



# Sika Wem



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# DAMGME RURAL BANK PLC

## Notice of Meeting

Notice is hereby given that the 39th Annual General Meeting of Dangme Rural Bank PLC will be held at the Divine Apostolic Church, Kpone on Saturday 21st December, 2024 at 10:00am.

## Agenda

### Ordinary Business

- To read the notice convening the meeting
- To read the Chairman's report
- To receive and consider the Financial Statements for the year ended 31st December, 2023 together with the report of the Directors and Auditors thereon.
- To elect Directors in place of those retiring.
- To approve Directors remuneration.
- To authorise the Directors to fix remuneration for the Auditors.

## Eligibility for Directorship

Please note that any shareholder vying for the position of a Director must have been a shareholder of the Bank for not less than three years and must possess a minimum of 5,000 shares as at 31st December 2023. That the shareholder must have a degree in any of the following areas: Agriculture, Education, Finance, Law, Information & Technology, Accounting, Building & Construction, Corporate Governance and any other relevant discipline.

By order of the Board

Dated this 22nd day of October, 2024

Signed

Francis Amanor Tetteh

Ag. Board Secretary

## Note:

A member (Shareholder) entitled to attend and vote at this meeting is entitled to appoint a proxy who need not be a member of the bank to attend and vote in his/her stead. The completed proxy form must reach the Dep. CEO, Dangme Rural Bank PLC, Prampram not less than 48 hours before the time fixed for holding the meeting.



# CORPORATE INFORMATION

## BOARD OF DIRECTORS

Nene Affum Kaafr III (Chairman) (Retired-Dec 2023)  
(Abraham Wilson Tetteh Addo)  
Daniel Teye Botchway  
Ebenezer Tettey Addico  
Francis Amanor Tetteh  
Elizabeth Dede Pardie  
Patience Odonkor<sup>1</sup>

## SECRETARY

Daniel Teye Botchway  
Registered Office  
Hse. No. 09/11 Main Road Adjacent the  
Main Lorry Station Prampram  
P.O. Box 39 Prampram - GAR

## INDEPENDENT AUDITOR

R-Alliance Consults  
Chartered Accountants  
North Kaneshie  
P.O. Box AB 106  
Abeka - Accra

## PRINCIPAL BANKERS

ARB Apex Bank PLC  
Cal Bank Ghana PLC  
Ecobank Ghana PLC  
Fidelity Bank  
Republic Bank

**COMPANY TIN:** C0005921775

**COMPANY REGISTRATION NO.:** CS760272015



# BOARD OF DIRECTORS



**Nene Affum Kaafra III**  
(RETIRED 2023)



**Mr. Daniel Botchway**  
SECRETARY



**Mr. Ebenezer T. Addico**  
MEMBER



**Mr. Francis Amanor Tetteh**  
MEMBER



**Patience Odonkor**  
MEMBER



**Elizabeth Dede Pardie**  
MEMBER



# CHAIRMAN'S STATEMENT

The Board of Directors, Neneme Ke Naaname, fellow distinguished Shareholders, the Managing Director of ARB Apex Bank PLC, Directors and Managers of Sister Rural and Community Banks, Invited Guest, Press, Security Services, Ladies and Gentlemen, it is my pleasure to welcome you all, on behalf of the Board of Directors, to the thirty-ninth (39th) Annual General Meeting (AGM) of this Bank.

The AGMs of Dangme Rural Bank PLC have assumed historic standards in a number of respects for the past few years. We are once more privileged, as before, to have in our midst the Managing Director of our immediate regulator, the ARB Apex Bank, Managing Director, you are warmly welcome.

We have made available to you, distinguished Shareholders, the Bank's Audited accounts for the year ended 31st December, 2023 incorporating the Financial statements and relative Auditor's and Directors report thereon for your study.

Our operational results for the year were modest but positive. The indicators reflect growth. We therefore remain optimistic for the future in the light of the gradual but steady change for the better in the current operational environment.

## OPERATING ENVIRONMENT

Ladies and Gentlemen, the year 2023 was quite challenging with the constant push-ups of inflation and cedi depreciation against the major foreign currencies that kept affecting prices which were constantly on the increase. This development negatively impacted on exchange and interest rates in the year under consideration.

Naturally, some of the critical indicators were affected during the period. However, the notable ones like the performance of the cedi against the major currencies did not show any surprise. The cedi depreciated cumulatively by 27.8% against the dollar between January and December, 2023 on the Inter Bank Market.

Inflation started the year at 54.1% and registered 23.2% at the end of the year.

The monetary policy rate began the year on 27% and ended the year on 30%. Discount on Government Treasury Bills moved from 32% in January to 29.39% by 31st December, 2023. Whilst acknowledging government's efforts at ensuring sustainable gains in the domestic economy, last year was still a tough year for banking business reflecting increased competitive pressures and elevated regulations.

## OPERATING RESULTS

Our operating results for the year 2023 are as indicated below:

ITEM	YEAR 2023 (GH¢)	YEAR 2022(GH¢)	VARIANCE(GH¢)	% CHANGE
INVESTMENT	42,947,621.00	25,749,790.00	17,197,831.00	67
LOANS & ADVANCES	31,853,652.00	25,404,628.00	6,449,024.00	25
TOTAL ASSETS	88,240,618.00	68,304,331.00	19,936,287.00	29
CUSTOMER DEPOSIT	72,164,976.00	58,025,418.00	14,139,561.00	24
SHAREHOLDERS' FUND	4,555,713.00	3,430,167.00	1,125,546.00	33
OPERATING INCOME	18,952,879.00	12,263,802.00	6,689,077.00	55
OPERATING EXPENSES	16,904,458.00	9,855,186.00	7,049,272.00	72
NET PROFIT/LOSS BEFORE TAX	2,048,421.00	2,408,616.00	(360,195.00)	-15



Despite the seeming economic challenges, our Bank continued to maintain a healthy Balance Sheet and posted a modest Net Profit Before Tax of GH¢ 2,048,421 for the year under review. The profit for the year however dipped by 15% over the previous year's due to the fact that the Board decided, in furtherance of its strategic direction, to clean the books of the Bank by writing off GH¢ 1,483,280.00 advances which were not performing. Our Balance sheet remains robust, liquid and solvent. This has been anchored on a commitment to prudent risk management and sticking to the strategic direction of the Bank.

Our total assets increased from GH¢68, 304,431.00 in 2022 to GH¢ 88,240,618.00 up by GH¢ 19,936,287.00 which translates into 29%.

The Bank recorded a net profit before tax (PBT) of GH¢2,048,421.00 from which taxation of GH¢927,375.00 (which is tax on profit for 2023) was deducted given a profit after taxation (PAT) of GH¢ 1,121,046.00 as against that of 2022 which was GH¢2,344,404.00. This represented a decrease of 15% of the 2022 figure.

Operating expenses for 2023 was GH¢ 16,904,458.00 as against GH¢9,855,186.00 for 2022. Distinguished Shareholders, our Bank continues to make sustained and steady progress from year to year, thus enhancing the value of your investment and your worth.

### **SHAREHOLDERS' FUND/PAID UP CAPITAL**

The overall Shareholders fund grew by GH¢ 1,125,546.00 in the year under review. Fellow Shareholders, as stated last year, the Bank's recapitalization agenda remain more critical than ever. The losses we registered in the past years had adversely impacted on our paid-up capital. In order to sustain and put the Bank on a sound footing, there is the urgent need to increase our capital base despite the fact that we have met the regulator's directive.

The Board of Directors, Management and Staff have continuously committed to this feat by acquiring shares to ensure the survival of the Bank. Ladies and Gentlemen, whilst we continue to actively manage our enhanced capital position to ensure we maintain an appreciable level of capital at all times to carry out our business to deliver sustainable value to our shareholders, I would however, in the interest of our Bank, strongly urge all shareholders to continue to increase their investment in the Bank and also continue to market the Bank to friends and family to buy more shares to increase our capital base.

