ANLO RURAL BANK LIMITED

2022 ANNUAL REPORT AND FINANCIAL STATEMENTS

A section of the hard working staff keeping fit

VISION

To be among the best Rural and Community Banks in Ghana.

MISSION

To promote and finance sustainable enterprises, through the introduction and implementation of innovative and cost effective products.

To reduce poverty in the catchment area of the Bank through the delivery of efficient banking services by trained, motivated and efficient staff, and create maximum value for shareholders.

GOAL

To be the model Rural Bank in Ghana. .

CORPORATE VALUES

HONESTY: Transparency and Trustworthiness

DEPENDABILTY: Reliability and Consistency in Service Delivery

MOTIVATION: Create a Conducive Environment for staff Development and Promote Maximum Performance.

Create an Environment for the Development of Initiatives.

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ANLO RURAL BANK LIMITED

NOTICE OF ANNUAL GENERAL MEETING

Dear Shareholder,

INVITATION TO THE 22nd ANNUAL GENERAL MEETING OF ANLO RURAL BANK LIMITED

On behalf of the Chairman and the Board of Directors, we invite you to the 22nd Annual General Meeting of the Bank.

The AGM is scheduled as follows:

1. Date – Saturday 18th November, 2023
2. Time – 09:00 am
3. Venue – **Head Office, Anlo Rural Bank Limited, Anloga**

Enclosed are the 2022 Annual Reports and Audited Financial Statements, which can also be accessed on the website of the company (www.anloruralbank.com).

Kindly also complete the attached **Shareholder Information Update** Form and lodge same with the Company's Secretary, at the Bank's Head Office, Anloga, or electronically send to info@anloruralbank.com.

Thank you.

Yours faithfully,

....

Onesimus Dorkpah
Company Secretary

CORPORATE PROFILE

BOARD OF DIRECTORS:	Mr. Larry Kwesi Jiagge - Chairman (Up to 29th Oct, 2022) Dr. Kwasi Gbordzi - Chairman (Effective 30th Oct, 2022) Mr. Christian Rockson Kodzo Bensah - Member Mr. Godwin Amelor – Member Mr. Bartholomew Kwame Ahadzi - Member Mr. Frank Yaovi Lawoe – Member
SECRETARY:	Mr. Onesimus Kwashie Dorkpah P. O. Box 14, Peki – Volta Region
AGENCIES	Anloga Main, Dzelukope and Abor
SENIOR MANAGEMENT	Mr. Sylvester A. Bedzra – Chief Executive Officer Ms. Akpene A. Girentsi – Head of Operation Mr. Godwin S. Agboworkunu – Credit Manager Mr. Francis M. Adenyoh – Risk & Compliance Ms. Angela N. Kporvi – Internal Audit Manager Mr. Alfred Y. Kpodo – I C T Manager Mr. Winfred V. Amegago – Head of Business Development & Marketing
REGISTERED OFFICE	P. O. Box AW 31, Anloga – Volta Region
INDEPENDENT AUDITORS:	Nexia Debrah & Co (Chartered Accountants) BCB Legacy House #1 Nii Amugi Avenue, East Adabraka, Accra P.O. Box CT 1552 Cantonments - Accra
BANKERS:	ARB Apex Bank PLC GCB Bank PLC Consolidated Bank Ghana Limited

PROFILE OF DIRECTORS

Mr. Larry Kwesi Jiagge

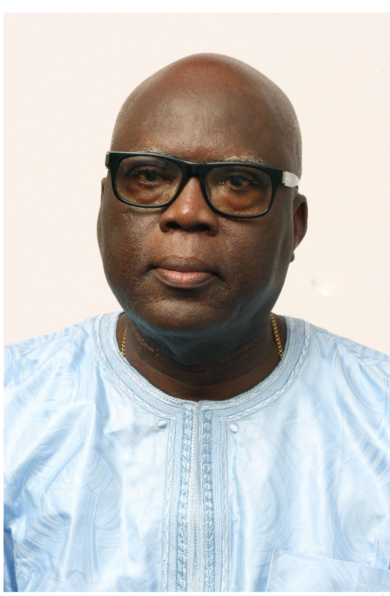
Mr. Jiagge has over thirty-six (36) years' experience in Insurance, Risk, Finance and Strategic Management. He is a member of the Ghana Bar Association. He is a past President of Rotary Club, Accra South, and an avid reader of Financial and Strategy publications.

Mr. Jiagge has served as a Director on the Boards of Companies and Institutions, serving as Chairman for a number of them, including Bank of Baroda Ghana, CDH Insurance Company Limited, CDH Life Assurance Company Limited, Priority Insurance Company Limited, Donewell Insurance Company Limited, Donewell Life Assurance Company Limited, Council of Bureau - Ecowas Brown Card, Executive Council of West Africa Insurance Companies Association (WAICA), and Executive Committee of the Ghana Insurers Association.

He currently serves on the Board of ARB Apex Bank Limited as Vice-Chairman and the Board of Keta Business Senior High School as the Chairman. He is also the Vice-President of the Volta Chapter of the Association of Rural Banks.

Mr. Jiagge worked in senior management positions with a number of companies, including SIC Insurance Ghana Limited as Manager/Head of Department, Metropolitan Insurance Company Limited (now Hollard) as General Manager and Nsia Ghana Insurance Company Limited as Managing Director. He is now the Chief Executive Officer of Risk Management and Advisory Services Limited.

He is a product of Kwame Nkrumah University of Science and Technology (KNUST) and received his EMBA from GIMPA. Mr. Larry Kwesi Jiagge is a Barrister at Law, Chartered Insurer, Fellow of the Chartered Insurance Institute of Ghana (FCIIG), Fellow of the West African Insurance Institute (FWAII) and Fellow of the Chartered Insurance Institute of London (FCIIL).



Dr. Kwasi Gbordzi

He has worked with different institutions namely: University of Ghana and Lever Brothers Ghana Limited as Project Manager (1980), Kade District as a Head of the District Agricultural Department, Kufrah Product Project in Libya (1988) as a Research Officer, Libya (1990) as a Research Agronomist – UNDF/ FAO – Malawi (1993) as a Plant Breeder Tobacco Research Institute of Malawi (TRIM) as a Head of Plant Breeding Department, and was on the Board of Community Micro – Finance Company.

He is a renowned business man and Chief Executive Officer of Sputnik Travel and Tour Ghana Limited.

Dr. Kwasi Gbordzi received his PhD in Plant Breeding and Genetics from Kharkov, Ukraine – 1986 and had M.SC Agronomy, Plant Bleeding and Genetics, Kharkov Ukraine – 1983. He obtained B.SC Agriculture from the University of Ghana, Legon (1979). He is one of the initial promoters of Anlo Rural Bank Limited.

Mr. Godwin Amelor

He served on various Boards such as Anlo Technical Institute (2012) – Board Chairman, and was a Presiding Member of the Keta Municipal Assembly (2010). He was the Committee Chairman of Finance and Administration and a member of the Audit Report Implementation Committee (2015) – Keta Municipal Assembly. He was the Director of Education for the North Tongu District and currently the Director of Education of Ho Municipal Assembly.

Mr. Godwin Amelor obtained his Executive Masters in Business Administration (EMBA) from Kwame Nkrumah University of Science and Technology (KNUST), (2011) and has an Advance Certificate in Human Resource Management from National Institute of Technical Teachers Training Research (NITTTR) Chennai – India (2011). He also obtained his Masters of Educational Administration from University of Cape Coast, Cape Coast (2014).

He received his Bachelor of Education (Social Sciences) from University of Cape Coast (2002) and attended Presbyterian Training College, Akropong – Akwapim (1995) for his Teacher's Certificate 'A' 3-years post-secondary.

Mr. Christian R. K. Bensah

He worked with Ghana Education Service (Upper West Region) and taught at Sandema Ayieta Primary School, Gbenia Primary School, Afoko Middle School and Middle Boarding School – Sandema (1976) and was a Vice Principal – Ahmadiyya Comprehensive High School – ONI – Nigeria (1986), a Senior House Father – Ketasco (2008), Member P. T. A. Executive – Ketasco (2013). He is now an Examiner for WAEC in Religious and Moral Education.

Mr. Christian R. K. Bensah obtained his B. A. (Hons) from the University of Ghana – Legon (1979). He holds Teacher's Certificate 'A' (4 Years) 1971, G.C.E "O" Level (1972) and G.C.E "A' Level (1975) (Sixth Form, Navasco).

Mr. Bartholomew K. Ahadzi

Mr. Ahadzi is a Chartered Accountant with about 36 years of experience in banking, finance, and auditing. He was the Chief Accountant for Treasury and Administration at The Trust Bank Ghana, now part of Ecobank, from 1992 - 1995. He joined the Allied Bank of Uganda as the Financial Controller in 1995. He was also Head of Internal Controls at HFC Bank from 2001 to 2003. He served as the Managing Director of Bank of Africa in Uganda (2003 - 2009) and in Kenya (2009 - 2014).

He is a product of the University of Ghana, Legon and obtained his Bachelors and Masters Degrees in Business Administration in 1984 and 1989 respectively. He became a Chartered Accountant in 1990.

Mr. Bartholomew K. Ahadzi has served on the Boards of various Banks in Uganda, Kenya and Ghana. He is currently a private consultant and serves on the boards of Baobab Microfinance Bank Nigeria Limited and SCG Audit - Ghana.

Mr. Frank Yaovi Lawoe

Mr. Frank Yaovi Lawoe has multifunctional banking experiences, exceeding two decades in three universal banks (GCB, HFC Bank now Republic Bank, and Societe Generale Ghana). Over this period, he has proven his expertise in credit risk, operational risk, internal audit, compliance, retail banking, corporate, and debt recovery; having been Head, Risk Management and Compliance, Head, Internal Audit, and Senior Manager, Recoveries at HFC Bank (now Republic Bank), and currently the Head, Internal Audit at Societe Generale Ghana.

Mr. Lawoe holds Bachelor of Commerce Degree from the University of Cape Coast, and Executive MBA (Finance) from the University of Ghana. He is also a Chartered Accountant, a member of the Institute of Chartered Accountants (Ghana) and Institute of Internal Auditors (Ghana).

MANAGEMENT TEAM

Mr. Sylvester Atsu Bedzra
Chief Executive Officer

Mr. Alfred Yayra Kpodo
ICT Manager

Ms. Akpene Adzo Girentsi
Head of Operations

Mr. Francis Mawukoh Adenyoh
Risk & Compliance Manager

Mr. Winfred Venunye Amegago
Head of Business, Dev't & Mkt

Ms. Angela Nyatefe Kporvi
Internal Audit Manager

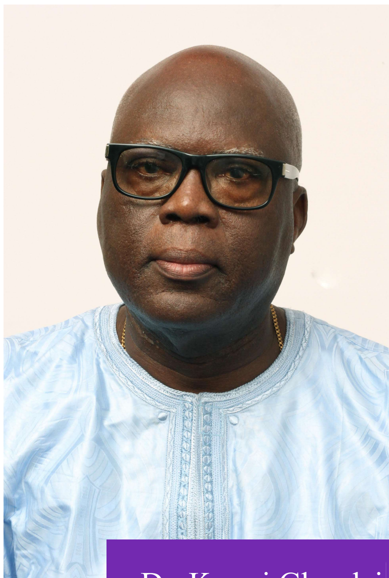
Mr. Godwin S. Agboworkunu
Credit Manager


Agenda
PURSUE | OVERTAKE | RECOVER
ANLO RURAL BANK LIMITED
Agenda 25, 5, 5, 1000
GH¢25M Deposits
Ghc5M Loans Portfolio
5% NPL (Non-Performing Loans)
1000 New Clients
2023 Strategic Goals
“One part at a time, one day at a time, we can accomplish any goal we set for ourselves”
www.anloruralbank.com

THE CHAIRMAN'S REPORT

1.0 INTRODUCTION:

Dear shareholders, I am pleased to present the Annual Report for Anlo Rural Bank Ltd., highlighting the bank's performance and achievements over the past year. Despite challenging global and national economic conditions, our bank has achieved significant growth. This report aims to provide a comprehensive overview of our bank's operations, financial performance, and key initiatives undertaken during the financial year.



