Zalabak Jonas

### C. Governance, Risk and Compliance- ARB Apex Bank Plc

ii Mr. Gborsong Zalabak Jonas

### D. Corporate Governance Certification for Directors National Banking College / Association of Rural Banks - Ghana

S/N	Name of Director	Training Organized By
1	Mr. Amekor, Michael Yao	Bank of Ghana
2	Mr. Gborsong, Zalabak Jonas	Association of Rural Banks -Ghana
3	Mr. Dogbe, Woelinam Yao	Association of Rural Banks -Ghana
4	Ms Bedzra, Francesca Dzifa	Bank of Ghana
5	Mr. Dzinyela, Bernard Edem Kofi Esq.	Bank of Ghana

## CONFLICT OF INTEREST AND ETHICS

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



## REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF AGAVE RURAL BANK PLC

### Opinion

We have audited the Financial Statements of **Agave Rural Bank Plc** which comprise the Statement of Financial Position at 31st December 2023, and the Statements of Comprehensive Income, Changes in Equity and Cash Flows for the year then ended, together with the notes to the Financial Statements which include a summary of significant accounting policies and other explanatory notes as set out on pages 23 to 57.

***Subject to the comments made under the basis of opinion section of our report, in our opinion, these Financial Statements give a true and fair view of the financial position of Agave Rural Bank Plc at 31st December 2023, and of its financial performance and cash flows for the year then ended in accordance with the International Financial Reporting Standards (IFRSs) and in the manner required by the Companies Act, 2019 (Act 992) and the Banks and Specialised Deposit – Taking Institutions Act, 2016 (Act 930).***

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

### Basis for Opinion

We conducted our audit in accordance with the International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the section of our report dealing with the Auditors' Responsibilities for the Audit of the Financial Statements. In form and substance, we are independent of the Bank in accordance with the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants (IESBA Code) and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion. We also refer to the following matters which provide further context to the reader of the audited financial statements:

#### **1. Opening Balance Considerations**

We were not appointed auditors of the Agave Rural Bank Plc until the 2023 financial year and consequently did not report on the balances brought forward from 2022. We have pursued every reasonable effort to obtain confirmation and have received assurances and representations from the directors that those balances brought forward to 2023 were truthfully and fairly stated. We have relied on such assurances and representations by the directors and assumed those balances brought forward to 2023 to be true and fair.

#### **2. Balance of Doubtful Recovery**

The portfolio of Investments included amounts originally considered and disclosed as 182-day Treasury bill investments made through the Gold Coast Securities Limited (now Black Shield Capital Management limited) amounting to **GH¢3,004,634(2022: GH¢3,004,634).**

Gold Coast Securities Limited (now Black Shield Capital Management limited) operated under the authority and license of the Securities and Exchange Commission (SEC) which is the Regulatory Institution responsible for overseeing the operations of all such entities involved in investment and financial advisory, securities trading etc.

## **REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF AGAVE RURAL BANK PLC (CONT'D)**

For various stated reasons published by the SEC, the Operating License of Gold Coast Securities Limited (now Black Shield Capital Management limited) was revoked and placed under Receivership. The bank made a claim for **GH¢3,054,634** from the Receiver of Gold Coast Security Limited and same amount was verified or accepted. The Receiver subsequently made a down payment of **GH¢50,000** on 30th September 2021 from the certified amount to the bank, leaving a balance of **GH¢3,004,634**. The payment of the remaining balance due from the Receiver of Gold Coast Security Limited has been stalled pending the outcome of the court case initiated by the owners of Gold Coast Security Limited challenging the revocation of its license. The visibility, clarity and certainty for the recovery of the unpaid balance from the Receiver of the Gold Coast Security Limited is presently unknown due to the uncertainty surrounding the pending court case.

### **Key Audit Matters**

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

#### **1.0 Revenue recognition (i.e. Interest Income GH¢8,993,905)**

Refer to Note 3 to the Financial Statements.

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

#### **How the matter was addressed in our audit**

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

#### **2.0 Existence and Valuation of Loans and Advances (GH¢12,744,205)**

Refer to Note 12 to the Financial Statements.

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

#### **How the matter was addressed in our audit**

We tested controls over loans and advances and reconciled sampled balances to relevant records. We also reviewed the classification of loans and advances as a basis to assess the adequacy of the provision for bad and doubtful debts and general impairment at the reporting date. We also considered the adequacy of the Company's disclosures in respect of those loans and advances.

**REPORT OF THE INDEPENDENT AUDITORS  
TO THE MEMBERS OF AGAVE RURAL BANK PLC (CONT'D)**

**3.0 Existence and Valuation of Investments  
(GH¢15,418,292)**

Refer to Note 10 to the Financial Statements.

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

**How the matter was addressed in our audit**

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

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

**Other Information**

Other information in this context comprises the information included in the Annual Report and the Directors' Report as required by the Companies Act, 2019 (Act 992). The other information does not include the Financial Statements and our audit report thereon. The Directors are responsible for the other information. Our opinion on the Financial Statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the Financial Statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the Financial Statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information; we are required to report that fact. We have nothing to report in this regard.

**Responsibilities of the Directors for the Financial Statements**

The Directors are responsible for the preparation of Financial Statements that give a true and fair view in accordance with International Financial Reporting Standards and in the manner required by the Companies Act, 2019 (Act 992), and the Banks and Specialised Deposit – Taking Institutions Act 2016, (Act 930).

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

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

**Responsibilities of the Auditors for the Audit of the Financial Statements**

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

**REPORT OF THE INDEPENDENT AUDITORS  
TO THE MEMBERS OF AGAVE RURAL BANK PLC (CONT'D)**

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional

skepticism throughout the audit. We also:

- 
- Identify and assess the risks of material misstatement of the Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstance, but not for the purpose of expressing an opinion on the effectiveness of the bank's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the bank's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our audit report to the related disclosures in the Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our audit report. However, future events or conditions which are beyond the scope of this report may cause the bank to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the Financial Statements, including the disclosures, and whether the Financial Statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.
- Provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be considered to bear on our independence, and where applicable, related safeguards.
- 
- Determine, from the matters communicated with the Directors, those matters that were of most significance in the audit of the Financial Statements of the current period and are therefore the key audit matters. We describe these matters in our audit report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.
- 

**Other Matter**

Without forming the basis of any qualification in our audit report whatsoever, we highlight and draw attention to the obvious fact that the provisions made by the bank for corporate tax are subject to the agreement of the Ghana Revenue Authority.