### **ADVANCES (LOANS AND OVERDRAFT)**

During the year under review, Gross Loans and Advances to customers rose by 25% at the end of 2023 from GH¢25,404,628.00 to GH¢ 31,853,652.00. We wish to entreat everyone who has benefited from our various credit facilities to honour their obligations as the Bank is vigorously pursuing its defaulters.

### **CUSTOMER DEPOSITS**

Ladies and Gentlemen, despite the stiff competition and economic down turn, the Bank was able to grow its deposits by 24% from GH¢ 58,025,418.00 in 2022 to GH¢ 72,164,976.00 in 2023. This feat was achieved through pragmatic and cost effective strategies put in place by the Management of the Bank.

### **INVESTMENT (SHORT TERM)**

Our short Term Investment increased from GH¢25,749,790.00 in 2022 to GH¢42,947,624.00 representing 67%. We would like to assure fellow Shareholders that, irrespective of the uncertainties surrounding investments in the economy, our investments are safe and being closely monitored to achieve their goals.



## LIQUIDITY

It gladdens me to announce that the Bank was able to meet and generally exceeded the liquidity requirements by the regulator despite all the economic challenges. The Bank also prudently satisfied all cash demands of our customers.

## DIVIDEND

Distinguished Shareholders, taking into accounts our previous performances in the past years, there is still the urgent need to put the Bank on a solid and resilient base to solidify and significantly improve on our ratings by the regulators.

I therefore implore you to agree with me to defer payment of dividend for the year under consideration despite the fact that your Bank declared profit for the year in retrospective view. Please let us all endeavor to save for a rainy day to harness and sustain the gains we have achieved so far.

## CORPORATE SOCIAL RESPONSIBILITY (CSR)

Ladies and Gentlemen, besides our primary goal of always creating value for our cherished Shareholders, the welfare of the communities in which we serve has also been our concern. For the year 2023, the Bank expended on its Corporate Social Responsibility in supporting the victims of the Volta Dam spillage. The Bank also donated a NASCO Aircondition to the Prampram Land Secretariat and also supported the various traditional councils, namely Ningo, Prampram, Kpone and Osudoku in celebrating their annual festivals.

## STAFF MATTERS

Fellow Shareholders, the Bank's human capital development programme continued at all levels to equip staff to meet the challenges of the future. Various training programmes were arranged for staff to enable them deliver excellent banking services to our cherished and loyal customers

## FUTURE PROSPECTS

Distinguish Ladies and Gentlemen, the future outlook of your Bank in 2024 is brighter than ever. The Bank is repositioning itself in the areas of technology, enhanced credit appraisals, customer experience and optimization of the overall objective of the Bank to play a leading role in the sector. As we all know, deposit mobilization plays an integral part of our business. We are therefore engaging our immediate supervisor, ARB Apex Bank PLC for the provision of a digital platform for the collection of our deposits; especially the Susu Product.

During the year under review, the Bank partnered Republic Bank PLC to install its first Automated Teller Machine (ATM) at the Head Office, Prampram. Plans are far advanced to bring onboard the other branches in the coming years. These noble feet, however, can only be achieved if we are able to increase our capital base and recover credit facilities that have been granted to our customers in general.



## CONCLUSION

On behalf of the Board, I wish to thank all stakeholders, especially our customers for their loyalty and trust reposed in us. I am also thankful to my Management Team and the entire staff who have worked relentlessly to ensure a great experience for our customers and continue to keep the Bank afloat at all times irrespective of the seemingly daunting task that we faced in 2023.

To our Shareholders, I say a big thank you for your continued support to the Bank. I will also like to thank the Board for their leadership and oversight for making the Dangme brand a competitive, resilient and growing one.

Finally, I thank you so much for the opportunity to serve you and I believe we can continue to count on this support in the years ahead.

I look forward to fruitful deliberations and a very successful Annual General Meeting of the Dangme Rural Bank PLC. On this note, I formally welcome you and declare the 2023 Annual General Meeting duly open.

Thank you and may God Bless Us All.



# FINANCIAL HIGHLIGHTS

	2023	2022
	GH¢	GH¢
Interest income	<u>18,289,092</u>	<u>11,454,751</u>
Profit/(loss) before tax	<u>2,048,421</u>	<u>2,408,616</u>
Profit/(loss) after tax	<u>1,121,046</u>	<u>2,344,404</u>
Total assets	<u>88,240,618</u>	<u>68,304,331</u>

## RELEVANT FINANCIAL RATIOS

RATIOS	REGULATORY REQUIREMENT	2023	2022	2021
Cost/Income	MAX 70%	85%	85%	95%
Advances/Deposit	MAX 50%	44%	53%	32%
Return on equity (Net Income/Shareholders Equity)	MIN 5 times	3	7	-2
Loan Loss Provision/Total Advances	MAX 5%	11%	10%	22%
Earning Assets/ Total Assets	MIN 70%	119%	75%	78%
Liquid Assets/Total Assets	MIN 40%	69%	55%	65%
PPE/ Equity Ratio	MAX 25%	73%	101%	319%
Capital Adequacy Ratio	MIN 10%	8%	7%	-5%
Primary Reserves	MIN 6%	11%	12%	5%



# REPORT OF THE DIRECTORS

The Directors submit their report together with the audited financial statements of the bank for the year ended 31 December 2023.

## Statement of directors' responsibilities

The Companies Act, 2019 (Act 992) requires the Directors to prepare financial statements for each financial year, which give a true and fair view of the state of affairs of the bank as at the end of the financial year and the statement of income and expenditure, statement of changes in equity and statement of cash flows of the bank for the year. The Directors considered that in preparing the financial statements, they have used appropriate accounting policies, supported by reasonable and prudent judgments and estimates that are in line with International Financial Reporting Standards and complied with Companies Act, 2019 (Act 992) and Specialized Deposit Taking Institutions Act 2016 (Act 930).

The Directors are responsible for ensuring that the bank keeps accounting records, which disclose reasonable accuracy of the financial position of the bank. They are also responsible for taking such steps, which are reasonably open to them to safeguard the assets of the bank and to prevent and detect fraud and other irregularities.

The Directors are responsible for ensuring that the bank complies with the laws and regulations applicable to its activities and for establishing arrangements designed to prevent any non-compliance with laws and regulations and to detect any non-compliance that may occur.

## Nature of business

The bank is authorized to carry on the business of rural and community banking in Ghana.

## Financial results

The financial results of the bank are set out below:

	2023 GH¢	2022 GH¢
Profit/(loss) for the year ended 31 December is	<u>2,048,421</u>	<u>2,408,616</u>
From which is (deducted)/added tax of	<u>(927,375)</u>	<u>(64,212)</u>
Giving a profit/ (loss) after tax for the year of	<u>1,121,046</u>	<u>2,344,404</u>
Retained earnings as at 31 December	<u>(1,147,977)</u>	<u>(2,129,070)</u>
Transfer to statutory reserve	<u>140,131</u>	<u>1,172,202</u>

## Authorized and issued share capital

During the current financial year 9,000 shares were issued and paid for. The shares are yet to be registered with Office of Registrar of Companies and hence included in Deposit for shares.

## Dividend

The Directors do not propose dividends to shareholders this year.



### Related companies

Dangme Rural Bank PLC has no related companies to disclose.

### Directors' capacity building

The Directors of Dangme Rural Bank PLC have experience relevant to their responsibilities but continually seek further knowledge. The Bank ensures that only fit and proper persons are appointed to the board after obtaining the necessary approval from the regulator, Bank of Ghana.

### Changes in Directors

The names of the directors who served during the year are provided as part of corporate information. Hon. Nii Dorte Abotsi III (Vice Chairman) retired and was replaced by Patience Odonkor, who was elected in November 2022 at the AGM. Her approval was granted by Bank of Ghana in August 2023. In December 2023, Nene Affum Kaafr III (Chairman) retired. Gilbert Gblie Hormeku has been elected in his place, but yet to be approved by BoG.