Dr. Kwasi Gbordzi

1.1 Macroeconomic Environment:

As indicated, the global economic environment continued to present various challenges, caused by geopolitical tensions (Russia-Ukraine war) leading to disruptions to supply chains. Ghana has not been spared. However, Anlo Rural Bank Ltd., remained resilient and adapted to these changes to ensure stability and long-term growth. Our strategic initiatives, anchored on risk management, allowed us to mitigate potential risks and position ourselves favorably in the market.

Some of the economic indicators at the end of the year were as follows:

- Bank of Ghana Policy Rate 27.00%
- Inflation Rate 54.10%
- Treasury Bill Rates

◊ 91-day 35.36%
◊ 182-day 35.90%
◊ 364-day 36.10%

2.0 Financial Performance of the Bank

I am pleased to report that Anlo Rural Bank Ltd. has delivered impressive financial results in 2022. Despite the challenges, we achieved remarkable growth in various key performance indicators. The performance is depicted in the tables and charts below.

Table 1: Trend Analysis of the Key Performance Indicators and ratios

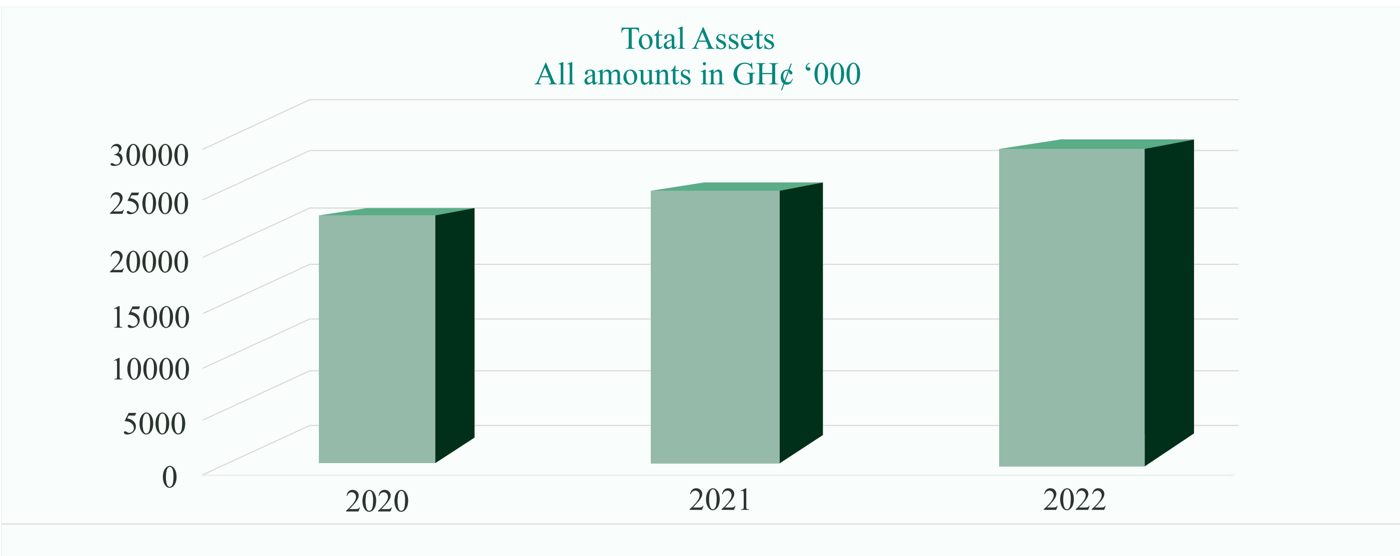
INDICATORS	Amounts in GH¢ '000				
	2020 (GH¢)	2021 (GH¢)	2022 (GH¢)	Growth (GH¢)	Growth%
Total Assets	22,553	23,595	27,769	4,174	17.69%
Total Deposits	17,066	17,651	21,074	3,423	19.39%
Loans and Advances	2,918	3,368	4,482	1,114	33.08%
Investments	15,415	16,910	19,130	2,220	13.13%
Shareholders' Fund	4,687	5,135	5,519	384	7.48%
Operating Income	2,629	3,474	4,688	1,214	34.95%
Operating Expenses	2,304	2,801	3,784	983	35.09%
Profit After Tax	289	469	584	115	24.52%

Table 2: Key Ratios

Ratio	Actual % 2021	Actual % 2022	Benchmark %
Cost/Income Ratio	83.98%	84.32%	Maximum: 70
Capital Adequacy Ratio (CAR)	66.10%	59.00%	Minimum: 10
Return on Assets	1.99%	3.00%	Minimum: 5
Earning Assets/Total Assets	89.08%	86.91%	Minimum: 70
Non-Performing Loans Ratio	0.87%	0.61%	Maximum: 20

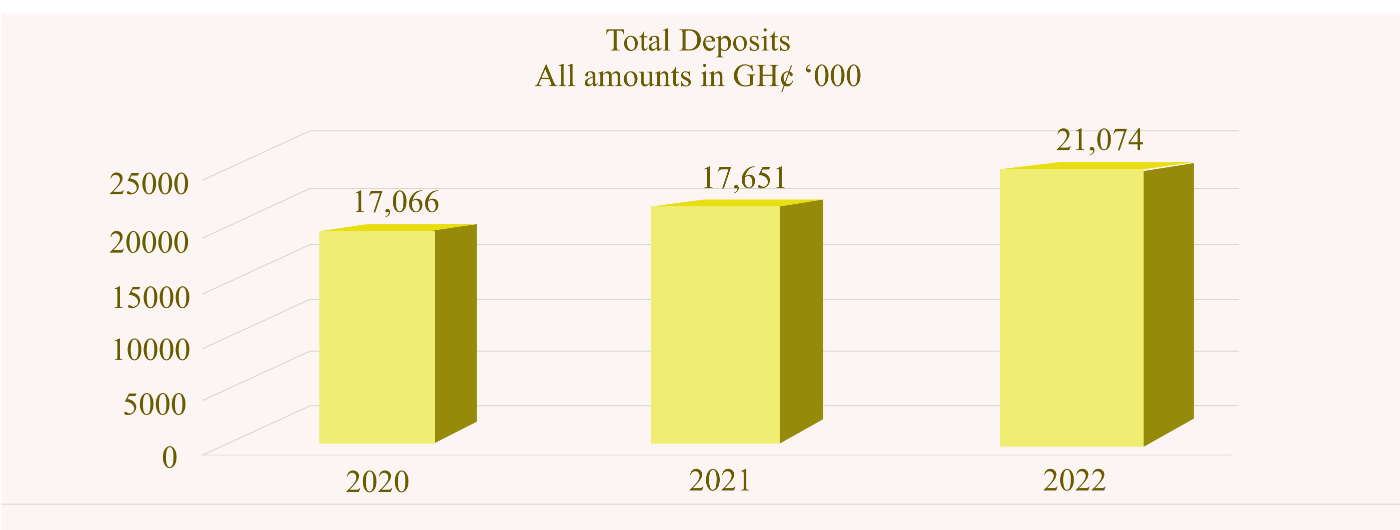
2.1: Total Assets

Our bank witnessed substantial growth in total assets during the financial year. The bank's total assets increased by 17.69% compared to the previous year. This growth is attributed to our focused strategies and successful business development initiatives.



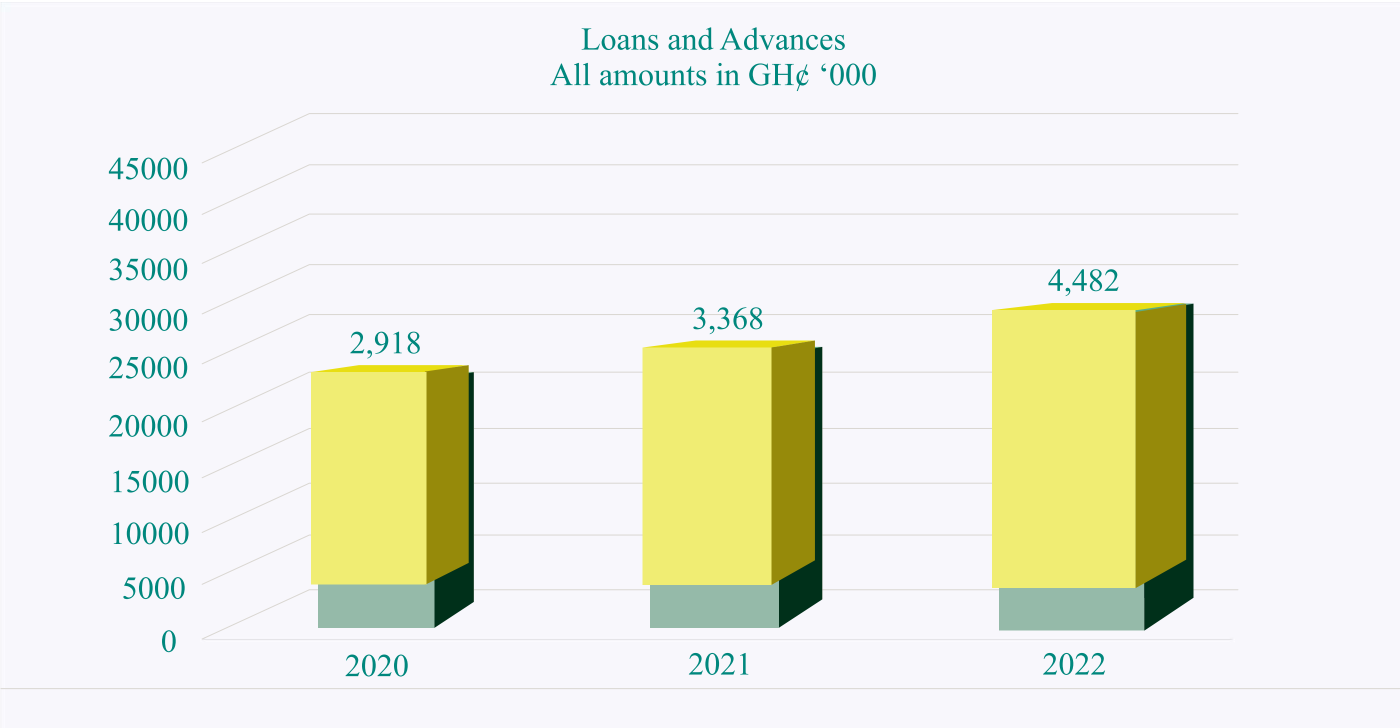
2.2: Total Deposits

Anlo Rural Bank Ltd. experienced significant growth in deposits during the year. The total deposits surged by 19.39%, reaching an overall figure of GH¢21,074,281. This growth is attributed to our robust relationship management, innovative deposit products, and enhanced customer experience.



2.3: Loans and Advances

Our bank has maintained a healthy loan portfolio despite the challenging economic conditions. The bank's loans and advances witnessed steady growth, expanding by 33.08% year-on-year and reaching GH¢4,482,389. This growth was achieved through stringent credit risk management practices and a diversified loan book that catered for the evolving needs of our customers.