**REPORT OF THE INDEPENDENT AUDITORS  
TO THE MEMBERS OF AGAVE RURAL BANK PLC (CONT'D)**

**Report on Legal and other Regulatory Requirements**

- (a) Under Schedule Seven (7) of the Companies Act 2019 (Act 992) we are required, when carrying out our audit, to consider and report on certain specific matters. We accordingly report that:
1. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit.
  2. In our opinion proper books of accounts have been kept by the bank, as far as appears from our examination of those books.
  3. Save as expressly stated elsewhere in this report, the bank's Statement of Financial Position and Statement of Profit or Loss and Other Comprehensive Income are in agreement with the books of accounts.
  4. As earlier said in the opinion paragraph, to the best of our knowledge and belief, the Financial Statements present in all material respect the required information in the manner prescribed by the Companies Act 2019 (Act 992); and
  5. In form and substance, we are independent of the bank in accordance with section 143 of the Act and also in accordance with the Code of Ethics for Professional Accountants.
- (b) Under section 85(2) of the Banks and Specialised Deposit-Taking Institutions Act, 2016 (Act 930), we are also required to state certain matters in our report. We accordingly state that:
1. We were able to obtain all the information and explanation required for the efficient performance of our duties as auditors;
  2. Save as expressly stated elsewhere in our report, the Bank's transactions were within its powers;
  3. Nothing has come to our attention to suggest that the Bank breached any provisions of the Anti- money Laundering Act, 2020 (Act 1044), and the Anti-Terrorism Act, 2008 (Act 762); and
  4. As far as appears from our examination of its records, the bank has complied in all material respects with the provisions of the Banks and Specialized Deposit – Taking Institutions Act 2016 (Act 930).
- (c) The Bank of Ghana has issued a set of corporate governance directives which became effective on 31st March 2022. Among other things, this required the board to give a declaration in the annual report and audited financial statements as to the compliance or otherwise of the bank to this directive. The required declaration is embodied in the directors' statement on corporate governance which can be found on pages 11-17 of this report. Our review was facilitated by a set of questionnaires bearing on each specific area of the corporate governance directives. This is the first year in which such a report or disclosure has been made by the directors and our review indicates that there are several areas where improvements can be made. These include succession planning, remuneration policies, and board evaluation

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



**Chartered Accountant (ICAG/F /2024/069)**

**BCB Legacy House**

**#1 Nii Amugi Avenue**

**East Adabraka, Accra**

**P. O. Box CT 1552**

**Cantonments-Accra, Ghana.**

**April 26, 2024**

**STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED DECEMBER 31, 2023**

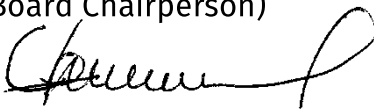
	Notes	2023 GH ₵	2022 GH ₵
Interest Income	3	8,993,905	6,038,061
Interest Expenses	4	(826,408)	(640,759)
<b>Net Interest Income</b>		<b>8,167,497</b>	<b>5,397,302</b>
Commissions and Fees	5	180,629	227,152
Other Operating Income	6	199,040	212,781
<b>Total Operating Income</b>		<b>8,547,166</b>	<b>5,837,236</b>
Charge for Credit Losses	12(d)	(83,751)	(543,657)
Operating Costs	7	(6,789,572)	(5,266,410)
<b>Profit/(Loss) before Taxation</b>		<b>1,673,843</b>	<b>27,169</b>
Taxation	18(i)	(492,882)	(33,282)
<b>Profit/(Loss) after Taxation</b>		<b>1,180,961</b>	<b>(6,112)</b>
Other Comprehensive Income		-	-
<b>Total Comprehensive Income for the year</b>		<b>1,180,961</b>	<b>(6,112)</b>
<b>Earnings Per Share (EPS)</b>			
Basic and Diluted Earnings per Share		<b>0.035</b>	<b>(0.0002)</b>



**STATEMENT OF FINANCIAL POSITION**  
**AS AT DECEMBER 31, 2023**

	NOTES	2023 GH¢	2022 GH ¢
<b>ASSETS</b>			
Cash and Bank Balances	9	1,696,955	1,419,110
Short Term Investments	10	9,160,520	9,434,133
Apex Bank Deposit Reserve	11	1,417,497	1,026,805
Loans and Advances to Customers	12 (a)	12,744,205	8,305,838
Long Term Investment	14	6,282,773	3,004,634
Taxation	18(iv)	-	37,500
Deferred Tax	18(i ii)	1,7432	-
Equity Investments	13	107,564	76,314
Other Assets	15	379,998	217,738
Property and Equipment	19(a)	1,183,453	868,880
Intangible Assets	19(b)	65,621	68,612
<b>TOTAL ASSETS</b>		<b>33,060,329</b>	<b>24,459,564</b>
		=====	=====
<b>LIABILITIES &amp; SHAREHOLDERS' FUNDS</b>			
<b>Liabilities</b>			
Customer Deposits	16(a)	26,976,098	20,013,504
Creditors and Accruals	17 (a)	1,181,553	813,388
Taxation	18(iv)	89,420	-
Deferred Tax Liability	18(iii)	-	24,902
<b>Total Liabilities</b>		<b>28,247,071</b>	<b>20,851,794</b>
		=====	=====
<b>Shareholders Funds</b>			
Stated Capital	21	1,702,737	1,678,210
Revaluation Reserve	22	43,070	43,070
Retained Earnings Account	23	1,539,206	602,896
Statutory Reserves	20	1,466,838	1,171,598
Credit Risk Reserve	25	61,407	111,996
<b>Total Shareholders' Funds</b>		<b>4,813,258</b>	<b>3,607,770</b>
		=====	=====
<b>TOTAL LIABILITIES &amp; SHAREHOLDERS' FUNDS</b>		<b>33,060,329</b>	<b>24,459,564</b>
		=====	=====
<b>Net Asset per Share (GH¢ per Share)</b>		<b>0.97</b>	<b>0.73</b>

  
 .....  
 Francesca Bedzra Dzifa  
 Board Chairperson)

  
 .....  
 Jonas Gborsong Zalabak  
 (Vice Chairman)

**DIRECTORS**

**April 25, 2024**

**STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED DECEMBER 31, 2023**

	GH¢	2023 GH¢	2022 GH¢
Operating Activities			
Profit before Tax		1,673,843	27,169
Add:			
Profit on Disposal		-	(4,500)
Depreciation		203,250	91,132
Amortisation		11,990	29,146
		---	---
<b>Cash Inflow/ (Outflow) before Changes in Operation</b>		<b>215,240</b>	<b>142,948</b>
<b>Assets and Liabilities</b>			
Decrease /(Increase) in Long term investment	(3,309,389)		-
Decrease /(Increase) in Short term investment	273,613		(3,233,495)
Decrease /(Increase) in Loans and Advances	(4,438,367)		(244,412)
Decrease/(Increase) in Other Assets	(162,261)		102,247
Increase in Trade and other Liabilities	368,165		(43)
Increase in Customer Deposits	6,962,595		2,898,857
	-----		--
		<b>(305,644)</b>	<b>(333,898)</b>
		---	--
<b>Cash flow from Operating Activities</b>			
Tax Paid		(412,607)	(69,054)
		-----	-----
		<b>1,170,832</b>	<b>(402,953)</b>
<b>Investing Activities</b>			
Property and Equipment Purchased	(517,822)		(190,745)
Intangible Asset Purchased	(9,000)		-
Proceed on disposal of assets	-		4,500
	-----		--
		(526,822)	-
		-----	--
<b>Cash Outflow from Investing Activities</b>		<b>(526,822)</b>	<b>(186,245)</b>
<b>Financing:</b>			
Proceeds from Issue of Shares	24,526		43,183
Dividend Paid	-		(228,904)
Loan repayments	-	24,526	-
	-----	-----	-----
<b>Net Cash Outflow from Financing</b>		<b>24,526</b>	<b>(185,721)</b>
		--	--
<b>Net Increase /(Decrease) in Cash and Cash Equivalent</b>		<b>668,536</b>	<b>(774,914)</b>
Cash and Cash Equivalents at January 1		2,445,916	3,220,830
		-----	-----
<b>Cash and Cash Equivalents at December 31</b>		<b>3,114,452</b>	<b>2,445,916</b>
		=====	=====
<b>Analysis of Cash and Cash Equivalent s as shown in the Balance Sheet</b>			
Apex Deposits Reserve		1,417,497	1,026,805
Cash and Bank Balances		1,696,955	1,419,110
		---	---
		<b>3,114,452</b>	<b>2,445,915</b>

**STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED DECEMBER 31, 2023**

	<b>Stated Capital GH¢</b>	<b>Credit Risk Reserve GH¢</b>	<b>Statutory Reserve Fund GH¢</b>	<b>Reva- luation Reserve GH¢</b>	<b>Retained Earnings GH¢</b>	<b>Total GH¢</b>
<b>2023</b>						
Balance at 1 <sup>st</sup> January	<b>1,678,211</b>	<b>111,996</b>	<b>1,171,598</b>	<b>43,070</b>	<b>602,896</b>	<b>3,607,771</b>
Issue of Shares for Cash	24,526	-	-	-	-	24,526
Net (Loss)/ Profit for the Year	-	-	-	-	1,180,961	1,180,961
Transfer from Retained Earnings	-	-	295,240	-	(295,240)	-
Transfer from Credit Risk Reserve	-	(50,589)	-	-	50,589	-
<b>Balance at 31 December</b>	<b>1,702,737</b>	<b>61,407</b>	<b>1,466,838</b>	<b>43,070</b>	<b>1,539,206</b>	<b>4,813,258</b>

	<b>Stated Capital GH¢</b>	<b>Credit Risk Reserve GH¢</b>	<b>Statutory Reserve Fund GH¢</b>	<b>Reva- luation Reserve GH¢</b>	<b>Retained Earnings GH¢</b>	<b>Total GH¢</b>
<b>2022</b>						
Balance at 1 <sup>st</sup> January	<b>1,635,027</b>	<b>239,500</b>	<b>1,171,598</b>	<b>43,070</b>	<b>710,408</b>	<b>3,799,603</b>
Issue of Shares for Cash	43,183	-	-	-	-	43,183
Net (Loss)/ Profit for the Year	-	-	-	-	(6,112)	(6,112)
Dividend Declared	-	-	-	-	(228,904)	(228,904)
Credit Risk Reserve	-	(127,504)	-	-	127,504	-
<b>Balance at 31<sup>st</sup> December</b>	<b>1,678,211</b>	<b>111,996</b>	<b>1,171,598</b>	<b>43,070</b>	<b>602,896</b>	<b>3,607,771</b>

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2023

### 1. THE REPORTING ENTITY

#### 1.1 The Company

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

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

The audited Financial Statements were authorized for issue by the Board of Directors on 25th day of April 2024

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

#### 2.1 Income Recognition

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

##### Interest Income

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

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

The effective interest rate is calculated within the context of all estimated cashflows, and due consideration to all contractual terms of the financial instrument including any early payment options but not future credit losses. The calculation also includes all related transactional cost such as processing and commitment fees received by the bank.

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

## **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

### Commissions and Fees

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

### Other Operating Income

This relates to income accruing from the consequential dimension of the bank's operations including the sale of value books, susu/micro-finance operations and where applicable profits or gains from the sale of property and equipment.

### **2.1 Interest Expense**

Interest expense is recognized in the profit or loss for all interest bearing Financial Instruments measured at amortised cost, including savings and fixed deposits, as interest accrues using the effective interest rate method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating the interest expenses.

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

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

### **2.3 Financial Assets and Liabilities**

#### **2.3.1 Date of recognition**

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

#### **2.3.2 Initial measurement of financial instruments**

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

**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****2.3.3 Classification and Measurement categories of financial assets and liabilities**

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

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

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

**2.3.4 Loans and advances to customers, financial investments at amortized cost**

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

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

**(a) Business model assessment**

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

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

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



## **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

### **(b) The SPPI test**

As a second step of its classification process the Bank assesses the contractual terms of financial instrument to identify whether they meet the SPPI test.

'Principal' for the purpose of this test is defined as the fair value of the financial asset at initial recognition and may change over the life of the financial asset (for example, if there are repayments of principal or amortisation of the premium/discount).

The most significant elements of interest within a lending arrangement are typically the consideration for the time value of money and credit risk. To make the SPPI assessment, the Bank applies judgement and considers relevant factors such as the currency in which the financial asset is denominated, and the period for which the interest rate is set.

In contrast, contractual terms that introduce a more than the minimum exposure to risks or volatility in the contractual cash flows that are unrelated to a basic lending arrangement do not give rise to contractual cash flows that are solely payments of principal and interest on the amount outstanding. In such cases, the financial asset is required to be measured at FVPL.

### **2.3.5 Financial assets or financial liabilities held for trading.**

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

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

### **2.3.6 Equity instruments at FVOCI**

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

### **2.3.7 Debt issued and other borrowed funds.**

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

## **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

### **2.3.8 Financial assets and financial liabilities at fair value through profit or loss**

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

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

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

## **2.4 Derecognition of financial assets and liabilities**

### **2.4.1 Derecognition due to substantial modification of terms and conditions**

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

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

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

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

## **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

### **2.4.2 Derecognition other than for substantial modification**

#### **(a) Financial assets**

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

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

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

#### **(b) Financial liabilities**

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

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

#### **(c) Offsetting**

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

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

## **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

### **2.5 Impairment of financial assets**

#### **2.5.1 Overview of the ECL principles**

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

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

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

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

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

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

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

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

#### **2.5.2 The calculation of ECLs**

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

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

- PD The Probability of Default is an estimate of the likelihood of default over a given time horizon. A default may only happen at a certain time over the assessed period if the facility has not been previously derecognized and is still in the portfolio.
- EAD The Exposure at Default is an estimate of the exposure at a future default date, taking into account expected changes in the exposure after the reporting date, including repayments of principal and interest, whether scheduled by contract or otherwise, expected drawdowns on committed facilities, and accrued interest from missed payments.



### **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

- LGD The Loss Given Default is an estimate of the loss arising in the case where a default occurs at a given time. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, including from the realization of any collateral. It is usually expressed as a percentage of the EAD.

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

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

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

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

The mechanics of the ECL method are summarized below:

- Stage 1: The 12m ECL is calculated as the portion of LTECLs that represent the ECLs that result from default events on a financial instrument that are possible within the financial statement 12 months after the reporting date. The Bank calculates the 12m ECL allowance based on the expectation of a default occurring in the 12

### **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

months following the reporting date. These expected 12- month default probabilities are applied to a forecast EAD and multiplied by the expected LGD and discounted by an approximation to the original EIR. This calculation is made for each of the three scenarios, as explained above.

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

#### **2.5.3 Forward looking information**

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

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

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

#### **2.5.4 Restructured financial assets.**

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

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

### **2.6 Collateral valuation**

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

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



## **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

### **2.7 Collateral repossessed.**

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

### **2.8 Write-off policy**

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

Recoveries of amounts previously written off are recognized when cash is received and are included in 'net impairment loss on financial assets' in profit or loss.