### Corporate social responsibility

The Bank undertook corporate social responsibility activities during the year under review. These included a donation to dwellers in Asutuare worth GH¢ 4,925 after the dam spillage. The Bank also donated a NASCO air condition worth GH¢ 3,499 to land secretariat at Ningo-Prampram. An amount of GH¢ 17,360 was also donated to the traditional councils of Tema, Kpone, Ningo, Prampram and Osudoku towards their annual festivals.

### Auditors

The auditor, R-Alliance Consults, have indicated their willingness, to continue in office pursuant to Section 139 (5) of the Companies Act, 2019 (Act 992).

### Audit Fees

The amount payable by way of audit fees is GH¢ 80,454 inclusive of the applicable VAT/NHIL/COVID Levy and GETFL.

### Going Concern

The Board confirms that it is satisfied that the bank has adequate resources to continue in business for the foreseeable future. For this reason, it continues to adopt the going concern basis when preparing the financial statements.

### Related Party Transactions

Information regarding key management and directors' interests in the Bank are disclosed in the notes to the financial statements. No Director had any interest in any contract of significance at any time during the year. All directors have shares in the bank.

### Certification of compliance with Risk Management Guidelines for RCBs 2021

In compliance with the Risk Management Guidelines for RCBs 2021, the Board of Directors of Dangme Rural Bank PLC hereby declares that to the best of its knowledge and having made appropriate enquires in all material respects: -

- i The Bank has put in place systems for ensuring compliance with all prudential requirements.




- ii The system and resources that are in place for identifying, measuring, evaluating, controlling, mitigating, and reporting material risk, and the Risk Management Framework itself are appropriate to the Bank and are commensurate with the size, business mix and complexity of the Bank.
- iii The Risk and internal control systems in place are operating effectively and are adequate.
- iv The Bank has a Risk Management Strategy that complies with the Bank of Ghana Risk Management Directive 2021, and the Bank has complied with the requirements describe in its Risk Management Strategy, and
- v The Bank is satisfied with the effectiveness of its processes and management information systems.

### Acknowledgement


The Board of Directors hereby expresses its sincere appreciation for the support, loyalty and dedicated service of the staff, Management, and all stakeholders of the Bank over the past year. Finally, our sincere thanks to our cherished customers for the steadfast loyalty and confidence in our Bank and our business.

### By order of the Board

Director:

  
.....

Director:

  
.....

Date:

26/04/2024



# CORPORATE GOVERNANCE REPORT

## Introduction

Dangme Rural Bank PLC recognizes the importance of good corporate governance as a means of sustained long-term viability of the business and therefore always seeks to align the attainment of the business objectives with good corporate behavior in line with our corporate vision, values and business principles. Dangme Rural Bank PLC's vision is to provide its customers with the best financial products. The business adopts prudent standard accounting practices and ensures sound internal controls to facilitate transparency in the disclosure of information and to give assurance to the reliability of the financial statements.

## Corporate Governance Directives for Rural and Community Banks 2021

The Board certifies that the Bank is generally compliant with the Corporate Governance Directive for Rural and Community Banks (CGD for RCBs), 2021 issued by the Bank of Ghana which came into effective in May, 2021. The Corporate Governance processes of the Bank are effective and meet its purposes.

In accordance with Section 45 and 46 of the Corporate Governance Directive for RCBs, the independent external evaluation of the Board was completed in 2023. The scope of the engagement includes roles and responsibilities of the board, competencies of the members, structure and composition of the board and its sub-committees, processes and relationships, and other key governance issues.

## Systems of Internal Control, Risk Management and Compliance

Dangme Rural Bank PLC is continuously enhancing its comprehensive risk and control review. This is aimed at both improving the mechanism for identifying and monitoring risk as well as appraising the systems of internal control. The bank has effective systems for identifying, managing and monitoring risks. The system of internal controls is implemented and monitored by appropriately trained personnel, suitably segregated as to authority, duties and reporting lines. The bank reviews the business' risk, management practices, compliance with policies, applicable laws and regulations, and assesses the adequacy of systems of internal controls. There are periodic staff and management meetings, layers of reviews and approvals for transactions with top management's involvement.

## Code of Business Ethics

Dangme Rural Bank PLC continues to reinforce communication on a regular basis together with the development and application of complementary procedures to eliminate the potential for corrupt and illegal practices on the part of shareholders, directors, employees and contractors.

## Board of Directors

The responsibility of good corporate governance is in the hands of the Board of Directors and the Management Team. The Board is accountable for the long-term success of the bank and it is responsible for ensuring leadership, approving strategy, and ensuring that the Bank is suitably resourced to achieve its strategic aspirations. In doing so, the Board considers its responsibilities to, and the impact of its decisions on its stakeholders including shareholders, employees, customers, suppliers, the environment, and the community the bank operates in. The Board comprises non-executive directors who provide strong oversight of management and the business operations. The Board remains very diverse with a distinctive mixture of backgrounds, experience and skills. Risk and governance, shareholder and stakeholder relationships, strategy and budget, financial performance oversight and people were some of the key activities the Board focused its time on during the year. The board met three (3) times in the year.



### Independent Non-Executive Directors

All directors are non-executive directors and are independent and free of any business relationship or other circumstances that could materially interfere with the exercise of objective or independent judgment. In determining their independence, the Board has considered the criteria set out in the Corporate Governance Directive for RCBs, 2021 ("the Directive") and the contribution and conduct of directors at Board meetings, including how they demonstrate independent judgement. Directors are required to declare, on an ongoing basis, any interests that may give rise to a potential or perceived conflict of interest. The Board is made aware of the other commitments of the individual directors and is satisfied that largely, these do not conflict with their duties and time commitments as directors of the Company. Directors are appointed for an initial term of three years with an option for renewal for a further two terms.

### Board Trainings

Board members were trained on Anti-Money Laundering related issued during the year under review.

### Board Committees

The Board has four sub- committees with specific delegated authorities. These are the Audit, Risk and Compliance Committee, Finance Committee, the Human Resource and IT Committee and the Credit and Project Committee. The respective Chairpersons present their reports to the Board at each scheduled meeting.

### Audit, Risk and Compliance Committee

Directors	Position
Elizabeth Dede Pardie	Chairperson
Daniel Teye Botchway	Member
Francis Amanor Tetteh	Member

The Audit, Risk and Compliance committee is made up of non-executive directors and performs the following functions among others:

#### Internal Control functions:

- The Committee is responsible for advising the Board on Bank's operations including the following:
  - Effectiveness of operational arrangements and internal control systems.
  - Proper management of the bank's resources.
  - Outstanding litigations and contingent liabilities.
  - Overdue and non-performing loans
  - Related party exposures and their classification.
- Review on behalf of the Board, the Bank's system of internal control (including financial, operational, compliance and risk management) and make recommendations to the Board.
- Monitor and review the effectiveness of the internal audit function and ensure that it is adequately resourced and has appropriate standing within the Bank.
- Review and recommend to the Board, the approval of internal audit programme as well as Internal Audit's Annual Audit Plan.
- Review and recommend to the Board, the Internal Audit Charter in compliance with International Standards for the Professional Practice of Internal Audit for approval.



- Receive and review Internal Audit Reports to establish:
  - The extent to which existing policies are adequate and effective.
  - The extent to which Board decisions and instructions regarding the management of the Bank are being implemented.
  - The extent to which the Bank's operating and financial and accounting policies and practices are being complied with.
  - The adequacy, accuracy and reliability of management information, financial and operational reports from Key Management staff.
  - The extent of implementation of recommendations by external auditors/examiners or inspectors (ARB Apex Bank PLC / Bank of Ghana / Any related Organizations by Management).
- Consider the material findings of internal investigations and management's response.
- Review arrangements by which employees of the Bank may, in confidence, raise concerns about possible improprieties and for appropriate investigation of such matters.
- Consider other topics as defined by the Board.
- Report on all of the above matters to the Board and recommend for ratification by the Board all issues approved by the Committee on behalf of the Board.