2.4. Profit Growth and Margin

Anlo Rural Bank Ltd. continued to build on its strong profitability. The bank's profit before tax increased by 29.21% over the previous year. This growth can be credited to various factors such as, optimized interest income, and effective fee generation strategies.

2.5. Operating Expenses

We remained committed to maintaining cost discipline and optimizing our operating expenses. Throughout the year, our bank successfully controlled expenses, ensuring efficient resource allocation and streamlined operations. As a result, our operating expenses remained at an acceptable level, allowing us to enhance profitability and deliver value to our shareholders.

2.6. Income

Despite the challenging economic conditions, the Bank's total income witnessed a steady growth during the year. The bank's net interest income increased by 32.04%, driven by the growth in our loan portfolio and effective interest rate management. Additionally, non-interest income recorded a solid growth of 34.95%, supported by various fee-based services and diversified income streams.

3.0.Corporate Social Responsibility Undertaken

At Anlo Rural Bank Ltd., we understand the importance of corporate social responsibility (CSR) and strive to make a positive impact on society. Throughout the financial year, we continued our efforts to contribute towards the betterment of the communities we serve. Our CSR initiatives included educational programs, environmental conservation projects, and supporting various charitable organizations. We take pride in our commitment to giving back to society and making a meaningful difference in people's lives. Notable among the Corporate Social Responsibility activities undertaken during the year under review include:

1. Donation towards Anloga District and Keta Municipal Assemblies 2022 Farmers' Day Celebration
2. Donation of Air Conditioners to Keta Municipal Hospital

4.0. Declaration of Dividend

Considering the robust financial performance of Anlo Rural Bank Ltd. and healthy capital adequacy, it gives me great pleasure to announce a dividend payout of **GH¢0.30 per share**. This reflects our continuous focus on creating shareholder value and rewarding the trust and confidence you have placed in us.

5.0. Outlook for 2023

Distinguished Shareholders, as we gather here today in the Annual General Meeting (AGM), it is essential that we take a retrospective view of the past, evaluate the present, and envision the future.

The year 2022 has been a challenging period for the global economy due to various factors such as geopolitical tensions, and climate change. Despite these hurdles, Anlo Rural Bank Ltd. has demonstrated resilience, adaptability, and sound risk management strategies, allowing us to navigate the stormy waters successfully. Our steadfast commitment to our core values, which prioritize customer-centricity, innovation, and sustainability, has laid a strong foundation for our future growth.

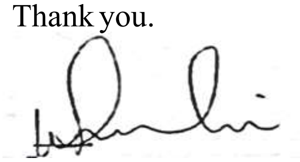
Looking ahead to the year 2023, it is important to assess the economic landscape and identify potential opportunities and risks. The economy is showing signs of a gradual recovery, supported by the government's Domestic Debt Exchange Program (DDEP) and International Monetary Fund (IMF) bailout.

The government's commitment to infrastructure development and digital transformation presents a favorable environment for growth. Your Bank is well-positioned to seize these opportunities, as we have consistently enhanced our digital capabilities, strengthened our capital base, and expanded our product offerings. However, uncertainty still persists, and we need to be prepared for any unforeseen challenges that may arise. We must not overlook the potential risks that could impact our operations. Heightened inflationary pressures, increasing interest rates, and evolving regulatory landscape require us to remain vigilant and proactive in our risk management practices. Your Bank has established robust risk management framework and internal control systems to mitigate these risks and ensure the safety of our stakeholders' investments.

6.0. Conclusion

In conclusion, I would like to express my gratitude to our esteemed shareholders, customers, and employees for their unwavering support, dedication, and belief in Anlo Rural Bank Ltd. The bank's steady financial performance, growth in key indicators, and commitment to corporate social responsibility showcase our resilient nature and ability to overcome challenges. Together, we have steered through challenging times and emerged stronger. We remain optimistic about the future and are determined to continue creating long-term value for our shareholders, customers, and communities while maintaining the highest standards of governance, ethics, and sustenance.

Thank you.



DR. KWASI GBORDZI

(BOARD CHAIRMAN)


Yes!
You too can
BANK
With Us
ANLO RURAL BANK LIMITED
Savings, Joint, Current Account, etc
Personal, Transport, Trade Loans
Funds Transfers, Cards & Electronic Services
For more details, walk into any of our Agencies, email us on info@anloruralbank.com or call us on 0362196072.

CORPORATE GOVERNANCE REPORT

INTRODUCTION

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

This corporate governance disclosure report is in response to the corporate governance directive of the Bank of Ghana.

BOARD STRUCTURE, SIZE, COMPOSITION AND QUALIFICATION

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

The Board has a rich blend of skills and knowledge combined with extensive work and industry experience required to strategically guide the bank's business in Governance, Banking and Finance, Law, Marketing, Entrepreneurship and Management as listed below with detailed profile at page five (5) of this report.

Name of Director	Age	Qualification/Profession	Date Appointed
Mr. Larry Jiagge	66	Private Insurance Practitioner & Lawyer	Sep. 2011
Dr. Kwasi Gbordzi	68	Businessman	Sep. 2011
Mr. Christian R.K. Bensah	75	Retired Educationist	Oct. 2012
Mr. Godwin Amelor	55	Educationist	Oct. 2012
Mr. Bartholomew K. Ahadzi	64	Chartered Accountant	Jan. 2019
Mr. Frank Lawoe	50	Chartered Accountant	Nov. 2020

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 hat period in accordance with the International Financial Reporting Standards (IFRS), and the Banks and Specialised Deposit- Taking Institutions Act, 2016 (Act 930).

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

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

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

a) Credit Committee

This Committee consists of three directors. They are mandated to review all applications for loans and overdrafts submitted to the credit department of the bank and make recommendations for their approval or otherwise.

The Committee is also responsible for ensuring that the Bank's lending strategy is fully implemented, and its credit policies and procedures are strictly adhered to.

Issues handled by the Committee during the year include:

- Review of credit portfolio.
- Proposals exceeding management's limits.
- Changes in lending guidelines and credit policies.
- Review of ageing analysis of the loan portfolio..

b) Risk, Audit & Compliance Committee

This Committee consists of three (3) directors and is responsible for issues concerning the internal audit, risk and compliance/AML &CFT with oversight of the bank's external engagements with relevant regulatory bodies and authorities.

Issues handled by the Committee during the year include:

- Discussed issues with respect to Anti Money Laundering and compliance with AML directives.
- Reviewed the workplan, AML programme and AML policy, procedure and controls.
- Reviewed the Internal Audit Plan for the year.
- Reviewed the risk management reports of the bank.
- Reviewed the internal audit reports and follow up matters.
- Reviewed compliance reports and consequential matters.
- Reviewed proposals for changes in policies and tracking the entire review and approval process of all policies of the bank.

c) Finance & Administration Committee

The Committee consists of three (3) directors and is responsible for issues concerning the asset and liability technology, and banking operations. It also has oversight of the bank's internal and external functions among others such as Human Resource and Administration, Procurement etc.

Issues handled by the Committee during the year include:

- Discussed and reviewed the budget for 2022.
- Discussed IT related issues and incident reports
- Recommended to the board proposals for staffing needs and facilitated the recruitment process.
- Reviewed monthly management reports and financials.
- Reviewed the bank's tariff.

INDEPENDENCE OF THE BOARD

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

SEPARATION OF POWERS - CHAIRMAN AND CEO ROLES

The Chairman of the Board, is an independent non-executive Director. The Chairman's role includes but not limited to the following;

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

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

The following are his roles among others:

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

BOARD MEETING ATTENDANCE

The Board held four (4) scheduled meetings during the year in compliance with Section 25 of the Corporate Governance Directives for RCBs.

Below is the table for attendance for Board and Committee meetings in the year 2022.

Name of Director	Role	Year Appointed	Board Meetings	Risk, Audit & Compliance Committee	Credit Committee	Finance & Administration Committee
Mr. Larry Jiagge	Chairman	2011	3/4	-	-	-
Dr. Kwasi Gbordzi	Vice Chairman	2011	4/4	3/4	-	3/4
Mr. Christian R.K. Bensah	Member	2012	4/4	-	4/4	-
Mr. Godwin Amelor	Member	2012	4/4	-	4/4	4/4
Mr. Bartholomew K. Ahadzi	Member	2019	4/4	4/4	-	4/4
Mr. Frank Lawoe	Member	2020	4/4	4/4	4/4	-

BOARD SECRETARY

The Secretary, Mr. Onesimus Dorkpah is literally the administrative officer at the board level and recognized as a key management personnel. The Board Secretary was approved by the Board and is accountable to the Board, through the Chairman for all matters relating to Board meeting, meeting documentation, record keeping as well as public relations between the Board and the general public. The Board Secretary performs the following duties, among others:

a) Serves as an interface between the Board and Management
b) Assisting the Board Chairman in the preparation and organization of Board meetings
c) Liaising with Management and Board Chairman in undertaking all relevant public relational activities leading to the organization and carrying out of AGMs
d) Ensures that the applicable rules & regulations for the conduct of Board business and for "fit and proper" test for Directors' qualification are complied with.

CONFLICT OF INTEREST AND ETHICS

The Bank has instituted appropriate conflict registration procedure for disclosure and authorization of actual or potential conflicts. All actual or potential conflicts are required to be registered in a CONFLICT-OF-INTEREST REGISTER during Board and Committee meetings and are regularly reviewed for appropriate authorization. All issues are fully discussed and debated, and the ultimate resolutions thereof are that which inure to the benefit of the shareholders. All such decisions are taken effectively and independently.

During the year, no conflict arose, and no such authorizations were sought.

OTHER ENGAGEMENTS OF DIRECTORS AND EXTERNAL DIRECTORSHIP

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

DIRECTORS' SHAREHOLDING

The Directors named below held the following number of shares in the Bank as at 31st December 2022:

Name of Director	Number of Shares	% of Issued Capital
Dr. Kwasi Gbordzi	17,927	2.76
Mr. Larry Kwesi Jiagge	14,092	2.17
Mr. Frank Lawoe	500	0.08
Mr. Christian R.K. Bensah	329	0.05
Mr. Godwin Amelor	329	0.05
Mr. Bartholomew K. Ahadzi	200	0.03
	33,377	**5.14**

PROFESSIONAL DEVELOPMENT & TRAINING

To ensure development and maintenance of skills and knowledge needed to perform their roles effectively, the Board promotes and encourages Directors to undertake continuing education and training. During the year the directors did undertake training programmes organised by National Banking College, Bank of Ghana, ARB Apex Bank and other professional bodies and recognised groupings and were awarded certificates to that effect in some cases.

Listed below are some of the courses and/or training attended by Directors.

Name of Training/Module	Organizers	Date	Attendee(s)
Credit Training for Directors	ARB Apex Bank	Feb. 2022	1. Godwin Amelor 2. Mr. Frank Y. Lawoe
Governance, Risk & Compliance	Bank of Ghana	May. 2022	1. Mr. Larry Jiagge 2. Dr. Kwasi Gbordzi 3. Mr. Frank Y. Lawoe
Cyber Security & Fraud Management	Bank of Ghana	May. 2022	1. Godwin Amelor
Corporate Governance Certification	Ass. of RCBs and Nat. Banking College	Sept. 2022	1. Dr. Kwasi Gbordzi
Overview of Procurement function and Procurement Policy	ARB Apex Bank	Sept. 2022	1. Mr. Godwin Amelor 2. Dr. Kwasi Gbordzi
Corporate Governance Certification	Ass. of RCBs and Nat. Banking College	Oct. 2022	1. Mr. Godwin Amelor 2. Mr. C.R.K. Bensah 3. Mr. Frank Y. Lawoe

CORPORATE GOVERNANCE DECLARATION STATEMENT BY THE BOARD OF DIRECTORS OF ANLO RURAL BANK PLC.