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

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

### **2.9 Determination of Fair Value**

The International Financial Reporting Standard (IFRS) 13 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, excluding transaction cost other than that relating to transportation. In practical terms issues usually considered in such a determination would include highest and best use, physical possibility, legal permissiveness and financial feasibility.

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

### **2.10 Cash and Cash Equivalents**

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

### **2.11 Equity Investment**

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

### **2.12 Property and Equipment**

#### **(a) Tangible Fixed Assets**

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

**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

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

Freehold Land and Building	3%
Motor Vehicle	25%
Office Equipment	25%
Office Furniture & Fittings	20%
Power Plant	15%
Computer equipment	33%

**(b) Intangible Assets**

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

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

**2.13 Income Tax**Current Tax

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

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

Deferred Tax

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

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised and such future profits can be reliably measured. As a result, deferred tax assets are reviewed periodically to ensure that their expected recoverable values grounding their initial recognition have not been impaired and where they have, to reduce the related deferred tax assets to their recoverable amounts.

**2.14 Provisions**

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

### **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

#### **2.15 Stated Capital and Reserves**

##### **(a) Stated Capital**

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

##### **(b) Statutory Reserves**

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

##### **(c) Capital Surplus/Reserves**

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

##### **(d) Retained Earnings**

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

##### **(e) Credit Risk Reserve**

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

#### **2.16 Post Balance Sheet Events**

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

#### **2.17 Employment Benefit**

The cost of all employee benefits is recognised during the period in which the employee renders the related service.

**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

The provisions for employee entitlements to wages, salaries, annual and sick leave represent the amount which the company has a present obligation to pay as a result of the employees' services provided to the reporting date.

**National Pension**

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

**2.18. Leases**

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

The standard is effective for annual periods beginning on or after 1 January 2020, with early adoption permitted only if the entity also adopts IFRS 15.

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

	2023 GH¢	2022 GH¢
<b>3. INTEREST INCOME</b>		
Interest on Loans and Advances	6,102,719	4,345,497
Interest on Government Securities & Other Investments	2,891,186	1,692,564
	-----	-----
	<b>8,993,905</b>	<b>6,038,061</b>
	=====	=====
<b>4. INTEREST EXPENSE</b>		
Interest on Savings Accounts	426,382	347,296
Interest on Fixed Deposits	400,026	293,463
	-----	-----
	<b>826,408</b>	<b>640,759</b>
	=====	=====
<b>5. COMMISSIONS AND FEES</b>		
Commission on Turnover	117,086	123,928
Commitment Fees ( <b>Note 26</b> )	63,543	103,224
	-----	-----
	<b>180,629</b>	<b>227,152</b>
	=====	=====
<b>6. OTHER OPERATING INCOME</b>		
Sundry income (SMS Charges, COT, ETC.)	199,040	212,781
	-----	-----
	<b>199,040</b>	<b>212,781</b>
	=====	=====
<b>7. OPERATING COSTS</b>		
Staff Related Costs ( <b>See note 8</b> )	4,082,383	3,278,632
Depreciation ( <b>See note 18</b> )	203,250	91,132
Amortisation ( <b>See note 18</b> )	11,990	29,146
Directors' Remuneration	88,800	104,400
Audit Fees	35,000	37,600
Computerization Expenses	245,401	111,812
Donation	7,490	26,526
General and Administrative Expenses	2,115,258	1,587,162
	-----	-----
	<b>6,789,572</b>	<b>5,266,410</b>
	=====	=====

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

	2023 GH¢	2022 GH¢
<b>8. STAFF RELATED COSTS</b>		
Salaries, wages & allowances	3,949,213	3,138,266
Medical expenses	45,713	37,998
Staff Training	87,457	102,368
	-----	-----
	<b>4,082,383</b>	<b>3,278,632</b>
	=====	=====
<b>9. CASH AND BANK BALANCES</b>		
AR B Apex bank	162,015	635,449
Other banks Clearing Account	836,760	131,465
Cash on hand	698,180	652,196
	-----	-----
	<b>1,696,955</b>	<b>1,419,110</b>
	=====	=====
<b>10. SHORT TERM INVESTMENTS</b>		
<b>(i). Treasury Bills Redeemable within 91 days</b>		
At Maturity Value	8,250,878	4,174,270
Less: Unearned Discount at reporting dates	(287,017)	(129,654)
	-----	-----
	<b>7,963,861</b>	<b>4,044,616</b>
	-----	-----
<b>(ii). Treasury Bills Redeemable within 182 days</b>		
At Maturity Value	1,300,000	4,671,585
Less: Unearned Discount at reporting dates	(103,341)	(370,143)
	-----	-----
	<b>1,196,659</b>	<b>4,301,442</b>
	-----	-----
<b>(iii). Treasury Bills Redeemable within 364 days</b>		
At Maturity Value	-	1,301,756
Less: Unearned Discount at reporting dates	-	(213,681)
	-----	-----
	-	<b>1,088,075</b>
	-----	-----
	<b>9,160,520</b>	<b>9,434,133</b>
	=====	=====



## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

	2023 GH¢	2022 GH¢
<b>11. APEX BANK DEPOSIT RESERVE</b>		
Balance at 1 <sup>st</sup> January	1,026,805	951,448
Net Investments during the year	390,692	75,357
	-----	-----
<b>Balance at 31<sup>st</sup> December</b>	<b>1,417,497</b>	<b>1,026,805</b>
	=====	=====
<b>12. LOANS AND ADVANCES</b>		
(a) Analysed by Type of Facility		
Overdraft	1,407,558	641,867
Loans	11,660,217	7,802,982
	-----	-----
	<b>13,067,775</b>	<b>8,444,849</b>
	-----	-----
Less Provision for Credit Losses	(222,762)	(139,011)
Deferred Income on Commitment Fees (See Note 26)	(100,807)	-
	-----	-----
	<b>12,744,205</b>	<b>8,305,838</b>
	=====	=====
<b>Impairment Statistics</b>		
(i) Credit loss provision ratio	0.64%	0.90%
(ii) Cumulative credit loss provision ratio	1.70%	1.65%

The above constitute loans and advances to customers and staff. The maximum amount due from officers of the bank during the year amounted to **GH¢116,936 (2022: GH¢117,070)**.