### Finance Committee

Directors	Position
Ebenezer Tettey Addico	Chairperson
Daniel Teye Botchway	Member
Elizabeth Dede Pardie	Member

### Scope relating to Finance

- The Committee is responsible for advising the Board on:
  - Financial statements and performance review against the approved budget, business plan, peers and industry data.
  - The extent to which the bank is exposed to various risks such as credit, liquidity, operational and other risks.
  - Compliance with minimum capital requirements.
  - A review of capital adequacy ratio.
  - Review the financial standing of the Bank and on the most appropriate action to take.
  - Scrutinize the Bank's financial reports and statements, its capital base and the volume of business it can assume.
  - The Bank of Ghana's reserve requirements and their implications.
  - Compensation packages for staff and their impact on the finances of the Bank.
  - Total assets and their key components such as advances, investments, balances with banks and in vaults/tills etc.
  - Performing Assets (assets that directly generate revenue) vis-à-vis Non-Performing Assets (assets that do not generate revenue) and the relationship of each category to total assets.
- Deal with all matters referred to it by the Board on the terms, if any, set by the Board.
- In the case of emergency or when it is impracticable to convene a Board meeting or to obtain a written resolution of the Board in accordance with the Bank's Articles of Association from time to time, where the interests of the Bank would be prejudiced by delay, the Committee shall take steps to contact all directors and, having done so, and taken account of the views of those it has been possible to contact, shall have power to act as it then sees fit on behalf of the Board. The committee shall report any such actions and the reasons for taking them, to the Board as soon as practicable.
- Bring on Board, potential investment areas to enhance profitability.



## Human Resource and IT Committee

Directors	Position
Francis Amanor Tetteh	Chairperson
Ebenezer Tettey Addico	Member
Elizabeth Dede Pardie	Member

### The Human Resource and IT Committee is mandated to:

The duties of the Committee are:

- To make recommendations to the Board on the Bank's framework of the staff remuneration and its cost; determine on behalf of the board specific remuneration packages and conditions of employment for all categories of staff.
- The Committee is also expected to satisfy itself that human resource management activities are adequate and effective. In this regard, the specific responsibilities that the committee will carry out on behalf of the Board are as follows:
  - Review, monitor and make recommendations to the Board of Directors on the Bank's human resources strategy and policies. These include staffing, compensation, benefits and related issues of strategic importance.
  - Consider with other Board Committees and Management the repercussions of recommendations of other Board Committees on human resource management.
  - The Committee will make Human Resource recommendations to the Board for consideration and approval.
  - Consider shortlisted applicants for employment.
  - Determine the terms of any compensation package in the event of early termination of service of any staff.
  - Consider all disciplinary issues involving staff.
  - Any other matters that may be referred to the Committee.

## Credit and Project Committee

Directors	Position
Daniel Teye Botchway	Chairperson
Ebenezer Tettey Addico	Member
Francis Amanor Tetteh	Member

- Advise the Board in relation to the Bank's credit exposure and management, lending practices and provide strategic guidance for the development and achievement of the Bank's credit and lending objectives;
- Considering and approving specific loans above the Management's authority limit, as determined by the Board from time to time;
- Oversee the effectiveness and administration of credit related policies including compliance with legal lending limits and restrictions.
- Approve credit risk appetite and credit portfolio strategy and ensure it is in line with the Bank's corporate strategy;
- Review and approve the establishment of or any material changes to: credit policies and credit concentration guidelines and limits; underwriting guidelines; provisions for loan losses methodology; and other matters as required by regulations;



- Approve credit facility requests and proposals within limits defined by the Bank's credit policy and within the statutory requirements set by the regulatory authorities;
- Make recommendations to the Board on suggested changes to credit policy and strategy where appropriate.
- The Committee is responsible for advising the Board on:
  - The risky assets quality.
  - Exposure concentration,
  - Credit/deposit ratio and non-performing Loans and Advances ratio.
  - Provisions for delinquent loans and overdraft.
  - Credit recovery reports.
  - Review of reports on credit facilities and non-performing loans.
  - Related party transactions and credit concentrations.
  - Any other relevant issues relating to credit facilities.
- Advise the Board on matters relating to Advances Classification and provision for impairment losses on Advances.
- Review and monitor all advances.
- Enact and review effective and possible measures to recover non-performing credits.
- Refer to the Board for ratification the approved and disbursed Management discretionary facilities.





## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF DANGME RURAL BANK PLC**

### **Opinion**

We have audited the financial statements of Dangme Rural Bank PLC, which comprises the statement of financial position as at 31 December 2023, statement of profit or loss and other comprehensive income, statement of changes in equity, and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of Dangme Rural Bank PLC as at 31 December 2023, its financial performance and cash flows for the year ended in accordance with International Financial Reporting Standards (IFRS) and in compliance with the Companies Act 2019 (Act 992) and Specialised Deposit-Taking Institutions Act 2016 (Act 930).

### **Basis for Opinion**

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

### **Key Audit Matters**

Key Audit Matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. They are matters to be 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 those matters. The key audit matters below were noted:



### Impairment of Loans and Advances

The measurement of impairment provision is deemed a Key Audit Matter as the amount has a significant impact on the financial performance of the company.

Loan balance at the end of the year was GH¢ 35,906,024 (2022: 27,973,718) with total impairment provision of GH¢ 4,052,372 (2022: 2,569,090).

The basis of the impairment amount is summarised in the accounting policies in the consolidated financial statements.

The Directors exercise significant judgement when determining both when and how much to record as loan impairment. This is because a number of significant assumptions and inputs go into the determination of expected credit loss impairment amounts on loans and advances.

The bank has implemented IFRS 9, Financial Instruments. This standard requires the bank to recognize Expected Credit Losses ('ECL') on financial instruments, which involves exercise of significant judgement and estimates. The key areas where we identified greater levels of management judgement and therefore increased levels of audit focus in the bank's implementation of IFRS 9 include:

- i Identification and measurement of economic scenarios to measure ECLs on a forward-looking basis reflecting a range of future economic conditions.
- ii Assessment and measurement of Significant Increase in Credit Risk ('SICR') using different criteria.
- iii Modelling for estimation of ECL parameters
- iv probabilities of default (PD) - 12-month and lifetime,
- v loss given default (LGD),
- vi exposure at default (EAD).
- iv. Completeness and accuracy of data used to calculate the ECL

We focused our testing of the impairment on loans and advances on the key assumptions and inputs made by Management and Directors. Specifically, our audit procedures included:

- Obtaining an understanding of the loan loss impairment calculation process within the bank;
- Testing the design and determining implementation of key controls across the processes relevant to the Expected Credit Loss ('ECL') (allocation of assets into stages, model governance, data accuracy and completeness, credit monitoring, multiple economic scenarios, post model adjustments, individual impairment and processing of journal entries and disclosures);
- Assessing the ECL impairment levels by stage to determine if they were reasonable considering the bank's portfolio, risk profile, credit risk management practices and the macroeconomic environment.
- Challenging the criteria used to allocate asset to stage 1, 2 or 3 in accordance with IFRS 9;
- Testing the assumptions, inputs and formulae used in a sample of ECL models
- Testing the data used in the ECL calculation by reconciling to source systems;
- Assessing the adequacy and appropriateness of disclosures for compliance with the accounting standards.

Based on our review, we found that the bank's impairment methodology, including the model, assumptions and key inputs used by Management and Directors to estimate the amount of loan impairment losses were appropriate in the circumstances.



### Other information

The Directors are responsible for the other information. The other information comprises the information included in the Annual Report and the Directors' report, as required by the Companies Act 2019 (Act 992) but does not include the financial statements and our auditors' report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

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

### Responsibilities of Board of Directors for the financial statements

The Board of Directors is responsible for the preparation and fair presentation of the financial statements in accordance with generally accepted accounting principles and for such internal control as management determines 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 Board of Directors is 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 Board of Directors either intends to liquidate the bank or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is responsible for overseeing the company's financial reporting process.

### Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in 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 one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.



- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the 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, obtain sufficient appropriate audit evidence regarding the financial information of the entity or business activities within the bank to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.


We communicated with the Board of Directors, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identified from our audit.