We, the Board of Directors of Anlo Rural Bank PLC hereby declare that we are dedicated to upholding the highest standards of corporate governance.

We believe in transparency, accountability and ethical and ethical conduct to protect the interest of all Shareholders. Our commitment to these principles ensures long-term success and trust in our organization.

Stemming from this commitment, we declare that Anlo Rural Bank Plc. has complied with the requirements of the Corporate Governance Directive of Bank of Ghana.

Thank you.

GhIPSS GAB GHANA ASSOCIATION OF BANKERS

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Your money, your way

Just Dial *707# to Register
Alternatively, you can visit or call
any of our Agencies for assistance

ANLO RURAL BANK LIMITED

Email us on info@anloruralbank.com or call us on 0362196072.

...we serve our cherished customers

REPORT OF THE DIRECTORS

TO THE MEMBERS OF ANLO RURAL BANK LTD

We, the Directors of **Anlo Rural Bank Limited** have the pleasure in submitting our annual report together with the Audited Financial Statements for the year ended December 31, 2022.

DIRECTORS RESPONSIBILITY

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

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

As Directors, we are also responsible for such internal control as we determine is necessary for safeguarding the assets of the Bank and taking reasonable steps for the prevention and detection of fraud and other irregularity. The Bank of Ghana has issued a directive on Corporate Governance for Rural and Community Banks (RCBs) which became effective on 31st March 2022 and requires compliance by all RCBs. Our report on this can be found on pages 15 to 18 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 company. The financial performance and position of the bank are depicted in the attached Financial Statements on pages 28 to 65. Below are the brief financial highlights of the bank for the 3-year period 2020 to 2022.

FINANCIAL PERFORMANCE FOR 2020 - 2022

	2022	2021	2020
	GH¢	GH¢	GH¢
Revenue	5,308,357	4,019,208	3,209, 292
Earnings before Interest & Tax	832,086	644,003	344,594
Net Profit/(Loss) after Tax	584,562	469,266	289,457
Total Comprehensive Income	**584,562**	**469,266**	**289,457**

FINANCIAL POSITION FOR 2020 - 2022

	2022	2021	2020
	GH¢	GH¢	GH¢
Total Assets	27,769,424	23,595,475	22,553,271
Total Liabilities	(22,250,842)	(18,460,635)	(17,866,501)
Total Equity	**5,518,582**	**5,134,840**	**4,686,770**

The recommendation of the directors to pay a dividend of GH¢0.30 per share amounting to **GH¢194,620** in respect of the financial year ended 31st December 2021 was approved by the Bank of Ghana in their letter to the bank dated 16th May 2022. The Bank of Ghana in a letter dated 7th June, 2023, approved the payment of a dividend of **GH¢0.30** per share amounting to **GH¢194,920** in respect of the financial year ended 31st December 2022.

CORPORATE SOCIAL RESPONSIBILITY

Responsive to its social responsibilities, the Bank made a total donation of **GH¢8,600** in various proportionate amounts to the Keta Government Hospital, the 2022 Hogbetsotsoza as well as towards the Anloga District and Keta Municipal Assemblies' 2022 farmers' day celebration.

CONFLICT OF INTEREST

In accordance with its governance structure, the Bank has established appropriate procedures to address actual or potential conflict on account of any director or senior management and these are regularly reviewed for compliance. 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

The corporate governance directives issued by the Bank of Ghana (BoG) became effective on 31st March 2022. Among other issues, the directives limited the tenure of directors to a maximum of Nine (9) years. Flowing from this, the Board Chairman (Larry Kwesi Jiagge) retired from the board at the end of the last AGM held on 29th October 2022, having served out his full term.

In accordance with section 325 of the Companies Act 2019, (Act 992), and the Regulations of the Bank, Dr. Kwasi Gbordzi and Mr. Christian Rockson K. Bensah retire by rotation and cannot under the BoG directives, offer themselves for re-election as they have provided exemplary service to the bank as directors for more than Nine (9) years.

Your board will endeavor to find worthy replacements as soon as possible.

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 have served the bank very well as its external auditors since the 2017 financial year. The firm has served notice that it is unable to continue serving the bank as its external auditor due to the limitation of term placed on the firm and the bank by section 81(4) of the Banks and Specialised Deposit-Taking Institutions Act, 2016 (Act 930) which reads as follows:

> *"An auditor of a bank or specialized deposit-taking institution shall hold office for a term of not more than six years and is eligible for reappointment after a cooling off period of not less than five years"*.

The remuneration paid or payable to the Auditors at the reporting date was GH¢35,000 (**2021**:GH¢30,000).

MANAGEMENT REPRESENTATION AND APPROVAL OF ACCOUNTS

We certify that the Statement of Comprehensive Income and the Statement of Financial Position referred to in the report of the Auditors together with the notes thereon identified on pages 23 - 65 of this report have been prepared from records, information and representations made to us, the Directors of Anlo Rural Bank Limited.

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

We confirm that to the best of our knowledge and belief the Financial Statements contain all transactions and that they are complete and accurate in all material respects. We approve the Statement of Comprehensive Income for the year ended December 31, 2022 and the Statement of Financial Position as at that date together with the notes thereon this 27th day of April 2023.

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

ANLOGA.
April 27, 2023

AGRIC LOANS

Let's work **hand in hand** with you to **achieve your goals**

Poultry

Agri-business

Fishing

- **Customized terms and conditions**
- **Experienced Agricultural loan advice**
- **Long term commitment to your**

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF ANLO RURAL BANK LIMITED

Nexia Debrah & Co

Opinion

We have audited the Financial Statements of **Anlo Rural Bank Limited** which comprise the statement of financial position at 31st December 2022, 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 28 to 65.

In our opinion, these Financial Statements give a true and fair view of the financial position of Anlo Rural Bank Limited at 31st December 2022, 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 thosematters specifically required by law to be mentioned in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and its members as a body for our audit work, our report, or the opinions we have expressed herein above.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the section of our report dealing with the Auditors' Responsibilities for the Audit of the Financial Statements. In form and substance, we are independent of the Company 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.

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 (ie. *Interest Income GH¢4,790,189*) Refer to Note 3 to the Financial Statements.

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

How the matter was addressed in our audit

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

2.0 Existence and Valuation of Loans and Advances (GH¢4,482,389) 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 amortized cost using the effective interest method. Where any impairment arises the estimated impairment loss is fully provided for and recognized in the profit and loss as charge for credit losses.

How the matter was addressed in our audit

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

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

3.0 Existence and Valuation of Investments (GH¢19,130,409)

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.

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.

Emphasis of 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 Company for corporate taxes including the amount of withholding tax to the credit of the company and shown as part of assets are subject to the agreement of the Ghana Revenue Authority.

Report on Other Legal and Regulatory Requirements

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

1. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit.

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

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

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

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

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

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

2) The Bank's transactions were within its powers;

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

4) The Bank has complied in all material respects with the provisions of the Banks and Specialised Deposit-Taking Institutions Act 2016 (Act 930)

c) The Bank of Ghana has issued a set of corporate governance directives for Rural and Community Banks (RCBs) which became effective on 31st March 2022. Among other things, the directive 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 the directives. The required declaration is embodied in the directors' statement on corporate governance which can be found on page 15 to 18 of this report. Our review was facilitated by a set of questionnaires bearing on each specific area of the corporate governance directives.

It is observed that 2022 is the first year in which we are required as auditors to make a statement or comment on the level of compliance of the bank to the directives. Our reviews indicates that there are several areas where improvements can be made. These include succession planning, remuneration policies, board evaluation, and related party transactions. For instance, the bank may well find itself stranded with only two directors having some level of institutional memory as four (4) out of the six directors were due for retirement without eligibility for re-election.

The bank can consequently appeal or petition the Bank of Ghana for an extension of time to allow for a smoother transition regarding additional directors to replace those retiring.

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

Chartered Accountants (ICAG/F/2022/069)
BCB Legacy House
#1 Nii Amugi Avenue
East Adabraka, Accra

P. O. Box CT 1552, Cantonments -Accra, Ghana.

April 27th, 2023

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED DECEMBER 31, 2022

	Notes	2022 GH¢	2021 GH¢
Interest Income	3	4,790,189	3,690,412
Interest Expenses	4	(620,735)	(544,856)
Net Interest Income		**4,169,454**	**3,145,556**
Commissions and Fees	5	277,444	186,369
Other Operating Income	6	240,724	142,427
Total Operating Income		**4,687,622**	**3,474,352**
Charge for Credit Losses	12(d)	(71,782)	(29,255)
Operating Costs	7	(3,783,755)	(2,801,094)
Profit before Taxation		**832,085**	**644,003**
Taxation	19(I)	(247,524)	(174,737)
		584,561	**469,266**
Other Comprehensive Income		-	-
Comprehensive Income for the year		**584,561**	**469,266**
<u>Earnings Per Share (EPS)</u>			
Basic and Diluted Earnings per Share	27	**0.90**	**0.72**

STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2022

		2022	2021
NOTES		**GH¢**	**GH¢**
ASSETS			
Cash and Bank Balances	9	1,126,729	804,011
Short Term Investments	10	19,130,409	16,910,273
Apex Bank Deposit Reserve	11	987,683	919,257
Loans and Advances to Customers	12(a)	4,482,389	3,367,791
Taxation	19(iv)	89,559	66,790
Equity Investments	13	82,539	82,539
Other Assets	14	272,809	165,722
Property and Equipment	20(a)	1,420,155	1,090,564
Intangible Assets	20(b)	132,332	159,918
Right-of-Use Asset	20(c)	44820	28,610
		--------------	--------------
TOTAL ASSETS		**27,769,424**	**23,595,475**
		========	========
LIABILITIES & SHAREHOLDERS' FUNDS			
Liabilities			
Customer Deposits	15(a)	21,074,281	17,650,953
Creditors and Accruals	16(a)	446,811	487,771
Medium Term Loans	18	300,000	-
Obligation for T24 License	16(b)	-	37,436
Managed Funds	26	96,230	96,230
Dividend Payable	17	233,158	136,196
Deferred Tax Liability	19(iii)	100,362	52,049
		-------------	------------
Total Liabilities		**22,250,842**	**18,460,635**
		--------------	-------------
Shareholders Funds			
Stated Capital	23	1,330,060	1,327,660
Statutory Reserve Fund	21	1,544,467	1,471,397
Retained Earnings Account	25	1,722,562	1,443,677
Social Responsibility Fund	22	172,658	181,258
Revaluation Reserves	24	39,404	39,404
Credit Risk Reserve	28	709,431	671,444
		------------	------------
Total Shareholders' Funds		**5,518,582**	**5,134,840**
		--------------	--------------
TOTAL LIABILITIES & SHAREHOLDERS' FUNDS		**27,769,424**	**23,595,475**
		========	========
Net Asset per Share (GH¢ per Share)		**8.49**	**7.92**