**(b) Analysed by Type of Customer**

Private Enterprises and institutions	4,956,150	3,694,817
Individuals	2,311,585	1,946,412
Others	5,800,040	2,803,620
	-----	-----
	<b>13,067,775</b>	<b>8,444,849</b>
	-----	-----
Less Provision for Credit Losses	(222,762)	(139,011)
Deferred Income on Commitment Fees (See Note 26)	(100,808)	-
	-----	-----
	<b>12,744,205</b>	<b>8,305,838</b>
	=====	=====

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

	2023 GH¢	2022 GH¢
<b>(c) Analysed by Business Segment</b>		
Agriculture& fishing	580,712	193,645
Cottage industries	-	41,729
Transport	50,757	81,753
Trading	10,416,320	6,714,864
Others	2,019,986	1,412,858
	-----	-----
	<b>13,067,775</b>	<b>8,444,849</b>
<b>Less: Provision for Credit Losses</b>	(222,762)	(139,011)
<b>Deferred Income on Commitment Fees (See Note 26)</b>	(100,808)	-
	-----	-----
	<b>12,744,205</b>	<b>8,305,838</b>
	=====	=====

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

Balance on the Provision at 1st January	139,011	254,409
Additional Provision for the year	83,751	75,776
Bad debt written off	-	(191,174)
	-----	-----
	<b>222,762</b>	<b>139,011</b>
Less; Specific Bad Debt	-	-
	-----	-----
Balance on the Provision at 31st December	<b>222,762</b>	<b>139,011</b>
	=====	=====

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

**(e) Per IFRS Expected Credit Losses**

Expected Credit Losses (ECL) Stage 1	115,357	71,987
Expected Credit Losses (ECL) Stage 2	32,028	19,987
Expected Credit Losses (ECL) Stage 3	75,377	47,037
	-----	-----
	<b>222,762</b>	<b>139,011</b>
	=====	=====

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

Balance on the Provision at 1st January	251,006	7,004
Additional Provision for the year	33,162	203,280
	-----	-----
<b>Balance on the Provision at 31st December</b>	<b>284,168</b>	<b>251,006</b>
	=====	=====

**NOTES TO THE FINANCIAL STATEMENTS (CONT'D)****(g) Expected Credit Losses (ECL) per BoG Guidelines**

<b>Category</b>	<b>Percent Provision</b>		
Current	1%	128,755	82,446
Other Loans Especially Mentioned (OLEM)	5%	3,179	963
Substandard	25%	2,232	7,026
Doubtful	50%	1,527	1,973
Loss	100%	148,475	158,598
		-----	-----
		<b>284,168</b>	<b>251,006</b>
		=====	=====

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

Movement per IFRS 9 ECL Model (Profit and Loss)	83,751	75,776
Movement per BoG Directive	(33,162)	(203,280)
	-----	-----
<b>Transfer (from)/to retained earnings</b>	<b>50,589</b>	<b>(127,504)</b>
	=====	=====

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

**13. EQUITY INVESTMENTS**

	<b>Shares GH¢</b>	<b>Cost/ Value GH¢</b>	<b>2023 GH¢</b>	<b>2022</b>
Ordinary Shares in ARB Apex Bank at Cost	90,077	0.85	76,314	76,314
Non-Renounceable Right Issue	25,407	1.23	31,250	-
	-----	-----	-----	-----
	<b>115,484</b>	<b>2.08</b>	<b>107,564</b>	<b>76,314</b>
	=====	=====	=====	=====

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

**14. LONG TERM INVESTMENT****a. Gold Coast Investment**

Balance at 1st January	3,004,634	3,004,634
Accrued Interest	-	-
	-----	-----
<b>Balance at 31<sup>st</sup> December</b>	<b>3,004,634</b>	<b>3,004,634</b>
	=====	=====

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

	2023 GH¢	2022 GH¢
<b>b. Cocoa Bond Investment</b>		
At Cost	3,145,575	-
Accrued Interest	132,564	-
	-----	-----
At Amortized Cost	<b>3,278,139</b>	-
	=====	=====
<b>Grand Total(a + b)</b>	<b>6,282,773</b>	<b>3,004,634</b>
	=====	=====
<b>a. Gold Coast investment</b>		
This investment has been maintained at its historical value regardless of the lack of certainty with regards to its recoverability. The bank made a claim for <b>GH¢3,054,634</b> from the Receiver of Gold Coast Security Limited and same amount was verified or accepted. The Receiver subsequently made a down payment of <b>GH¢50,000</b> on 30th September 2021 from the certified amount to the bank, leaving a balance of <b>GH¢3,004,634</b> .		
<b>b. Cocoa Bond Investment</b>		
This investment was originally a cocoa bill which under a domestic debt exchange program (DDEP) has been rescheduled in terms of the timing of its repayment to five (5) years.		
<b>15. OTHER ASSETS</b>		
Stationery Stock	112,295	4,868
Prepayment	27,749	58,733
Interest receivable	118,197	66,661
Sundry debtors	40,952	7,484
Staff Defalcation	81,812	-
	----	-----
	<b>379,998</b>	<b>217,738</b>
	=====	=====
<b>16. CUSTOMER DEPOSITS</b>		
<b>(a) Analysed by Type of Account</b>		
Current accounts	5,268,292	4,125,201
Savings accounts	15,489,675	12,681,435
Time deposit	3,800,059	1,512,809
Susu Savings	2,418,072	1,694,051
	-----	-----
	<b>26,976,098</b>	<b>20,013,496</b>
	=====	=====
<b>17(a) CREDITORS AND ACCURALS</b>		
Interest payable	147,953	127,697
Dividend payable	325,683	340,643
Sundry creditors	648,155	345,048
	-----	-----
	<b>1,121,791</b>	<b>813,388</b>
	=====	=====

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

## 18. TAXATION

	2023 GH¢	2022 GH¢
<b>(i) Tax Expense</b>		
Current Tax (see note 19 iv)	476,758	-
Growth and Sustainability Levy (GSL)	62,769	-
Deferred Tax (see note 19 iii)	(46,645)	33,282
	-----	-----
<b>Total to Profit or Loss</b>	<b>492,882</b>	<b>33,282</b>
	=====	=====
<b>(ii) Reconciliation of Effective Tax Rate</b>		
<b>Profit before Tax</b>	<b>1,673,843</b>	<b>27,169</b>
	=====	=====
Income tax @ 25% (2022: 25%)	418,461	6,792
Tax Effect of Non-deductible Expenses	162,882	54,700
Tax Effect of Allowance Utilized	(104,585)	(68,805)
	-----	-----
<b>Current Tax Charge in P/L</b>	<b>476,758</b>	<b>(7,313)</b>
	=====	=====
<b>Effective Tax Rate</b>	<b>28.48%</b>	<b>0.00%</b>
<b>(iii) Deferred Tax Account</b>		
Balance at January 1	24,902	(8,379)
Release during the year	(46,645)	33,281
	-----	-----
<b>Balance at December 31</b>	<b>(21,743)</b>	<b>24,902</b>
	=====	=====
Deferred income tax is determined on temporary differences under the liability method using a principal tax rate of 25%. The movement on the deferred tax account is as indicated above. The position of deferred tax is attributable to the following items.		
<b>Explained by:</b>		
Property, Plant and Equipment	59,150	24,903
Loans and Advances	(80,893)	-
	-----	-----
	<b>(21,743)</b>	<b>24,903</b>
	=====	=====

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

## (iv) 2023 YEAR OF ASSESSMENT (YOA)

	Balance at 1/1/23 GH¢	Charge in P & L A/c GH¢	Tax Audit Adjustment GH¢	Tax Credit/ Payments GH¢	Balance at 31/12/23 GH¢
<b>A. Corporate Tax</b>					
2021	-	-	-	-	-
2022	(37,500)	-	-	-	(37,500)
2023	-	476,758	-	(372,607)	104,151
	-----	-----	-----	-----	-----
<b>Totals (A)</b>	<b>(37,500)</b>	<b>476,758</b>	<b>-</b>	<b>(372,607)</b>	<b>66,651</b>
	-----	-----	-----	-----	-----
<b>B. Growth &amp; Sustainability Levy</b>					
2022	-	-	-	-	-
2023	-	62,769	-	(40,000)	22,769
	-----	-----	-----	-----	-----
<b>Total (B)</b>	<b>-</b>	<b>62,769</b>	<b>-</b>	<b>(40,000)</b>	<b>22,769</b>
	-----	-----	-----	-----	-----
	-----	-----	-----	-----	-----
<b>Total (A&amp;B)</b>	<b>(37,500)</b>	<b>539,527</b>	<b>-</b>	<b>(412,607)</b>	<b>89,420</b>
	=====	=====	=====	=====	=====

Corporate Income Tax is charged at 25% (2022: 25%) of Taxable Profits. All tax liabilities and credits are subject to the Agreement of the Domestic Tax Revenue Division of the Ghana Revenue Authority.