### Report on other legal requirements

The Companies Act, 2019 (Act 992) requires that in carrying out our audit we consider and report on the following matters. We confirm

- We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
- Proper books of account have been kept by the company, so far as appears from our examination of those books; and
- The company's statement of financial position and income statement are in agreement with the books of account.

The engagement partner on the audit resulting in this independent auditor's report is Daniel Adjei with practice license number ICAG/P/1446.

  
Signed by: Daniel Adjei (ICAG/P/1446)

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Chartered Accountants  
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Palace Street  
North Kaneshie  
29.04.2024



## STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

		Year ended 31 December 2023	Year ended 31 December 2022
	Notes	GH¢	GH¢
Interest income	3	18,289,092	11,454,751
Interest expense	4	<u>(2,700,348)</u>	<u>(1,856,496)</u>
<b>Net interest income</b>		<b>15,588,744</b>	<b>9,598,255</b>
Fees and commissions	5	2,957,138	2,153,102
Other income	6	<u>406,997</u>	<u>512,445</u>
<b>Net interest and other income</b>		<b><u>18,952,879</u></b>	<b><u>12,263,802</u></b>
Loan loss provision	7	(1,483,280)	241,708
Other operating expenses	8	(8,080,430)	(4,620,561)
Personnel expenses	9	(6,990,692)	(5,195,447)
Depreciation and amortization	11c	<u>(350,056)</u>	<u>(280,886)</u>
<b>Total operating expenses</b>		<b><u>(16,904,458)</u></b>	<b><u>(9,855,186)</u></b>
Profit/ (loss) before tax		2,048,421	2,408,616
Income tax	10	<u>(927,375)</u>	<u>(64,212)</u>
Profit/ (loss) after tax		<b><u>1,121,046</u></b>	<b><u>2,344,404</u></b>
Other comprehensive income		—	—
<b>Total comprehensive income/ (loss) for the year</b>		<b><u>1,121,046</u></b>	<b><u>2,344,404</u></b>

*The notes form an integral part of these financial statements.*



# STATEMENT OF CHANGES IN EQUITY

	Stated Capital	Statutory Reserves	Capital Surplus	Rural Devt. Fund	Building Fund	Deposit for Shares	Credit Risk Reserve	Retained Earnings	Total
2023	GHC	GHC	GHC	GHC	GHC	GHC	GHC	GHC	GHC
Bal at start	1,741,094	1,760,863	1,596,602	215,500	245,000	-	178	(2,129,070)	3,430,167
Addition	-	-	-	-	-	4,500	-	-	4,500
Transfer to statutory reserve	-	140,131	-	-	-	-	-	(140,131)	-
Transfer	-	-	-	-	-	-	(178)	178	-
Profit/ (loss) for the year	-	-	-	-	-	-	-	1,121,046	1,121,046
Bal as at end	<u>1,741,094</u>	<u>1,900,994</u>	<u>1,596,602</u>	<u>215,500</u>	<u>245,000</u>	<u>4,500</u>	<u>-</u>	<u>(1,147,977)</u>	<u>4,555,713</u>
2022									
Bal at start	1,695,369	588,661	1,596,602	215,500	245,000	-	67,270	(3,368,364)	1,040,038
Addition	45,725	-	-	-	-	-	-	-	45,725
Transfer to statutory reserve	-	1,172,202	-	-	-	-	-	(1,172,202)	-
Transfer							(67,092)	67,092	-
Profit/ (loss) for the year	-	-	-	-	-	-	-	2,344,404	2,344,404
Bal as at end	<u>1,741,094</u>	<u>1,760,863</u>	<u>1,596,602</u>	<u>215,500</u>	<u>245,000</u>	<u>-</u>	<u>178</u>	<u>(2,129,070)</u>	<u>3,430,167</u>

In accordance with Section 34(1) (b) of the Banks and Specialised Deposit- Taking Institutions Act, 2016 (Act 930) an amount of GH¢ 140,131 was transferred to the statutory reserve fund from profit for the year, leaving the cumulative balance on the statutory reserve fund at GH¢ 1,900,994 at the year end.



# STATEMENT OF FINANCIAL POSITION

	Notes	Year ended 31 December 2023	Year ended 31 December 2022
<b>Assets</b>		<b>GH¢</b>	<b>GH¢</b>
Cash and cash equivalent	12	7,938,522	11,475,514
Investments	13	42,947,621	25,749,790
Loans and advances to customers	14	31,853,652	25,404,628
Investment in securities	15	114,114	66,004
Other assets	16	2,006,524	2,136,746
Deferred tax assets	10b	61,960	15,392
Property, plant and equipment	11	3,205,155	3,339,017
Right-of-use asset	11b	<u>113,070</u>	<u>117,240</u>
<b>Total assets</b>		<b><u>88,240,618</u></b>	<b><u>68,304,331</u></b>
<b>Liabilities</b>			
Deposits from customers	17	59,011,690	47,914,819
Fixed deposit	17	13,153,286	10,110,599
Other liabilities	18	3,524,171	1,951,563
Dividend payable		148,519	148,519
Taxation	10	644,280	32,901
Growth & Sustainability levy	10	102,421	-
Long term borrowing	19	<u>7,100,538</u>	<u>4,715,763</u>
<b>Total liabilities</b>		<b><u>83,684,905</u></b>	<b><u>64,874,164</u></b>
<b>Equity</b>			
Stated capital	20	1,741,094	1,741,094
Retained earnings		(1,147,977)	(2,129,070)
Statutory reserves		1,900,994	1,760,863
Capital surplus		1,596,602	1,596,602
Rural development fund		215,500	215,500
Building fund		245,000	245,000
Deposit for shares		4,500	-
Credit risk reserve		-	<u>178</u>
<b>Total equity</b>		<b><u>4,555,713</u></b>	<b><u>3,430,167</u></b>
<b>Total equity and liabilities</b>		<b><u>88,240,618</u></b>	<b><u>68,304,331</u></b>

The notes form an integral part of these financial statements.

The financial statements were approved by the Board of Directors on 26/04/2024 and signed on its behalf by:

Director:



Director:





# STATEMENT OF CASH FLOWS

	Notes	Year ended 31 December 2023 GH¢	Year ended 31 December 2022 GH¢
<b>Operating activities</b>			
Profit/ (loss) before tax		<b>2,048,421</b>	2,408,616
Depreciation and amortization	11c	<b>350,056</b>	<u>280,886</u>
Cash used in operating activities		<b><u>2,398,477</u></b>	<u>2,689,502</u>
<b>Changes in operating assets and liabilities</b>			
Changes in loans and advances	14	<b>(6,449,024)</b>	(13,041,285)
Changes in other assets	16	<b>130,222</b>	(243,925)
Changes in deposits accounts	17	<b>11,096,871</b>	8,760,688
Changes in fixed deposits	17	<b>3,042,687</b>	2,024,111
Changes in other liabilities	18	<b><u>1,572,608</u></b>	<u>599,063</u>
		<b>9,393,364</b>	(1,901,348)
<b>Corporate tax paid</b>	10	<b><u>(260,144)</u></b>	<u>(50,000)</u>
<b>Net cash from operating activities</b>		<b><u>9,133,220</u></b>	<u>(1,951,348)</u>
<b>Investing activities</b>			
Purchase of property, plant, and equipment	11	<b>(158,024)</b>	(299,338)
Introduction of right of use asset	11b	<b>(54,000)</b>	(124,800)
(Purchase)/ redemption of investment	13	<b><u>(17,245,940)</u></b>	<u>492,570</u>
<b>Net cash used in investing activities</b>		<b><u>(17,457,964)</u></b>	<u>68,432</u>
<b>Financing activities</b>			
Borrowings	19	<b>2,384,775</b>	4,715,763
Issue of shares		<b><u>4,500</u></b>	<u>45,725</u>
<b>Net cash from/ (used in) financing activities</b>		<b><u>2,389,275</u></b>	<u>4,761,488</u>
<b>Net change in cash and cash equivalent</b>		<b><u>(3,536,992)</u></b>	<u>5,568,074</u>
<b>Movement in cash and cash equivalent</b>			
At start of year		<b>11,475,514</b>	5,907,440
Net cash changes during the year		<b><u>(3,536,992)</u></b>	<u>5,568,074</u>
<b>At end of year</b>		<b><u>7,938,522</u></b>	<u>11,475,514</u>

The notes form an integral part of these financial statements.