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) **DIRECTORS**

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ANLOGA

April 27th, 2023

	2022 GH¢	2021 GH¢
Operating Activities		
Profit before Tax	832,086	644,003
Add Depreciation	160,152	140,372
Less Profit on Disposal	(60,137)	-
Cash Inflow before Changes in Operating Assets and Liabilities	**932,101**	**784,375**
Decrease /(Increase) in Loans and Advances	(1,169,295)	(428,571)
Decrease/(Increase) in Other Assets	(107,087)	(16,068)
Increase in Creditors and Accruals & Other Obligation	(40,961)	(3,664)
Increase in Customer Deposits	3,423,328	548,912
Provision for Credit Losses	71,782	29,255
	2,177,767	**165,865**
Cash flow from Operating Activities	**3,109,868**	**950,239**
Dividends and Corporate Tax		
Tax Paid	(221,979)	(110,853)
Dividend Paid	(97,657)	(4,049)
	(319,636)	**(114,902)**
Investing Activities		
Property and Equipment Purchased/Software	(451,310)	(66,495)
Intangible Assets	(37,436)	(35,296)
Right-of-Use Asset	(16,210)	-
Purchase Of Investments (Gov. Of Ghana Bonds/Notes)	3,037,362	(5,839,166)
Premium Cost on Bonds / Note	-	(142,701)
Proceeds from Disposal	74,703	-
Cash Outflow from Investing Activities	**2,607,109**	**(6,083,658)**
Financing:		
Proceeds from Issue of Shares	2,400	3000
Payment of Social Responsibility	(8,599)	(24,195)
Medium Term Loan	360,000	–
Medium Term Loan repaid	(60,000)	-
Net Cash Outflow from Financing	**293,801**	**(21,195)**
Net Increase/(Decrease) in Cash and Cash Equivalent	**5,691,142**	**(5,269,516)**
Cash and Cash Equivalents at January 1	5,373,268	10,642,784
Cash and Cash Equivalents at December 31	**11,064,410**	**5,373,268**
Analysis of Cash and Cash Equivalents as shown in the Balance Sheet		
Apex Deposits Reserve	987,683	919,257
Cash and Bank Balances	1,126,729	804,011
Short Term Investments	8,949,998	3,650,000
	11,064,410	5,373,268

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2022

	Stated Capital GH¢	Social Respon. Fund GH¢	Statutory Reserve Fund GH¢	Reval-uation Resrve GH¢	Credit Risk Reserve GH¢	Retained Earnings GH¢	Total GH¢
2022							
Balance At 1st January	1,327,660	181,259	1,471,397	39,404	671,444	1,443,677	5,134,840
Issue of Shares for Cash	2,400	-	-	-	-	-	2,400
Net Profit/ (Loss) for the Year	-	-	-	-	-	584,562	584,562
Transfer from Income Surplus	-	-	73,070	-	-	(73,070)	-
Dividend Declared	-	-	-	-	-	(194,620)	(194,620)
Social Responsibility Fund	-	-	-	-	-	-	-
Social Responsibility Exp.	-	(8,600)	-	-	-	-	(8,600)
Revaluation Reserves	-	-	-	-	-	-	-
Proceeds from Bonus Share	-	-	-	-	-	-	-
Credit Risk Reserve	-	-	-	-	37,987	(37,987)	-
Balance at 31st December	**1,330,060**	**172,659**	**1,544,467**	**39,404**	**709,431**	**1,722,562**	**5,518,582**
2021							
Balance at 1st January	1,324,660	205,454	1,412,739	39,404	671,444	1,033,069	4,686,770
Issue of Shares for Cash	3,000	-	-	-	-	-	3,000
Net Profit for the Year	-	-	-	-	-	469,266	469,266
Statutory Reserve Transfers	-	-	58,658	-	-	(58,658)	-
Dividend Declared	-	-	-	-	-	-	
Social Responsibility Fund	-	-	-	-	-	-	-
Social Responsibility Exp.	-	(24,195)	-	-	-	-	(24,195)
Transfer in respect of Withholding Tax	-	-	-	-	-	-	-
Proceeds from Bonus Share	-	-	-	-	-	-	-
Credit Risk Reserve	-	-	-	-	-	-	-
Balance At 31st December	**1,327,660**	**181,259**	**1,471,397**	**39,404**	**671,444**	**1,443,677**	**5,134,840**

SMART INVESTMENT SOLUTIONS

We play intermediary roles on how to easily invest your funds in any of our products

PERSONAL BANKING

YOUR MONEY EVERYWHERE

We help you save in accounts with minimal risk profile that does not require lump-sum investments

INSURANCE PLAN

GO BIGGER & HIGHER

We’re dedicated to improving your financial security. We aim to give you the advice and solutions you need to feel confident about your financial future.

INVESTMENT IDEAS

YOUR MONEY EVERYWHERE

For both short and long-term investment horizons, we consider your investment objective and risk appetite and invest your fund in a product that suits you

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WE HELP YOU TO GROW YOUR MONEY

FIXED DEPOSITS
AGBLƐ NYƐ HOTSUI
SAVING SCHEMES
TREASURY BILLS

For more details, visit any of our Agencies or email us at info@anloruralbank.com or call us on 0362196072

1. THE REPORTING ENTITY

1.1 The Company

Anlo Rural Bank Limited 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 Agencies located within the Volta region of Ghana. The registered office is at Anloga in the Volta Region of Ghana.

The audited Financial Statements were authorized for issue by the Board of Directors on **27th day of April, 2022.**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Financial Statements of the bank for the year ended 31st December 2022 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 Specialized Deposit – Taking Institutions Act 2016 (Act 930) have also been disclosed or presented in the appropriate context.

2.1 Basis of Presentation

The bank prepares its Financial Statements under the historical cost basis as modified by the revaluation of certain assets and liabilities through the assessment of impairment and fair value measurement**.** The Financial Statements are prepared and presented on the basis of accounting policies and conventions applicable to a going concern entity. The directors have carried out the necessary assessment and evaluation of the future capital and other financial requirements of the bank and nothing has emerged through that evaluative exercise that can lead to the conclusion that the bank is not a going concern. The Financial Statements are presented in Ghana Cedis (**GH¢)** which is the Bank's presentation and functional currency. All amounts have been rounded to the nearest Ghana Cedi unless otherwise stated.

2.2 Income Recognition

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

Interest Income

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

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

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

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

Commissions and Fees

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

Other Operating Income

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

2.3 Interest Expense

Interest expense is recognized in the profit or loss for all interest bearing Financial Instruments measured at amortized 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 amortized cost of a financial liability and of allocating the interest expenses.

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

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

2.4 Financial Assets and Liabilities

2.4.1 ***Date of Recognition***

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

2.4.2 ***Initial measurement of financial instruments***

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

2.4.3 Classification and Measurement categories of financial assets and liabilities

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

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

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

2.4.4 Loans and Advances

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.

b. The SPPI Test

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

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

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

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

2.4.5 Financial assets or financial liabilities held for trading

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

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

2.4.6 Equity instruments at FVOCI

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

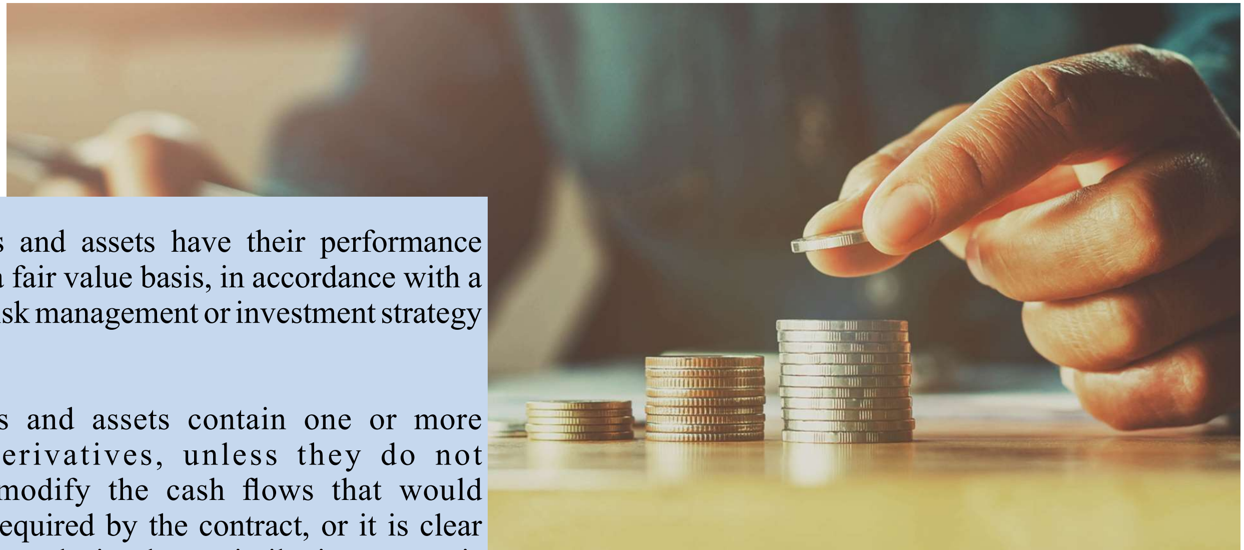
2.4.7 Debt issued and other borrowed funds

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

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

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

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



- The liabilities and assets have their performance evaluated on a fair value basis, in accordance with a documented risk management or investment strategy or;

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

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

2.5 De-recognition of financial assets and liabilities

2.5.1 De-recognition 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 de-recognition 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.

2.5.2 Derecognition other than for substantial modification

(a) Financial assets

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

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

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

(b) Financial liabilities

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

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

(a) Offsetting

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

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

2.6.1 Overview of the ECL principles

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

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

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

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

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

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

- Stage 1: When loans are first recognized, the Bank recognizes an allowance based on 12m ECLs. Loans that have not undergone a significant increase in credit risk since initial recognition and are not credit-impaired are also included in stage 1. Stage 1 loans also include facilities where the credit risk has improved and the loan has been reclassified from Stage 2.

- Stage 2: When a loan has shown a significant increase in credit risk since origination, the Bank records an allowance for the LTECLs. Stage 2 loans also include facilities, where the credit risk has improved and the loan has been reclassified from Stage 3 after a curing period of 6 months.

- Stage 3: Loans considered credit-impaired. The bank records an allowance for the LTECLs.

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

2.6.2 The calculation of ECLs

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

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

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

- EAD The Exposure at Default is an estimate of the exposure at a future default date, taking into account expected changes in the exposure after the reporting date, including repayments of principal and interest, whether scheduled by contract or otherwise, expected drawdowns on committed facilities, and accrued interest from missed payments.

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

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

With the exception of other revolving facilities, the maximum period for which the credit losses are determined is the contractual life of a financial instrument unless the Bank has the legal right to call it earlier. Impairment losses and releases are accounted for and disclosed separately from modification losses or gains that are accounted for as an adjustment of the financial asset's gross carrying value.

The measurement of impairment losses across all categories of financial assets requires judgement, in particular, the estimation of the amount and timing of future cash flows and collateral values when determining impairment losses and the assessment of a significant increase in credit risk. These estimates are driven by a number of factors, changes in which can result in different levels of allowances.

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

- The Bank's internal credit grading model, which assigns PDs to the individual grades

- The Bank's criteria for assessing if there has been a significant increase in credit risk and so allowances for financial assets should be measured on a LTECL basis and the qualitative assessment

- The segmentation of financial assets when their ECL is assessed on a collective basis

- Development of ECL models, including the various formulas and the choice of inputs

- Determination of associations between macroeconomic scenarios and, economic inputs, such as unemployment levels and collateral values, and the effect on PDs, EADs and LGDs

- Selection of forward-looking macroeconomic scenarios and their probability weightings, to derive the economic inputs into the ECL models

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

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

- Stage 2: When a loan has shown a significant increase in credit risk since origination, the Bank records an allowance for the LTECLs. The mechanics are similar to those explained above, including the use of multiple scenarios, but PDs and LGDs are estimated over the lifetime of the instrument. The expected cash shortfalls are discounted by an approximation to the original EIR

- Stage 3: For loans considered credit-impaired the Bank recognizes the lifetime expected credit losses for these loans. The method is similar to that for Stage 2 assets, with the PD set at 100%.