**Growth and Sustainability Levy**

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

Agave Rural Bank Plc is charged with 5% on the accounting profit before Tax beginning from the second quarter of the year of assessment 2023.



## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

## 19(a) PROPERTY AND EQUIPMENT

2023	H. land & Building GH¢	Office Equip't GH¢	Motor Vehicles GH¢	Furniture & Fittings GH¢	Computer Access. GH¢	Genset GH¢	Total GH¢
<b>Cost</b>							
At 1/1/23	791,734	282,067	487,045	256,310	286,192	38,311	2,141,659
Additions	-	148,165	123,934	152,710	77,202	15,811	517,822
	-----	-----	-----	-----	-----	-----	-----
<b>At 31/12/23</b>	<b>791,734</b>	<b>430,232</b>	<b>610,979</b>	<b>409,020</b>	<b>363,394</b>	<b>54,122</b>	<b>2,659,481</b>
	=====	=====	=====	=====	=====	=====	=====
<b>Depreciation</b>							
At 1/1/23	252,342	254,864	363,532	157,777	217,391	26,874	1,026,300
Charge for the year	21,721	41,013	43,637	48,372	45,625	2,881	206,826
	-----	-----	-----	-----	-----	-----	-----
<b>At 31/12/23</b>	<b>274,063</b>	<b>295,877</b>	<b>407,168</b>	<b>206,149</b>	<b>263,016</b>	<b>29,755</b>	<b>1,233,127</b>
	=====	=====	=====	=====	=====	=====	=====
<b>Net Book Value</b>							
<b>At 31/12/23</b>	<b>517,671</b>	<b>134,355</b>	<b>203,811</b>	<b>202,871</b>	<b>100,378</b>	<b>24,367</b>	<b>1,183,453</b>
	=====	=====	=====	=====	=====	=====	=====

For comparative figures, please see note 19 ( c) below

	2023 GH¢	2022 GH¢
<b>19(b) INTANGIBLE ASSET</b>		
Balance as at 1 <sup>st</sup> January	231,061	231,061
Payment during the year	9,000	-
	-----	-----
	<b>240,061</b>	<b>231,061</b>
<b>Amortisation</b>		
Balance as at 1 <sup>st</sup> January	162,450	133,304
Amortised during the year	11,990	29,146
	-----	-----
<b>Balance as at 31<sup>st</sup> December</b>	<b>174,440</b>	<b>162,450</b>
	=====	=====
<b>Carrying amount</b>	<b>65,621</b>	<b>68,611</b>

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

## 19(c) PROPERTY &amp; EQUIPMENT

	Land & Building GH¢	Building (W.I.P ) GH¢	Office Equip't GH¢	Furnit Fittings GH¢	Computers GH¢	Gen Set. GH¢	Motor Vehicle GH¢	Total GH¢
<b>COST/VALUATION</b>								
At 1/1/22	791,734	79,283	265,397	205,755	218,464	27,811	388,862	1,977,270
Additions	-	-	9,438	8,888	37,344	10,500	124,575	190,745
Reclassification	-	(79,283)	7,232	41,667	30,384	-	-	-
Disposal	-	-	-	-	-	-	(26,356)	(26,365)
	-----	-----	-----	-----	-----	-----	-----	-----
<b>At 31/12/22</b>	<b>791,734</b>	<b>-</b>	<b>282,067</b>	<b>256,310</b>	<b>286,192</b>	<b>38,311</b>	<b>487,045</b>	<b>2,141,659</b>
	=====	=====	=====	=====	=====	=====	=====	=====
<b>DEPRECIATION</b>								
<b>At 1/1/22</b>	230,633	-	245,228	128,432	197,642	25,078	381,001	1,208,003
Charge for the year	21,710	-	9,635	29,354	19,748	1,798	8,886	91,132
Disposal	-	-	-	-	-	-	(26,356)	(26,256)
	-----	-----	-----	-----	-----	-----	-----	-----
<b>At 31/12/22</b>	<b>252,342</b>	<b>-</b>	<b>254,864</b>	<b>157,777</b>	<b>217,391</b>	<b>26,874</b>	<b>363,532</b>	<b>1,272,779</b>
	=====	=====	=====	=====	=====	=====	=====	=====
<b>NET BOOK VALUE</b>								
<b>At 31/12/22</b>	<b>539,392</b>	<b>-</b>	<b>27,203</b>	<b>98,533</b>	<b>68,801</b>	<b>11,437</b>	<b>123,513</b>	<b>868,880</b>
	=====	=====	=====	=====	=====	=====	=====	=====

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

	2023 GH¢	2022 GH¢
<b>20. STATUTORY RESERVE FUND</b>		
At January 1 <sup>st</sup>	1,171,598	1,171,598
Transferred from Retained Earnings Account	295,240	-
	-----	-----
At December 31 <sup>st</sup>	<b>1,466,838</b>	<b>1,171,598</b>
	=====	=====

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

During the year, the Bank recorded a profit after tax of **GH¢1,180,961** and transferred 25% thereof amounting to **GH¢295,240** to Statutory Reserve Fund.

21. STATED CAPITAL	2023		2022	
	No. of Shares	Amount GH¢	No. of Shares	Amount GH¢
<b>Authorized:</b>				
Ordinary Shares @ 31 <sup>st</sup> December	100,000,000	-	100,000,000	-
	-----	-----	-----	-----
	<b>100,000,000</b>	<b>-</b>	<b>100,000,000</b>	<b>-</b>
	=====	=====	=====	=====
<b>Issued for:</b>				
<b>Cash Consideration</b>				
At January 1 <sup>st</sup>	33,564,201	1,678,210	32,700,532	1,635,027
Additions	490,517	24,526	863,669	43,183
	-----	-----	-----	-----
<b>At December 31<sup>st</sup></b>	<b>34,054,718</b>	<b>1,702,736</b>	<b>33,564,201</b>	<b>1,678,210</b>
	=====	=====	=====	=====

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

**Capital Adequacy**

	2023		2022	
	Required by Regulation	Actually Achieved	Required by Regulation	Actually Achieved
Capital Adequacy Ratio	10%	21.70 %	10%	23.24 %

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

	2023 GH¢	2022 GH¢
<b>22. REVALUATION RESERVE</b>		
Balance at January 1 <sup>st</sup>	43,070	43,070
Revaluation Surplus	-	-
	-----	-----
	<b>43,070</b>	<b>43,070</b>
	=====	=====
<b>23. RETAINED EARNINGS</b>		
Balance at January 1 <sup>st</sup>	602,896	710,408
Profit/(Loss) for the year	1,180,961	(6,112)
	-----	-----
Balance before Statutory and Other Transfers	1,783,857	704,296
Transfer to Statutory Reserve (Note 21)	(295,240)	-
Transfer from Credit Risk Reserve	50,589	127,504
Dividend Paid	-	(228,904)
	-----	-----
<b>Balance at December 31<sup>st</sup></b>	<b>1,539,206</b>	<b>602,896</b>
	=====	=====