# VALUE ADDED STATEMENT

	2023	2022
	GH¢	GH¢
Interest earned and other operating income	21,246,230	13,607,853
Direct cost of service and other costs	<u>(10,645,229)</u>	<u>(6,373,819)</u>
Value added by banking services	10,601,001	7,234,034
Non-banking income	406,997	512,445
Impairments of loans and advances	<u>(1,483,280)</u>	<u>241,708</u>
Value added	9,524,718	7,988,187
Distributed as follows:		
To employees:		
Directors (excluding Executives)	135,550	103,238
Other employees	6,990,691	5,195,447
To Government:		
Income tax expense/ asset	927,375	64,212
To providers of capital:	-	-
Dividend to shareholders	-	-
To expansion and growth		
Depreciation and amortization	<u>350,056</u>	<u>280,886</u>
Profit / (loss) for the year	<u>1,121,046</u>	<u>2,344,404</u>



# NOTES TO THE FINANCIAL STATEMENTS

## 1. General information

Dangme Rural Bank PLC is a bank incorporated under the Companies Act 2019, (Act 992) and domiciled in Ghana. The bank is authorized to carry on the business of rural and community banking in Ghana.

## 2. Summary of significant accounting policies

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

### (a) Basis of preparation

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS). The financial statements have been prepared on the historical cost basis except for financial assets and financial liabilities measured at fair value through other comprehensive income and fair value through profit and loss and investment properties measured at fair value.

The management of the Bank considers the following to be the most important accounting policies for the Company. In applying these accounting policies, management makes certain judgments and estimates that affect the reported amounts of assets and liabilities at the year-end date and the reported revenues and expenses during the financial year. The financial statements have been prepared in accordance with the company's accounting policies described below. The financial statements are presented in Ghana cedis.

### (b) Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses, if any. Depreciation and amortization are provided on a straight-line basis on all property, plant and equipment over the estimated useful lives.

Freehold land and building:	5%
Leasehold land and building:	5%
Furniture, fixtures, and equipment:	20%
Motor vehicle:	33.3%
Computer and accessories:	25%
Software	10 years

### (c) Cash and cash equivalent

Cash and cash equivalent includes cash in hand, deposits held with banks, deposits held at call with banks, other short term highly liquid investments. Bank overdrafts are shown separately under current liabilities on the statement of financial position.

### (d) Other liabilities

Other liabilities are initially recognized at fair value and subsequently measured at amortized cost.

### (e) Income tax

#### Current income tax

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rate and tax laws



# NOTES TO THE FINANCIAL STATEMENTS

## Deferred Tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognized for all taxable temporary differences, except:

When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future. Deferred tax assets are recognized for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognized to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized, except:

When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

In respect of deductible temporary differences associated with investments, it's recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are re-assessed at each reporting date and are recognized to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognized outside profit or loss is recognized outside profit or loss. Deferred tax items are recognized in correlation to the underlying transaction either in Other Comprehensive Income or directly in equity.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Tax benefits acquired as part of a business combination, but not satisfying the criteria for separate recognition at that date, are recognized subsequently if new information about facts and circumstances change.



#### **(f) Leases**

The Bank applies IFRS 16 where leases are recognized as right-of-use assets and corresponding liabilities at the date at which the leased assets are available for use by the Company. The right-of-use asset is presented separately in the statement of financial position, except for right-of-use assets that meet the definition of investment property, which is presented in the statement of financial position in separate line items – "investment property".

IFRS 16 allows two methods of initial application: (1) full retrospective application with the restatement of comparatives and (2) modified retrospective approach without the restatement of comparatives and with certain simplifications available upon adoption. The Bank has elected to use the second approach by implementing the standard retrospectively in relation to all leases in which the Bank is a lessee without restating comparatives. The implementation of IFRS 16 will not affect total equity. The adjustments to assets and liabilities are disclosed in the financial statements.

The Bank has elected to apply the exemption for low value assets on lease-by-lease basis. The Bank has decided that for the leases where the asset is sub-leased, a right-of-use asset is recognized with the corresponding lease liability. For all other leases of low value assets, the lease payment associated with those leases will be recognized as an expense.

#### **(g) Provisions**

Provisions are recognized when a present legal or constructive obligation exists as a result of past events, where it is more likely than not that an outflow of resources will be required to settle the obligation and the amount can be reliably measured. When the Bank expects some or all of a provision to be reimbursed, the reimbursement is recognized as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the statement of profit or loss net of any reimbursement.

#### **(h) Interest income**

Interest incomes are recognized at the end of each month a loan remains outstanding.

#### **(i) Foreign currencies**

Transactions are recorded on initial recognition in Ghana cedis, being the currency of the primary economic environment in which the bank operates (the functional currency). Transactions in foreign currencies during the year are converted into Ghana cedis at prevailing rates of exchange ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated into Ghana cedis at the rates of exchange ruling at the statement of financial position date. The resulting gains and losses are dealt with in the profit or loss account.

#### **(j) Dividend**

Dividends on ordinary shares are charged to equity in the period in which they are declared.

#### **(k) Post statement of financial position events**

Events subsequent to the statement of financial position date are reflected only to the extent that they relate directly to the financial statements and the effect is material.

#### **(l) Contingent liabilities**

Contingent liabilities are potential liabilities that arise from past events, the existence of which will be confirmed only on the occurrence or non-occurrence of one or more uncertain future events which are not wholly within the control of the Company. Provisions for liabilities are recorded when a loss is considered probable and can be reasonably estimated. The determination of whether or not a provision should be recorded for any potential liabilities is based on management's judgment.



#### **(m) Critical accounting estimates and assumptions**

Estimates are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Because of the inherent uncertainties in this evaluation process, actual losses may be different from the originally estimated provision. In addition, significant estimates are involved in the determination of provisions related to taxes and litigation risks. These estimates are subject to change as new information becomes available and changes subsequent to these estimates may significantly affect future operating results.

#### **(n) Income taxes**

Significant judgment is required in determining the provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the course of business. The bank recognizes liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due.

Where the final outcomes of these matters are different from the amounts that were initially recorded, such differences will impact the income tax provisions in the period in which such determination is made.

#### **(o) Critical judgments in applying the entity's accounting policies**

In the process of applying the company's accounting policies, management has made judgment in determining:

- the classification of non-current assets
- whether assets are impaired
- provisions and contingent liabilities

#### **(p) Loans and Advances**

Loans and Advances are stated in the statement of financial position at the amount of principal less provisions for loan loss.

#### **Expected Credit Loss Impairment model**

In July 2014, the IASB issued the final version of IFRS 9 Financial Instruments: Recognition and Measurement and all previous versions of IFRS 9. IFRS 9 brings together all three aspects of the accounting for financial instruments: classification and measurement, impairment and hedge accounting. It is effective for annual periods beginning on or after 1 January, 2019, with early application permitted. The bank adopted this standard effective 1 January, 2023 and did not restate comparative information or apply it.

The Bank assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

Evidence of impairment may include indications that the debtors or a group of debtors are experiencing significant financial difficulty, default, the probability that they will enter bankruptcy or other financial reorganization, and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.



bankruptcy or other financial reorganization, and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

For loans and advances category, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognized in profit or loss.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized (such as an improvement in the debtor's credit rating), the reversal of the previously recognized impairment loss is recognized in profit or loss.

### (q) Investments

Investments are purchased with the intention of being held to maturity and they are stated at amortized cost. The interest is disclosed separately in interest income.

	2023	2022
	GH¢	GH¢

### 3. Interest income

This represents income from loans, overdrafts, and investments.