2.6.3 Forward looking information

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

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

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

2.6.4 Restructured financial assets

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

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

- If the expected restructuring will result in derecognition of the existing asset, then the expected fair value of the new asset is treated as the final cash flow from the existing financial asset at the time of its derecognition. This amount is included in calculating the cash shortfalls from the existing financial asset that are discounted from the expected date of derecognition to the reporting date using the original effective interest rate of the existing financial asset.

2.7 Collateral valuation

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

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

2.8 Collateral repossessed

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

2.9 Write-off policy

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

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

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

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

2.10 *Determination of Fair Value*

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

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

2.10.1 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.

2.10.2 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.

2.10.3 Property and Equipment

(a) Tangible Fixed Assets

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

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

Motor Vehicle	20%
Office Equipment	25%
Furniture & Fittings	20%
Building	2%
Computers & Accessories	33.33%
Motor Cycles	33.33%
Refurbishments/Renovations	Over the period of lease

(b) Intangible Assets

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

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

2.11 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.

2.12 Provisions

A provision is recognized in the statement of financial position when a legal or constructive obligation as a result of a past transaction or event exist at the reporting date and the amount of the obligation can be reliably estimated and also probable that an outflow of economic resource will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

2.13 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.

2.15 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.

2.16 Employment Benefit

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

National Pension

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

2.17 Leases

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

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

		2022 GH¢	2021 GH¢
3.	**INTEREST INCOME**		
	Loans and Advances	1,774,018	1,290,405
	Government Securities & Other Investments	3,016,171	2,400,007
		4,790,189	**3,690,412**
4.	**INTEREST EXPENSE**		
	Interest on Borrowing	40,731	–
	Savings Accounts	301,261	292,255
	Interest on Fixed Deposit	278,743	252,601
		620,735	**544,856**
5.	**COMMISSIONS AND FEES**		
	Commission on Electronic Mail Transfer	-	–
	Cheque Clearing Fees	2,511	2,543
	Commitment Fees (**Note 29**)	88,077	66,572
	Commission on Turnover	186,856	117,254
		277,444	**186,369**
6.	**OTHER OPERATING INCOME**		
	Service Charges	24,991	22,848
	Miscellaneous income from value books	215,733	119,579
		240,724	**142,427**
7.	**OPERATING COSTS**		
	Staff Related Costs (**See note 8**)	2,002,643	1,324,295
	Depreciation (**See note 20)**	160,152	140,372
	Directors' Remuneration	168,686	155,443
	Audit Fees	35,000	30,000
	Computerization	107,304	130,385
	General and Administrative Costs	1,309,970	1,020,599
		3,783,755	**2,801,094**
8.	**STAFF RELATED COSTS**		
	Staff Remuneration	1,081,411	797,582
	Staff Social Security Costs	142,689	102,882
	Staff Provident Fund	74,495	48,859
	Staff Medical Cost	15,338	13,591
	Other Staff Allowances	555,129	332,051
	Staff Annual Bonus	133,581	29,330
		2,002,643	**1,324,295**

9. CASH AND BANK BALANCES

	2022 GH¢	2021 GH¢
Apex Clearing Account	438,874	195,389
GCB Clearing Account	6,650	1,399
Consolidated Bank Ghana Limited	0	217
Cash Holdings	569,718	506,322
E-Money Float	111,487	100,684
	1,126,729	**804,011**

10. SHORT TERM INVESTMENTS

	2022 GH¢	2021 GH¢
A. Treasury Bills Redeemable within 90 & 182 days		
At Maturity Value	7,149,998	3,250,000
Less: Unearned Discount at reporting dates	(704,479)	(1,165,537)
	6,445,519	**2,084,463**
B. Fixed Deposits / Bonds & Notes		
Government of Ghana Bonds & Notes	9,907,044	13,514,408
Fixed Deposit with Waica Re Capital	522,000	435,402
Fixed Deposit with Dalex Finance & Leasing Co. Ltd	455,846	476,000
Apex Certificate of Deposit (ACOD)	1,800,000	400,00
	19,130,049	**16,910,273**

The Government of Ghana has successfully concluded a Domestic Debt Exchange Programme, under which existing government bonds were exchanged for new bonds. Arising from this the bank was affected in the following manner:

	2022 GH¢	2021 GH¢
Cost of Bonds at Reporting date	6,800,000	5,800,000
Add capitalized interest from DDEP structure	496,848	-
	7,296,848	5,800,000
Less Estimated fair value impairment	(2,544,387)	-
Total	**4,752,461**	**5,800,000**

Consequently, the bank has shifted its policy on the valuation of bonds from amortised cost to fair value. The new bonds take effect from 21st February 2023, and the fair value of the new bonds at that date, using the treasury bill discount factor gives a total value of GHc4,752,461. The fair value loss arising is estimated at GHc 2,544,387. The Directors consider that this estimated loss is non-adjusting.

11. APEX BANK DEPOSIT RESERVE

	2022 GH¢	2021 GH¢
Balance at 1st January	919,257	875,118
Net Investments during the year	68,426	44,139
Balance at 31st December	**987,683**	**919,257**

12. LOANS AND ADVANCES

(a) Analysed by Type of Facility

	2022 GH¢	2021 GH¢
Overdraft	330,459	330,459
Loans	3,131,262	3,131,262
	3,461,721	**3,461,721**
Less Provision for Credit Losses	(119,075)	(64,378)
Deferred Income on Commitment Fees **(See Note 29)**	(60,175)	(29,552)
	4,482,389	**3,367,791**

<u>Impairment Statistics</u>

	2022	2021
(i) Credit loss provision ratio	1.54%	0.84%
(ii) Cumulative credit loss provision ratio	2.55%	1.859%

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¢ 364,699 (2021: GH¢ 161,457).**

(b) Analysed by Type of Customer

	2022 GH¢	2021 GH¢
Staff	364,699	161,457
Other Private Enterprises	705,750	655,334
Individuals	3,591,190	2,644,930
	4,661,639	**3,461,721**
Less Provision for Credit Losses	(119,075)	(64,378)
Deferred Income on Commitment Fees **(See Note 29)**	(60,175)	(29,552)
	4,482,389	**3,367,791**

	2022 GH¢	2021 GH¢
(c) Analysed by Business Segment		
Agriculture	7,550	6,610
Dzidedi	4,073	3,950
Susu Loans	665,800	592,400
Staff Loan	364,699	161,457
Salary loans	950,100	899,950
Commerce	2,669,417	1,797,354
	4,661,639	**3,461,721**
Less: Provision for Credit Losses	(119,075)	(64,378)
Deferred Income on Commitment Fees **(See Note 29)**	(60,175)	(29,552)
	4,482,389	**3,367,791**

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

	2022 GH¢	2021 GH¢
Balance on the Provision at 1st January	64,378	35,123
Additional Provision for the year	71,782	29,255
	136,160	**64,378**
Bad Debt Written off	(17,085)	-
Balance on the Provision at 31st December	**119,075**	**64,378**

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:

	Stage 1 GH¢	Stage 2 GH¢	Stage 3 GH¢	Total GH¢
Total Gross Loans	3,650,445	749,817	261,377	4,661,639
Expected Credit Losses	(100,644)	(8,404)	(10,027)	(119,075)
	3,549,801	741,413	251,350	4,542,564

(e) Expected Credit Losses (ECL) per BoG Guidelines

Category	**Percent Provision**	2022	2021
Current	1%	82,676	100,986
Other Loans Especially Mentioned (OLEM)	10%	20,665	38,968
Substandard	25%	16,400	30,435
Doubtful	50%	5,990	23,702
Loss	100%	31,331	477,353
		157,062	**671,444**

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.

The difference between the IFRS 9 ECL Model and the BoG guidelines of GH¢37,987(GH¢157,062 -119,075) has been appropriated from Retained Earnings to the Credit Risk Reserve as a cover for loans and advances granted to the customers of the bank with inadequate value of collateral.

13. EQUITY INVESTMENTS

	Shares	Cost/ Value GH¢	2022 GH¢	2021 GH¢
Ordinary Shares in ARB Apex Bank at Cost	20,000	0.10	2,000	2,000
Bonus Shares given in 2008	24,590	1.00	24,590	24,590
Renounceable Rights purchased	33,443	1.23	41,135	41,135
	78,033	0.87	67,725	67,725
Additional Bonus Shares given in 2011	12,044	1.23	14,814	14,814
At Revaluation	**90,077**	**0.92**	**82,539**	**82,539**

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

14. OTHER ASSETS

	2022	2021
E-Zwich Operation	5,240	4,250
Controller & Accountant Gen. Dept.	10,000	10,000
Subscription Prepaid	11,253	4,595
Insurance Prepaid	24,679	27,738
Inventory	29,308	28,824
Interest and Commission Accrued	86,081	74,769
Interest in Arrears	33,518	12,361
Office Account	4,879	3,185
Gh Link Suspense	67,851	-
	272,809	**165,722**

15. CUSTOMER DEPOSITS

(a) Analysed by Type of Account

	2022	2021
Susu Saving Scheme	2,274,070	1,639,977
Current Account	4,203,743	2,658,580
Time Deposits	4,010,201	3,204,190
Savings Account	10,586,267	10,148,206
	21,074,281	**17,650,953**

	2022 GH¢	2021 GH¢
(b) Analyzed by Type of Customer		
Government Agencies and Departments	285,355	242,225
Private Enterprises	3,251,665	2,510,544
Individuals	17,537,261	14,898,184
	21,074,281	**17,650,953**

16(a) CREDITORS AND ACCRUALS

	2022 GH¢	2021 GH¢
E-Susu	315	–
Suspense Accounts	-	52
Exceptional Item (Unassigned)	350	1,670
Provision for Police Guard	7,200	3,600
Interest Suspense	27,615	8,301
Provision for Audit Fees	32,359	25,469
GH Link Suspense	-	32,725
Provision for Annual General Meetings	4,086	14,981
Bills Payable	-	95,091
Accrued Interest	116,143	58,730
Office Accounts	258,743	247,152
	446,811	**487,771**

16(b) Obligation for Software License

	2022 GH¢	2021 GH¢
Balance as at 1st January	37,436	79,562
Accrued during the year	-	35,296
	37,436	**114,858**
Payment during the year	(37,436)	(77,422))
Balance as at 31st December	**-**	**37,436**

17. DIVIDEND PAYABLE

	2022 GH¢	2021 GH¢
Balance at 1st January	136,196	140,245
Dividend Declared	194,619	-
	330,815	**140,245**
Dividend Paid during the Year	(97,657)	(4,049)
Balance at 31st December	**233,158**	**136,196**

Dividend is declared based on proposals and recommendations made by directors to the shareholders of the bank as a body in regular meeting.

The recommendation of the directors to pay a dividend of GH¢0.30 per share amounting to **GH¢194,620** in respect of the financial year ended 31st December 2021 was approved by the Bank of Ghana in their letter to the bank dated 16th May 2022. The next Annual General Meeting to be held in **2023** will be in respect of the financial year ended on **31st December 2022.** Subject to the approval of the Bank of Ghana (BoG), the directors recommend the payment of a dividend of GH¢0.30 per share amounting to **GH¢194,920** in respect of the financial year ended 31st December 2022.

Beside ordinary shares, there are no other distinctive class or categories of shares, which entitle holders to the receipt of any dividend when declared.

18. MEDIUM TERM LOAN

Apex Bank loan	360,000	0
Repayment	(60,000)	0
	----------	-----
	300,000	0
	----------	-----

Anlo Rural Bank Limited secured a loan facility of GH¢360,000 in the year 2022 to acquire a new Toyota Hilux regular to support the bank. The loan is to be repaid in 36 equal monthly instalments.