**24. EARNINGS PER SHARE**

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

	2023 GH¢	2022 GH¢
Profit/(loss) attributable to Ordinary Shareholders	<b>1,180,961</b>	<b>(6,112)</b>
	=====	=====
Number of Ordinary Shares	<b>34,054,718</b>	<b>33,564,201</b>
	=====	=====
<b>Basic Earnings per Share (in Ghana Cedis)</b>	<b>0.035</b>	<b>(0.00018)</b>
	=====	=====

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

**25. CREDIT RISK RESERVE**

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

**NOTES TO THE FINANCIAL STATEMENTS (CONT'D)**

	<b>2023</b>	<b>2022</b>
	<b>GH¢</b>	<b>GH¢</b>
<b>26. DEFERRED INCOME</b>		
At January 1 <sup>st</sup>	-	-
Commitment Fees Accrued during the year	164,351	-
	-----	-----
	<b>164,351</b>	-
Transferred to Income ( <b>Note 5</b> )	(63,543)	-
	-----	-----
<b>At December 31<sup>st</sup></b>	<b>100,808</b>	-
	=== ===	=====

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

**27. FINANCIAL RISK MANAGEMENT****Overview**

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

- credit risk
- liquidity risk
- market risks

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

**Risk management framework**

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

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

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

**NOTES TO THE FINANCIAL STATEMENTS (CONT'D)****(i) Credit risk**

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

The Bank's exposure to credit risk continues to be high as greater part of the investment portfolios amount outstanding in receivership at the end of the reporting date has still not been paid by the Security and Exchange Commission.

***Receivables from Investment Portfolios and Advances to Customers***

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

***Allowances for impairment***

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

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

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

***Exposure to credit risks***

The carrying amount of financial assets represents the maximum credit exposure. The maximum

exposure to credit risk and non-risk at the reporting date was:

	2023 GH¢	2022 GH¢
Investments with Gold Coast Securities	3,004,634	3,004,634
Cocoa Bond Investment	3,278,139	-
	-----	-----
<b>Total Investment Risk Exposure</b>	<b>6,282,773</b>	<b>3,004,634</b>
Other Assets	379,998	217,738
Loans and Advances to Customers	12,744,205	8,305,838
	-----	-----
<b>Total Company Credit Risk Exposure</b>	<b>13,124,203</b>	<b>8,523,576</b>
Total Risk-Free Investments (In Government Securities)	9,160,520	9,434,133
	-----	-----
	<b>28,567,496</b>	<b>20,962,343</b>
	=====	=====



**NOTES TO THE FINANCIAL STATEMENTS (CONT'D)**

The total balance of **GH¢9,160,520 (2022: 9,434,133)** as part of the investment portfolio is risk free which are basically in Treasury Bills and Government of Ghana bonds.

**Impairment losses**

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

	2023			2022		
	Gross GH¢	Impairm't GH¢	Net GH¢	Gross GH¢	Impairm't GH¢	Net GH¢
Current (less than 365 days)	22,071,332	83,751	21,987,581	17,777,547	75,776	17,701,771
Impaired (above 365 days)	6,174,608	-	6,174,608	3,106,069	-	3,106,069
	-----	-----	-----	-----	-----	-----
	<b>28,245,940</b>	<b>83,751</b>	<b>28,162,189</b>	<b>20,883,616</b>	<b>75,776</b>	<b>20,807,840</b>
	=====	=====	=====	=====	=====	=====

**(ii) Liquidity risk**

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

	Carrying Amount GH¢	Total GH¢	Contractual cash flows		
			6 months or less GH¢	6 – 12 months GH¢	Above 1 Yr GH¢
<b>31<sup>st</sup> December 2021</b>					
Susu Savings Scheme	2,418,071	2,418,071	2,418,071	-	-
Current Account	5,268,292	5,268,292	5,268,292	-	-
Time Deposits	3,800,059	3,800,059	3,800,059	-	-
Savings Account	15,489,675	15,489,675	15,489,675	-	-
Accounts Payable	973,838	973,838	973,838	-	-
	-----	-----	-----	-----	-----
	<b>27,949,935</b>	<b>27,949,935</b>	<b>27,949,935</b>	<b>-</b>	<b>-</b>
	=====	=====	=====	=====	=====

**NOTES TO THE FINANCIAL STATEMENTS (CONT'D)****(iii) Market risk**

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

*Foreign currency risk*

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

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

*Interest rate risk*

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

**(iv) Operational risk**

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

**(v) Capital management**

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

**28. CAPITAL COMMITMENTS**

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

**29. EXCHANGE CONTROL**

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

**30. CONTINGENT LIABILITIES**

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

**NOTES TO THE FINANCIAL STATEMENTS (CONT'D)****31. RELATED PARTY TRANSACTIONS****Transactions with key management personnel**

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

**a. Remuneration of Key Management Personnel**

	<b>2023 GH¢</b>	<b>2022 GH¢</b>
Salaries and other short -term benefits	654,734	542,756
Social Security	53,325	42,188
	-----	-----
	<b>708,059</b>	<b>584,944</b>
	=====	=====

**b. Loans to key Staff**

Balance at January 1 <sup>st</sup>	<b>90,493</b>	<b>90,493</b>
Net Movement	682	-
	-----	-----
<b>Balance at December 31<sup>st</sup></b>	<b>91,175</b>	<b>90,493</b>
	==	===

**32. SHAREHOLDING STRUCTURE****(i) Number of Shares Outstanding**

Earnings and dividend per share are based on **34,054,723 (2022:33,564,201)** ordinary shares outstanding.

**(ii) Directors Shareholding**

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

	<b>No. of Shares</b>	<b>% of Issued Capital</b>
Michael Yao Amekor	342,869	1.01%
Jonas Zalabak Gborsong	240,000	0.70%
Francesca Dzifa Bedzra	130,000	0.38%
Woelinam Yao Dogbe	40,000	0.12%
Bernard Edem K. Dzinyela	40,000	0.12%
	-----	-----
<b>TOTAL</b>	<b>792,869</b>	<b>2.33%</b>
	=====	=====

**NOTES TO THE FINANCIAL STATEMENTS (CONT'D)****(iii) Number of Shareholders**

The Bank had 1,859 shareholders as at 31st December 2023 distributed as follows:

<b>Holding</b>	<b>No. of Members</b>	<b>Total Holding of Shares</b>	<b>Percentage Held</b>
1 – 1,000	188	109,973	0.32%
1,001 – 3,000	536	1,005,287	2.95%
3,001 – 5,000	366	1,385,737	4.07 %
5,001 – 10,000	352	2,474,411	7.27%
Exceeding 10,000	417	29,079,315	85.39%
	-----	-----	-----
	<b>1,859</b>	<b>34,054,723</b>	<b>100%</b>
	=====	=====	=====