Interest on loans	10,290,192	7,073,543
Interest on overdrafts	877,776	387,889
Interest on investments	7,121,124	3,993,319
	<u>18,289,092</u>	<u>11,454,751</u>

### 4. Interest expense

The represents interest paid on customers' savings and fixed deposit accounts during the period.

Interest on savings accounts	503,729	384,142
Interest on fixed deposits	1,417,654	1,031,435
Interest on borrowings	778,965	440,919
	<u>2,700,348</u>	<u>1,856,496</u>

### 5. Fees and commissions

This is made up of processing fees for loans and commissions for various services undertaken for customers.

SMS charges	51,112	53,130
Processing fee	1,950,754	1,153,601
Commitment fees	955,272	946,371
	<u>2,957,138</u>	<u>2,153,102</u>

### 6. Other income

Bad debt recovery	12,968	26,588
Recoverable stationery	553	1,200
Sundry income	393,476	484,657
	<u>406,997</u>	<u>512,445</u>



**7. a. Loan loss provision (Impairment)**

Balance at start	2,569,090	2,810,798
Adjustment during the period	<u>1,483,282</u>	<u>(241,708)</u>
Balance at end	<u>4,052,372</u>	<u>2,569,090</u>

**b. Impairment**

IFRS 9 requires the bank to record expected credit losses (ECL) on all debt securities, loans and trade receivables, either on a 12-month or lifetime basis. The bank applied the general approach in calculating expected losses on all its instruments. The ECL schedule is below:

**Expected Credit Loss Schedule**

<i>Instrument</i>	<i>Stage 1 12-months ECL</i>	<i>Stage 2 Lifetime ECL</i>	<i>Stage 3 Lifetime ECL</i>	<i>Total</i>
Loans and advances	<u>248,906</u>	<u>-</u>	<u>3,803,466</u>	<u>4,052,372</u>

	<b>2023</b>	2022
	<b>GH¢</b>	GH¢

**8. Other operating expenses**

Travel and transportation	1,675,990	1,046,336
Board fees	135,550	83,385
Board expenses	21,349	19,853
Susu commission	677,621	343,500
Other expenses – susu	54,575	17,388
Newspapers and periodicals	1,316	3,560
Utilities & ICT	1,584,564	1,012,157
Entertainment expenses	161,824	59,873
Repairs and maintenance – motor vehicle	332,671	207,734
Repairs and maintenance – computer	12,224	10,365
Repairs and maintenance – land & building	174,107	80,000
Repairs and maintenance – furniture & equipment	162,051	101,310
Fuel	405,093	405,374
Printing and stationery	144,583	111,874
Bank charges	51,837	42,397
Corporate social responsibilities	41,684	24,161
Rent and rates	100,504	73,528
Insurance premium	110,264	91,327
Specie expenses	129,010	92,500
Loan recovery expenses	9,660	23,382
Cleaning and sanitation	140,812	129,779
Police guard duty allowance	209,327	139,294
Consultancy	35,822	57,215
Reimbursable expenses	33,882	53,962
Audit fees	80,454	63,662
Advertising and publicity	15,738	1,936
Annual general meeting expenses	101,053	52,453



Annual subscription	78,129	35,919
Out of station	13,676	16,497
SMS charges	11,450	17,509
Attachment - staff allowance	5,600	150
Cashier transportation	32,100	19,350
Funeral grant	24,192	43,308
Registrar fee	900	1,106
Other expenses – general	126,908	102,066
Mobilization expenses	1,940	6,972
Bad debt expense	1,176,906	23,379
Staff end of year durbar	5,064	-
Penalty	-	6,000
	<u>8,080,430</u>	<u>4,620,561</u>

	2023	2022
	GH¢	GH¢

## 9. Personnel expenses

Salaries & wages	3,532,831	2,920,882
Medical	309,520	193,553
Staff provident fund	277,518	214,422
Social security fund	440,906	356,352
Staff clothing allowance	404,350	381,091
Staff and directors training expenses	222,803	121,085
Other staff expenses	710,185	528,050
Long service award	84,000	135,000
Lunch subsidy	331,487	243,030
Overtime allowance	6,396	7,934
Responsibility allowance	143,696	94,048
Staff bonus	527,000	-
	<u>6,990,692</u>	<u>5,195,447</u>

## 10. Taxation

### (a) Income tax

	Balance at beginning	Payments	Charge for the year	Balance at end
	GH¢	GH¢	GH¢	GH¢
Current income tax	32,901	(260,144)	871,523	644,280
Deferred income tax	(15,391)	-	(46,569)	(61,960)
Growth & Sustainability levy	-	-	102,421	102,421
	<u>17,509</u>	<u>(260,144)</u>	<u>927,375</u>	<u>684,741</u>

### (b) Deferred tax

At start of year	(15,391)	22,814
Income statement (credit)/charge	<u>(46,569)</u>	<u>(38,205)</u>
At end of year	<u>(61,960)</u>	<u>(15,391)</u>



Deferred tax is calculated, in full, on all temporary differences under the liability method using a principal tax rate of 25% (2022: 25%). The movement on the deferred income tax account is as follows:

**(c) Corporate tax**

Year of assessment	Balance b/d	Tax charged	Tax paid	Balance c/f
	GH¢	GH¢	GH¢	GH¢
<b>2023</b>	<b><u>32,901</u></b>	<b><u>871,523</u></b>	<b><u>(260,144)</u></b>	<b><u>644,280</u></b>
<b>2022</b>	<b><u>(19,517)</u></b>	<b><u>102,418</u></b>	<b><u>(50,000)</u></b>	<b><u>32,901</u></b>



**11. Property, plant and equipment**

	Freehold Land & Building GH¢	Leasehold Land & Building GH¢	Furniture, Fittings & Equipment GH¢	Motor Vehicles GH¢	Computer & Accessories GH¢	Software GH¢	CWIP GH¢	Total GH¢
<b>Cost</b>								
Balance at beginning	2,704,112	709,237	1,005,817	538,184	509,530	432,008	156,233	6,055,121
Additions	-	-	158,024	-	-	-	-	158,024
Transfer	32,000	-	50,494	-	-	-	(82,494)	-
<b>Balance at end</b>	<b><u>2,736,112</u></b>	<b><u>709,237</u></b>	<b><u>1,214,335</u></b>	<b><u>538,184</u></b>	<b><u>509,530</u></b>	<b><u>432,008</u></b>	<b><u>73,739</u></b>	<b><u>6,213,145</u></b>
<b>Depreciation/ Amortization</b>								
Balance at beginning	725,514	205,625	680,800	538,184	461,915	104,066	-	2,716,104
Charge for the year	100,530	25,181	111,069	-	11,905	43,201	-	291,886
<b>Balance at end</b>	<b><u>826,044</u></b>	<b><u>230,806</u></b>	<b><u>791,869</u></b>	<b><u>538,184</u></b>	<b><u>473,820</u></b>	<b><u>147,267</u></b>	<b><u>-</u></b>	<b><u>3,007,990</u></b>
<b>Represented by:</b>								
<b>Net book value – 2023</b>	<b><u>1,910,068</u></b>	<b><u>478,431</u></b>	<b><u>422,466</u></b>	<b><u>-</u></b>	<b><u>35,710</u></b>	<b><u>284,741</u></b>	<b><u>73,739</u></b>	<b><u>3,205,155</u></b>
<b>Net book value -2022</b>	<b><u>1,978,598</u></b>	<b><u>503,612</u></b>	<b><u>325,017</u></b>	<b><u>-</u></b>	<b><u>47,615</u></b>	<b><u>327,942</u></b>	<b><u>156,233</u></b>	<b><u>3,339,017</u></b>



	2023	2022
	GH¢	GH¢

#### 11b. Right-of-use asset

Bal. at beginning	271,800	147,000
Addition	54,000	124,800
Bal. at end	325,800	271,800
<b>Amortization</b>		
Bal. at the beginning	154,560	112,080
Charge for the year	58,170	42,480
Bal. at end	212,730	154,560
Net book value	113,070	117,240

#### 11c. Depreciation and amortization

Depreciation charge for the year	291,886	238,406
Amortization on right-of-use	58,170	42,480
	350,056	280,886

#### 12. Cash and cash equivalent

This is made up of cash at hand and bank balances as at the year end.