19. TAXATION

	2022 GH¢	**2021 GH¢**	**2020 GH¢**
(i) Tax Expense			
Current Tax (see note 19 iv)	199,210	157,832	44,444
Deferred Tax (see note 19 iii)	48,314	16,905	10.693
	----------	---------	--------
Total to Profit or Loss	**247,524**	**174,737**	**55,137**
	======	=====	=====
(ii) Reconciliation of Effective Tax Rate			
Profit /(loss) before Tax	**832,086**	**644,003**	**344,594**
	======	======	======
Income tax @ 25% (2020: 25%)	208,021	161,000	86,149
Tax Effect of Non-deductible Expenses	42,949	37,607	28,250
Tax Effect of Allowance Utilized	(51,761)	(40,775)	(48,358)
Carry over of 2019 unrelieved losses	-	-	(21,597)
	---------	---------	----------
Current Tax Charge in P/L	**199,210**	**157,832**	**44,444**
	=====	======	======
Effective Tax Rate	**23.94%**	**24.51%**	**12.90%**
(iii) Deferred Tax Account			
Balance at January 1	52,049	35,144	24,451
Released during the year	48,313	16,905	10,693
	--------	--------	---------
Balance at December 31	**100,362**	**52,049**	**35,144**
	=====	=====	=====

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.

	2022 GH¢	2021 GH¢	2020 GH¢
Explained by:			
Property, Plant and Equipment	130,131	68,143	43,925
Loans and Advances	(29,769)	(16,094)	(8,781)
	100,362	**52,049**	**35,144**

(iv) <u>2022 YOA</u>

	Balance at 1/1/22 GH¢	Charge in P & L A/c GH¢	Tax Audit Adjustment GH¢	Tax Credit/ Payments GH¢	Balance at 31/12/22 GH¢
Corporate Tax					
2015	24,000	-	-	-	24,000
2016	(24,000)	-	-	-	(24,000)
2017	(250)	-	-	-	(250)
2018	(57,838)	-	-	-	(57,838)
2019	(26,375)	-	-	-	(26,375)
2020	(29,306)	-	-	-	(29,306)
2021	46,979	-	-	-	46,979
2022	-	199,210	-	(221,979)	(22,769)
Total	**(66,790)**	**199,210**	**-**	**(221,979)**	**(89,559)**

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.

(v) <u>2021 YOA</u>

	Balance at Charge in 1/1/21 GH¢	Charge in P & L A/c GH¢	Tax Audit Adjustment GH¢	Tax Audit Payments GH¢	Balance at 31/12/21 GH¢
Corporate Tax					
2015	24,000	-	-	-	24,000
2016	(24,000)	-	-	-	(24,000)
2017	(250)	-	-	-	(250)
2018	(57,838)	-	-	-	(57,838)
2019	(26,375)	-	-	-	(26,375)
2020	(29,306)	-	-	-	(29,306)
2021	-	157,832	-	(110,853)	46,979
Total	**(113,769)**	**157,832**	**-**	**(110.853)**	**(66,790)**

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20(a) PROPERTY, PLANT & EQUIPMENT

2022	Land & Building GH¢	Building Renovat. GH¢	Motor Vehicle GH¢	Furniture & Fittings GH¢	Office Equip. GH¢	Computer Access. GH¢	Total GH¢
Cost							
At 1/1/22	1,088,934	110,815	346,531	257,374	597,613	214,370	2,615,637
Additions	-	-	308,500	76,096	22,726	43,988	451,320
Disposal	-	-	(190,213)	-	-	-	(190,213)
At 31/12/22	**1,088,934**	**110,815**	**464,818**	**333,470**	**620,339**	**258,360**	**2,876,734**
Depreciation							
At 1/1/22	153,475	78,998	332,343	203,081	557,937	199,239	1,525,073
Charge for the year	20,529	5,541	41,133	5,950	23,729	10,271	107,736
Disposal	-	-	(175,647)	-	-	-	(175,647)
At 31/12/22	**174,004**	**84,539**	**197,829**	**209,031**	**581,666**	**209,510**	**1,456,579**
Net Book Value							
At 31/12/22	**914,930**	**26,276**	**266,989**	**124,439**	**38,673**	**48,850**	**1,420,155**
At 31/12/21	**935,459**	**31,817**	**14,188**	**54,293**	**39,676**	**15,131**	**1,090,564**

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

20(b) INTANGIBLE ASSETS

	T24 User License GH¢	Microsoft License GH¢	Total GH¢
Cost			
At 1/1/2022	128,351	67,525	195,876
Additions	-	-	-
At 31/12/2022	**128,351**	**67,525**	**195,876**
Amortization			
At 1/1/2022	25,670	10,288	35,958
Amortized during the year	12,835	14,751	27,586
	38,505	**25,039**	**63,544**
Net Book Value			
At 31/12/2022	**82,846**	**42,486**	**132,332**
At 31/12/2021	**102,681**	**57,237**	**159,918**

For Comparative figures, please see note 20(e) below.

20© RIGHT-OF-USE ASSET (2022)

	2022 GH¢	2021 GH¢
Balance as at 1st January	28,610	56,810
Payment during the year	41,040	-
	69,650	56,810
Rent (Cash) Refund	-	(9,000)
Amortized during the year	(24,830)	(19,200)
Balance as at 31st December	**44,820**	**28,610**

For Comparative figures, please see note 20(f) below.

20(d) PROPERTY, PLANT & EQUIPMENT

2021	Land & Building GH¢	Building Renovat. GH¢	Motor Vehicle GH¢	Furniture & Fittings GH¢	Office Equip. GH¢	Computer Access. GH¢	Total GH¢
Cost							
At 1/1/21	1,033,934	110,815	346,531	252,374	597,613	202,875	2,549,142
Additions	55,000	-	-	-	-	11,495	66,495
At 31/12/21	**1,088,934**	**110,815**	**346,531**	**257,374**	**597,613**	**214,370**	**2,615,637**
Depreciation							
At 1/1/21	132,946	73,457	311,343	195,265	518,098	194,842	1,307,914
Charge for the year	20,529	5,541	21,000	7,816	39,839	4,397	99,122
At 31/12/21	**153,475**	**78,998**	**332,343**	**203,081**	**557,937**	**199,239**	**1,525,073**
Net Book Value							
At 31/12/21	**935,459**	**31,817**	**14,188**	**54,293**	**39,676**	**15,131**	**1,090,564**
At 31/12/20	**900,988**	**37,358**	**35,188**	**62,109**	**79,515**	**8,033**	**1,123,191**

20(e) INTANGIBLE ASSETS (2021)

Cost	T24 User License GH¢	Microsoft License GH¢	Total GH¢
At 1/1/2021	128,351	32,230	160,581
- -			
Additions	-	35,295	35,295
At 31/12/2021	**128,351**	**67,525**	**195,876**
Amortization			
At 1/1/2021	12,835	1,074	13,909
Amortized during the year	12,835	9,214	22,049
	25,670	**10,288**	**35,958**
Net Book Value			
At 31/12/2021	**102,618**	**57,237**	**159,918**
At 31/12/2020	**115,516**	**31,156**	**146,672**

20(f) RIGHT-OF-USE ASSET (2021)

	2022 GH¢	2021 GH¢
Balance as at 1st January	56,810	49,100
Payment during the year	-	30,573
	56,810	79,673
Rent (Cash) Refund	(9000)	-
Amortized during the year	(19,200)	22,863
Balance as at 31st December	**28,610**	**56,810**

21. STATUTORY RESERVE FUND

	2022	2021
At January 1st	1,471,397	1,412,739
Transferred from Retained Earnings Account	73,070	58,658
At December 31st December	**1,544,467**	**1,471,397**

The Statutory Reserve Fund is required under Section 34 of the Banks and Specialized 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 made a transfer equivalent to 12.5% of profit after tax to the Statutory Reserve Fund.

22. SOCIAL RESPONSIBILITY FUND

	2022 GH¢	2021 GH¢
At January 1st	181,258	205,454
Expenditure	(8,600)	(24,196)
	172,658	**181,258**

23. STATED CAPITAL

	2022 No. of Shares	2022 Amount GH¢	2021 No. of Shares	2021 Amount GH¢
Authorized:				
Ordinary Shares @ 31st December	130,000,000	-	130,000,000	-
	130,000,000	**-**	**130,000,000**	**-**
Issued for:				
Cash Consideration				
At January 1	68,910	389,160	68,410	386,160
Additions	400	2,400	500	3,000
	69,310	391,560	68,910	389,160
Other than Cash				
Bonus Shares Issued in 2015	23,168	174,716	23,168	174,716
Bonus Shares Issued in 2016	524,305	563,784	524,305	563,784
Bonus Shares Issued in 2017	32,349	200,000	32,349	200,000
At December 31	**649,132**	**1,330,060**	**648,732**	**1,327,660**

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

<u>Capital Adequacy</u>

	2022 Required by Regulation	2022 Actually Achieved	2021 Required by Regulation	2021 Actually Achieved
Capital Adequacy Ratio	10%	59%	10%	66.10%

24. REVALUATION RESERVE

	2022	2021
At January 1st	39,404	39,404
Net Movement	-	-
	39,404	**39,404**

This represents the unrealized appreciation in the value of equity investments made in the ARB Apex Bank, including the value of bonus shares received of GH¢24,590 and GH¢14,814 respectively in 2008 and 2011.

25. RETAINED EARNINGS

	2022	2021
Balance at January 1st	1,443,677	1,033,069
Dividends Declared	(194,620)	-
	1,249,057	1,033,069
Profit/ (loss) after taxation transferred from Profit and Loss	584,562	469,266
Balance before Statutory and Other Transfers	1,833,619	1,502,335
Transfer to Social Responsibility Fund	-	-
Transfer to Statutory Reserve (Note 21)	(73,070)	(58,658)
Transfer in respect of withholding Tax	-	-
Transfer to Credit Risk Reserve	(37,987)	-
Balance at December 31st	**1,722,562**	**1,443,677**

26. MANAGED FUND

	2022	2021
MOWAC	315	315
Microfinance	327	327
Outboard Motor Fund	2,485	2,485
Fishmongers	9,699	9,699
Special Traders Fund	17,000	17,000
Special Farmers Fund	34,550	34,550
FABS	40,240	40,240
CAP Loan	55,100	55,100
	159,716	**159,716**
Managed Fund Debit	(63,486)	(63,486)
	96,230	**96,230**

The board resolved and agreed that the managed fund in the books of the Bank be classified and treated as instruction to pay only, with no obligation nor liability for recovery of the disbursed funds from beneficiary as the payments were made against instructions received.

27. EARNINGS PER SHARE

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

	2022 GH¢	2021 GH¢
Profit/ (loss)attributable to Ordinary Shareholders	584,562	469,266
Weighted Average number of Ordinary Shares	648,732	648,732

	2022	2021
Basic Earnings per Share (in Ghana Cedis)	**0.90**	**0.72**

(**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.)

28. CREDIT RISK RESERVE

	2022	2021
At January 1st	671,444	671,444
Net Movement	37,987	-
At December 31st	**709,431**	**671,444**

The difference between the IFRS 9 ECL Model and the BoG guidelines of GH¢37,987 (GH¢157,062 - 119,075) has been appropriated from Retained Earnings to the Credit Risk Reserve as a cover for loans and advances granted to the customers of the bank with inadequate value of collateral.