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

	<b>No. of Shares</b>	<b>% of Issued Capital</b>
1. Lade Wosornu	5,500,000	16.15
2. Agbenyadzie Kwame-Gazo	2,176,370	6.39
3. Akoto Francis Kwami	1,414,035	4.15
4. Ahiataku Simon	1,026,549	3.01
5. Agozie William	1,015,919	2.98
6. Zigah John K. M	800,000	2.35
7. Soadzedey Daniel	779,646	2.29
8. Awuku Raphael	536,006	1.57
9. Ameyedowo Emmanuel Oscar	511,673	1.50
10. Agbloe Franklin Dornu	509,794	1.50
11. Dzinyela Joe Mensah	487,280	1.43
12. Dzinyela Ephraim Kofi	472,918	1.39
13. Anim Biney Kojo	408,374	1.20
14. Agbeko Lotsu	394,695	1.16
15. Kagatse Charles Albert	375,206	1.10
16. Amekor Michael Yao	342,869	1.01
17. Afianu Emmanuel W. K	273,081	0.80
18. Alorwordor Kudomor	259,883	0.76
19. Gborsong Jonas Zalabak	240,000	0.70
20. Azilah Cephas	233,895	0.69
	-----	-----
	<b>17,758,193</b>	<b>52.15</b>
	=====	=====

**SCHEDULE I**

	<b>2023</b>	<b>2022</b>
	<b>GH¢</b>	<b>GH¢</b>
<b><u>General and Administrative Expenses</u></b>		
AGM expenses	61,558	32,108
Tax surcharge	-	54,498
Audit expense	13,773	25,108
Bank charges	19,980	28,902
Finance Cost	7,773	-
Periodicals & subscription	,365	39,266
Advertisement and Publicity	19,227	5,437
Repairs & Maintenance	73,102	66,712
Rent & Property rates	29,302	30,324
Vehicle running expenses	112,676	83,443
Office expenses & consumables	116,935	110,905
Postage & telephone	81,878	92,657
Cleaning & sanitation	23,763	14,113
Printing & stationery	96,102	77,799
Insurance	252,007	81,380
Electricity	320,663	195,499
Legal expenses	120,301	98,320
Board meeting expenses	182,293	188,740
Travelling & transport	387,174	251,625
Police guard expenses	131,386	110,001
	-----	-----
	<b>2,115,258</b>	<b>1,587,162</b>
	=====	=====

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

(1) <b><u>Corporate Tax</u></b>	GH¢	2023 GH¢	2022 GH¢
Net Profit/ (Loss) before Tax		1,673,843	27,169
<b>Add/(Less):</b>			
Provision for Credit Losses	83,751		-
Depreciation	517,822		91,132
Amortisation	11,990		29,146
Penalties	-		54,498
Excess repairs	36,853		44,023
Donations	1,111		-
	-----	651,527	-----
<b>Assessable Income</b>		<b>2,325,370</b>	<b>245,969</b>
Less: Capital Allowances Utilized		(389,084)	(275,218)
		-----	-----
		<b>1,936,286</b>	<b>(29,249)</b>
Less: Unrelieved Losses Brought Forward		(29,249)	-
		-----	-----
<b>Chargeable(Loss)/ Income</b>		<b>1,907,037</b>	<b>Nil</b>
<b>Tax Thereon @25% (2021: 25%)</b>		<b>476,758</b>	-
		=====	===
<b><u>Schedule of Unrelieved Losses</u></b>			
Losses Brought Forward;			
YOA 2022		-	(29,249)
		-----	-----
		-	<b>(29,249)</b>
		=====	=====



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

	<b>Depreciation Allow. Rate GH¢</b>	<b>WDV 1/1/23 GH¢</b>	<b>Additions GH¢</b>	<b>Excess Repairs &amp; Main. GH ¢</b>	<b>Capital Total GH¢</b>	<b>WDV Allowance GH¢</b>	<b>31/12/23 GH¢</b>
<b>POOL OF ASSET</b>							
Pool 1 Computers	40%	66,928	77,202	-	144,130	57,652	86,478
Pool 2 Motor Vehicles	30%	141,174	123,934	21,830	286,938	86,081	200,857
Pool 3 Fixture /Equip't	20%	279,636	316,686	15,023	611,345	122,269	489,076
Pool 4 Building	10%	308,485	-	-	308,485	79,173	229,312
Pool 5 Intangibles	4yrs	41,659	9,000	-	50,659	43,909	6,750
<b>TOTAL</b>		<b>837,882</b>	<b>526,822</b>	<b>36,853</b>	<b>1,401,557</b>	<b>389,084</b>	<b>1,012,473</b>

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

	<b>Depreciation Allow. Rate GH¢</b>	<b>WDV 1/1/22 GH¢</b>	<b>Additions GH¢</b>	<b>(Disposal)/ GH¢</b>	<b>Total GH¢</b>	<b>Capital Allowance GH¢</b>	<b>WDV 31/12/22 GH¢</b>
<b>POOL OF ASSET</b>							
Pool 1 Computers	40%	34,572	76,975	-	111,546	44,618	66,928
Pool 2 Motor Vehicles	30%	69,250	132,427	-	201,677	60,503	141,174
Pool3 Fixture /Equip't	20%	244,895	104,650	-	349,545	69,909	279,639
Pool4 Building	10%	367,014	-	-	367,014	58,529	308,485
Pool 5 Intangibles	4yrs	83,317	-	-	83,317	41,659	41,659
<b>TOTAL</b>		<b>799,048</b>	<b>314,051</b>		<b>1,113,099</b>	<b>275,218</b>	<b>837,882</b>



## AGAVE RURAL BANK PLC PROXY FORM

**ANNUAL GENERAL MEETING** of the Agave Rural Bank PLC to be held on Saturday, 27<sup>th</sup> July 2024, at the Global Evangelical Church, Dabala at 10:00am prompt

I/We ..... being a member(s) of ..... hereby appoint  
Prof./Dr./Hon./Mr./Mrs./Rev .....

With a duly sealed proxy form to attend and vote for me/us and on my/our behalf at the Annual General Meeting of the Bank to be held on Saturday, 29th July, 2024.

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

.....

Signature (authorized signatory)

Name.....

Designation.....

.....

Signature (authorized signatory)

Name.....

Designation.....

Company Seal/Stamp

Company Seal/Stamp

RESOLUTION FROM THE BOARD	FOR	AGAINST
1. To receive the Report of the Chairperson.		
2. To receive the Financial Statements for the year ended 31st December 2023 and the Report of the Directors and the Auditors thereon.		
3. To consider retirement and election of Directors.		
4. To authorize Directors to fix the remuneration of the Auditors.		
5. To fix the remuneration of the Directors.		
6. To declare a dividend.		

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



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(0) 50 131 7144

Aflao Branch:

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4. Enter your Ghana Card Number in this format GHA\*\*\*\*\* THEN SEND.
5. Press 1 to confirm
6. You will receive SMS prompt with your default PIN
7. Redial \*447\*314# to change the default PIN to renew PIN.
8. Press 0 to Home when PIN change was successful.

### TRANSACTIONS

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2. Transfer from Account to Own Account
3. Transfer from same RCB Account
4. Transfer to other Rural Banks
5. Transfer to Other Commercial Banks (Eg. GCB, Ecobank, ABSA etc)
6. Transfer to wallet (Eg. MTN, Telecel Cash, AT Money)



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