Cash on hand	1,644,495	2,253,675
E-money	621,379	119,464
Amount due from other banks	24,442	4,851
Current Account with ARB Apex Bank	344,355	2,469,385
Apex 5% deposit reserve	3,703,851	2,628,139
Apex ACOD	1,600,000	4,000,000
	7,938,522	11,475,514

#### 13. Investments

This is made up of balances on investment instruments and government short-term securities with other financial institutions.

Treasury Bills	32,309,655	19,393,000
Fixed Deposits - Cal Bank	5,000,000	794,453
*Bond - GCB Amalgamated Fund	5,562,337	5,562,337
Republic Call Account	75,629	-
	42,947,621	25,749,790

\*This represents amount outstanding with Uni Securities (under receivership) converted to zero coupon 5-year bonds (GCB Amalgamated Fund).

#### 14. Loans and advances to customers

Loans to customers	35,906,024	27,973,718
Loan loss provision	(4,052,372)	(2,569,090)
	31,853,652	25,404,628



**15. Investment in securities**

This represents investment in shares of Apex Bank PLC.

	2023	2022
	GH¢	GH¢

**16. Other assets**

Interagency account	-	238,564
Stationery stock	153,647	253,064
Ezwich cash control	72,665	31,357
Office account	804,182	486,201
E value imprest	7,220	-
Prepayments	26,026	-
Insurance prepaid	5,427	10,541
Int. and comm. accrued	<u>937,357</u>	<u>1,117,019</u>
	<u>2,006,524</u>	<u>2,136,746</u>

**17. Fixed Deposits/ Deposits from customers**

The bank takes deposits from customers through savings accounts and fixed deposit instruments. This represents balances on customer accounts at the year end.

Current accounts	15,646,372	15,222,793
Savings accounts	43,365,318	32,692,026
Time/ fixed deposit	<u>13,153,286</u>	<u>10,110,599</u>
	<u>72,164,976</u>	<u>58,025,418</u>

**18. Other liabilities**

Landlord – Ningo Building	-	12,501
Inv. income not yet earned	1,655,085	977,159
Provisions	321,554	117,383
Other payables	1,198,198	771,001
*Inter branch	107,448	-
Office account	<u>241,886</u>	<u>73,519</u>
	<u>3,524,171</u>	<u>1,951,563</u>

\*Inter branch relates to interest in arrears in dormant and inactive accounts in the various branches at the year end.

**19. Long-term borrowing**

This represents balance on loan facilities from ARB Apex Bank PLC.

**20. Stated capital**

	Quantity	GH¢
Authorized shares	<u>200,000,000</u>	-
Issued for cash	<u>73,369,839</u>	<u>1,741,094</u>

**21. Other disclosures**

Profit for the year is arrived at after charging:

Directors' fees	<u>135,550</u>	<u>38,800</u>
Auditor's remuneration	<u>80,454</u>	<u>63,663</u>



**22. Contingent liabilities**

The Board approved an amount of GH¢ 190,657 as staff bonuses to support staff through the economic difficulties. The bank has subsequently applied to Bank of Ghana for approval to pay the bonuses.

**23. Capital commitments**

There were no capital commitments at the statement of financial position date.

**24. Financial risk management**

The Company's activities expose it to a variety of financial risks, including the effects of changes in foreign currency exchange rates and interest rates. The Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimize the potential adverse effects on its financial performance. Risk management is carried out by the management of the Bank under policies approved by the Board of Directors. Management identifies, evaluates and hedges financial risks. For example, cash requirements are reviewed and any excess funds invested for interest to hedge against loss of value.

**25. Foreign currency risk**

The Bank does not deal with foreign currencies in their operations and therefore has no direct exposure to foreign currency risk.

**26. Credit risk**

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The bank is in the business of advancing loans to customers and therefore has a high exposure to credit risk. The bank maintains a provision for loan loss based upon the expected collectability of all loans. Strict credit control is exercised through a robust assessment of customer requests before granting loans, monitoring of customers' loan performance and, when necessary, provision is made for doubtful accounts. As at the year end, management had provided for general credit risk and specific risk exposure based on how long some loans and advances have been outstanding. The table below shows the maximum exposure to credit risk by class of financial instrument:

	2023	2022
	GH¢	GH¢
Bank balances	6,294,027	9,218,980
Loan and advances to clients	35,906,024	27,973,718
Investments	42,947,621	25,749,790
Investment in securities (ARB Apex shares)	114,114	66,004
Total credit risk exposure	<u>85,261,786</u>	<u>63,008,492</u>

**27. Related party transactions**

The following are the transactions between the related parties during the year:

The Directors and other senior management had loan balances with year end balances as follows:

	2023	2022
	GH¢	GH¢
<b>Loans granted</b>		
Directors	-	16,883
Staff	<u>3,452,535</u>	<u>3,238,638</u>
	<u>3,452,535</u>	<u>3,255,521</u>



<b>Amount of loan balances outstanding:</b>		
Directors	<b>10,436</b>	19,463
Staff	<b><u>4,555,227</u></b>	<u>2,988,036</u>
	<b><u>4,565,663</u></b>	<u>3,007,498</u>

## 28. Regulatory disclosures

### Liquidity ratio

The bank's liquid assets to total assets at the end of 2023 was 69% (2022: 55%)

### Capital Adequacy ratio

The bank's capital adequacy ratio at the end of 2023 was 8% (2022: 7%)

### Minimum paid-up capital

According to section 28 of the Bank and Specialized Deposit-Taking Institutions Act, 2016 (Act 930), the Bank has met the minimum paid-up capital requirement of GH¢ 1,000,000 for rural and community banks.

## 29. Earnings per share

	<b>2023</b>	2022
	<b>GH¢</b>	GH¢
Profit/ (loss) for the year	<b>1,121,046</b>	2,344,404
No. of ordinary shares issued	<b>73,369,839</b>	73,369,839
Basic and diluted earnings per share	<b>0.02</b>	0.03

## 30. Government of Ghana Domestic Debt Exchange Program (DDEP)

The Government of Ghana began a DDEP in December 2022. The program requires bondholders of domestic debt to voluntarily exchange their domestic notes and bonds, including E.S.L.A. and Daakye bonds, for a package of new bonds to be issued. The Government of Ghana is in the process of working out modalities for the issue of new bonds. Dangme however does not have any of these bonds but has zero coupon bonds which was received when Uni Securities was liquidated. The current bond holding of the bank is GH¢ 5,562,337.



## Notes



## Notes





## DANGME RURAL BANK PLC

*Dangme, we lead you to financial freedom*

### PROXY FORM

I/WE.....  
 .....  
 .....(Block letters please)

Being a member/member of DANGME  
 RURAL BANK PLC hereby appoint

.....  
 of.....  
 .....

or failing him/her chairman of the  
 meeting as my/our proxy to vote for  
 me/us and on my/our behalf at the  
 Annual General Meeting of the  
 company to be held on 21st December,  
 2024

Signed this..... day of Dec. 2024

RESOLUTION	FOR	AGAINST
To receive the Reports of the Board of Directors, the Financial Statements for the year ended 31st December, 2002 and the Auditor's Reports thereon.		
To declare a Dividened		
To re-select the following Directors who are retiring by rotation i. Nene Affum Kaafra III (Retired 2003) ii. Mr. Daniel Botchway (Retired) iii. Elizabeth Dede Pardie		
To approve Directors Remuneration		
To authorized the Directors to fix the Remuneration of auditors.		
Any other Matter.		

#### NOTE

A member entitled to attend and vote at this meetings is entitled to appoint a Proxy who need not be a member of the Bank to attend and vote for his/her stead. The completed Proxy form must reach the Banks office at Prampram not less than 48 hours before the time fixed for the holding of the meeting.