29. DEFERRED INCOME

	2022	2021
At January 1st	29,552	27,906
Commitment Fees received during the year	118,700	68,218
	148,252	96,124
Transferred to Income (**Note 5**)	(88,077)	(66,572)
At December 31st	**60,175**	**29,552**

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.

30. FINANCIAL RISK MANAGEMENT

Overview

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

- credit risk
- liquidity risk
- market risks

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

Risk management framework

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

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

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

i) **Credit risk**

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

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

Receivables from Investment Portfolios and Advances to Customers

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

Allowances for impairment

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

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

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

Exposure to credit risks

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

	2022 GH¢	2021 GH¢
Fixed Deposit with Waica Re Capital	522,000	435,402
Fixed Deposit with Dalex Finance & Leasing Co. Ltd.	455,846	476,000
	----------	----------
Total Investment Risk Exposure	**977,846**	**911,402**
Other Assets	317,629	194,332
Loans and Advances to Customers	4,482,389	3,367,791
	------------	------------
Total Company Credit Risk Exposure	**5,777,864**	**4,473,525**
Total Risk Free Investments (In Government Securities)	18,152,563	15,998,871
	--------------	--------------
	23,930,427	**20,472,396**
	========	========

The total balance of **GH¢18,152,563 (2021: 15,998,871)** as part of the investment portfolio is risk free which are basically in Treasury Bills and Government of Ghana bonds.

As indicated in our previous year report, the balance of the lock up funds with some financial institutions whose licenses were revoked by Bank of Ghana had been paid and monies now invested in Government of Ghana Treasury Bills. **(See the movement below the aging analysis).**

Impairment losses

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

	2022			2021		
	Gross GH¢	Impairm't GH¢	Net GH¢	Gross GH¢	Impairm't GH¢	Net GH¢
Current (less than 365 days)	23,612,798	-	23,612,798	20,278,064	-	20,278,064
Impaired (above 365 days)	-	-	-	-	-	-
	------------	-------	------------	--------------	--------	--------------
	23,612,798	**-**	**23,612,798**	**20,278,064**	**-**	**18,332,262**
	========	====	========	========	=====	========

(ii) **Liquidity risk**

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

			Contractual cash flows		
	Carrying Amount GH¢	Total GH¢	6 months or less GH¢	6 – 12 months GH¢	Above 1 Yr GH¢
31st December 2022					
Susu Savings Scheme	2,274,070	2,274,070	2,274,070	-	-
Current Account	4,203,742	4,203,742	4,203,742	-	-
Time Deposits	4,010,201	4,010,201	4,010,201	-	-
Savings Account	10,586,267	10,586,267	10,586,267	-	-
Accounts Payable	155,986	155,986	155,986	-	-
	--------------	--------------	--------------	-------	------
	21,230,266	**21,230,266**	**21,230,266**	**-**	**-**
	========	========	========	====	====

(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 optimizing the return.

Foreign currency risk

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

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

Interest rate risk

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

(iv) **Operational risk**

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

(v) **Capital management**

Capital comprises regulatory 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 optimizes the cost of capital, maximizes 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 favorable position.

32. CAPITAL COMMITMENTS

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

33. EXCHANGE CONTROL

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

34. CONTINGENT LIABILITIES

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

35. 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 Anlo Rural Bank Limited. These related parties have been listed on page 4 under corporate information.

a. Remuneration of Paid or Payable to Key Management Personnel

	2022 GH¢	2021 GH¢
Directors Remuneration		
Fees	66,461	48,556
Allowance	102,298	82,850
	168,759	**131,406**
Senior Management Staff		
Salaries and other Benefits	246,797	238,287
Social Security & Pensions	54,552	33,155
	301,349	**271,442**

b. Loans to key Staff

	2022 GH¢	2021 GH¢
Balance at January 1st	68,393	69,797
Net Movement	144,425	(1,404)
Balance at December 31st	**212,818**	**68,393**

36. SHAREHOLDING STRUCTURE

(i) **Number of Shares Outstanding**

Earnings and dividend per share are based on 649,132 (**2021**:648,732) ordinary shares outstanding

(ii) **Directors Shareholding:**

The Directors named below held the following number of shares in the Bank as at 31st December 2022

No. of	**% of Shares**	**Issued Capital**
Dr. Kwasi Gbordzi	17,927	2.76
Larry Kwesi Jiagge	14,092	2.17
Christian Rockson Kodzo Bensah	329	0.05
Godwin Amelor	329	0.05
Bartholomew Kwame Ahadzi	200	0.03
Frank Yaovi Lawoe	500	0.08
TOTAL	**33,377**	**5.14**

(iii) **Number of Shareholders**

The Bank had 144 ordinary shareholders as at 31st December 2022 distributed as follows:

Holding	No. of Members	Total Holding of Shares	Percentage Held
1 – 1,000	55	22,406	3.45%
1,001 – 3,000	8	16,998	2.62 %
3,001 – 5,000	24	80,034	12.41%
5,001 – 10,000	39	271,526	41.79%
Exceeding 10,000	18	258,168	39.73%
	144	**649,132**	**100%**

(iv) List of Twenty Largest Shareholders as at 31st December 2022

		No. of Shares	% of Issued Capital
1.	Mr. E. A. K. Kalitsi	21,211	3.27
2.	Dr. Kwasi. Gbordzi	17,927	2.76
3.	Mr. John A. Y. Klinogo	17,099	2.64
4.	Mr. Sebastian Kofi Mensa Graham	16,553	2.55
5.	Mr. Michael Attipoe	14,711	2.27
6.	Torgbui Agbesi Awusu II	14,632	2.26
7.	Mr. Larry Kwesi Jiagge	14,092	2.17
8.	Mr. Shelter Aidam	13,809	2.13
9.	Mr. Benjamin T. K. Adadevoh	12,987	2.00
10.	Mr. William Edem Fugar	12,987	2.00
11.	Mr. Courage K. Segbawu	12,987	2.00
12.	CDR (RTD) K. T. Dovlo	12,987	2.00
13.	Mrs. Mispah Aku Glymin	12,987	2.00
14.	Mr. Shine G. A. Attitsogbui	12,987	2.00
15.	Mr. Frank Kpodo	12,987	2.00
16.	Dr. (Mrs.) Sylvia A. Mansa Boye	12,987	2.00
17.	Mr. Moses Kwashie Klinogo	12,987	2.00
18.	Torgbui Nukpornku II	11,251	1.74
19.	Mr. William K. Ashiabor	9,737	1.50
20.	Mr. Nicholas A. Gbeckor - Kove	9,737	1.50
		277,642	**42.83**

SCHEDULE I

	2022 GH¢	2021 GH¢
General and Administrative Expenses		
Police Guard & Security	126,356	119,960
Board Meeting Expenses	73,859	72,846
Office Expenses	41,059	31,162
Travelling and Transport Expenses	52,107	42,553
Printing & Stationery	40,167	30,143
Repair and Maintenance	37,587	32,836
Motor Vehicle Running Expenses	74,968	48,484
Motor Vehicle Repair and Maintenance	10,644	6,656
Postage, Telephone and Telegram	14,004	13,135
Advert & Publicity	33,831	30,988
Insurance	129,423	113,774
Electricity, Water and Power	130,391	125,937
Professional and Legal Fees	57,603	21,462
Subscription and Periodicals	112,194	78,269
Annual General Meeting (AGM)	18,500	9,000
Staff and Directors Training Expenses	107,334	72,000
Bank Charges	14,671	20,648
Specie Expenses	3,820	3,490
Audit Expenses	6,820	5,520
Susu Running & Microfinance Expenses	157,999	114,893
Sundry Expenses	19,275	2,600
Cleaning and Sanitation	6,334	4,244
Generator Running Cost	23,359	19,999
VAT,NHIL and COVID On Audit Fees	7,665	-
Business Operating Permit	10,000	-
	1,309,970	**1,020,599**

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

		2022 GH¢	2021 GH¢
(1)	**Corporate Tax**		
	Profit before Tax	832,086	644,003
	Add/(Less):		
	Provision for Credit Losses	71,782	(29,255)
	Depreciation	160,152	121,171
	Donations	-	-
	Gain on Disposal	(60,137)	-
	Defalcation Expenses	-	-
		171,797	150,426
	Assessable Income	**1,003,883**	**794,429**
	Less: Capital Allowances Utilized	(207,042)	(163,098)
	Chargeable (Loss)/ Income	**796,841**	**631,331**
	Tax Thereon @25% (2021: 25%)	**199,210**	**157,832**

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

POOL OF ASSET	Depreciation Allow. Rate GH¢	WDV 1/1/21 GH¢	(Disposal)/ Additions GH¢	Total GH¢	Depreciation Allowance GH¢	WDV 31/12/21
Pool 1 Computers	40%	17,876	43,988	61,864	24,746	37,118
Pool 2 Motor Vehicles	30%	35,163	118,287	153,450	46,035	107,415
Pool 4 Fixture /Equip't	20%	191,236	98,822	290,058	58,012	232,046
Pool 5 Building	10%	580,805	-	580,805	58,081	522,725
Pool 5 Intangible (T24 License)	10%	103,964	-	103,964	10,396	93,568
Pool 5 Intangible (Microsoft License)	20%	48,864	-	48,864	9,773	39,091
TOTAL		**977,909**	**261,097**	**1,239,005**	**207,042**	**1,031,963**

	2022 GH¢	2021 GH¢
Capital Allowance Unutilized at January 1st	-	-
Depreciation Allowance for the Year	207,042	163,098
	207,042	163,098
Less: Utilized	(207,042)	(163,098)
Capital Allowance Unutilized at December 31st	**Nil**	**Nil**

CAPITAL ALLOWANCE COMPUTATION
YEAR OF ASSESSMENT 2021
BASIS PERIOD (1/1/21-31/12/21)

	Depreciation Allow. Rate GH¢	WDV 1/1/21 GH¢	(Disposal)/ Additions GH¢	Total GH¢	Depreciation Allowance GH¢	WDV 31/12/21
POOL OF ASSET						
Pool 1 Computer	40%	18,299	11,495	29,794	11,918	17,876
Pool 2 Motor Vehicles	30%	50,233	-	50,233	15,070	35,163
Pool 4 Fixture /Equip't	20%	239,045	-	239,045	47,809	191,236
Pool 5 Building	10%	645,339	-	645,339	64534	580,805
Pool 5 Intangible (T24 License)	10%	115,516	-	115,516	11,552	103,964
Pool 5 Intangible (Microsoft License)	20%	25,784	35,296	61,080	12,216	48,864
TOTAL		**1,094,216**	**46,791**	**1,141,007**	**163,098**	**977,909**

	2021 GH¢	2020 GH¢
Capital Allowance Unutilized at January 1st	-	-
Depreciation Allowance for the Year	163,098	193,431
	163,098	193,431
Less: Utilized	(163,098)	(193,431)
Capital Allowance Unutilized at December 31st	**Nil**	**Nil**

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PROXY AUTHORIZATION

I/We .... being member(s) of ANLO RURAL BANK LIMITED hereby appoint .... of .... or failing him/her .... of .... my/our Proxy to vote on my/our behalf at the Annual General Meeting of the Bank to be held at 9:00 am on Saturday 18th November, 2023 and at any adjournment thereof.

Dated this .... day of 2023

....
Shareholder's Signature

ANLO RURAL BANK LIMITED
ADMISSION FORM

An ANNUAL GENERAL MEETING to be held at the **Head Office, Anlo Rural Bank Ltd, Anloga**, on Saturday 18th November, 2023 at 9:00am in the morning.

Full name and address of Shareholder(s) / Proxy

....

....

....

Number of Shares held: ....

IMPORTANT:

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

Designed & Printed | 08 Koncepts | 0244912235