

SOUTH BIRIM RURAL BANK PLC

ANNUAL REPORTS AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER, 2025

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FINANCIAL STATEMENTS FOR THE YEAR ENDED

31ST DECEMBER, 2025

SOUTH BIRIM RURAL BANK PLC
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SOUTH BIRIM RURAL BANK PLC
BOARD OF DIRECTORS AND CORPORATE INFORMATION

Board of Directors

Mr. Paul Asiedu	- Chairman
Mr. Emmanuel Odoom	- Vice Chairman
Mr. George Niako	- Member
Mrs. Adriana Obiri-Nyarko	- Member (Appointed, 17 th February, 2025)
Mrs. Akosua Gyamfua Osei-Opoku	- Member (Appointed, 17 th February, 2025)

Secretary

Candy Frimpong Boakye

Key Management Personnel

Gladys Okyere	- Chief Executive Officer
Ambretha Akosua Adutwum	- Deputy Chief Executive Officer
Kingsley Kwadwo Ansah	- Accountant
Kenneth Mawuli Dakey	- Head of Internal Audit
Michael Nti Adu	- Risk & Compliance Manager
Daniel Adade	- Human Resource Manager
Candy Boakye Frimpong	- Company Secretary
Paul Adusei	- Loans Monitoring Manager
Esther Fosua Odame	- Administrative Manager
Ansah Anobaah S.G	- Head of ICT
Elias Mccarius Aluma Azasiya	- Head of Credit
Eric Osei Bobie	- Marketing and Sales Manager

Registered Office

House No. 56, Opposite Achiase PBC
P.O. Box 60, Akim Achiase
Eastern Region, Ghana
Digital Address: EZ-0478-9571

Auditors

MKA Partners
Chartered Accountants
No. 5 Roman Rd, Off Borstal Avenue
Roman Ridge, Accra

Bankers

ARB Apex Bank PLC, Accra
National Investment Bank Limited (NIB), Akim Oda
SDC Finance Company Limited

Company Reg. No:

PL000351222

Company TIN:

C0009003037

Date of Incorporation:

1st August 1980 (date of re-registration: 7th December 2022)

Country of Residence:

Ghana (GH)

Reporting Currency:

Ghana Cedis (GH¢)

**REPORT OF THE DIRECTORS TO THE MEMBERS OF
SOUTH BIRIM RURAL BANK PLC FOR THE YEAR
ENDED 31ST DECEMBER, 2025**

The Directors present their report together with the audited financial statements of the Bank for the year ended 31st December, 2025.

Directors' Responsibility Statement

The Directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards (IFRS), and in the manner required by the Companies Act, 2019 (Act 992) and the Banks and Specialised Deposit-Taking Institutions Act, 2016 (Act 930) and for such internal controls as the Directors determine are necessary to enable the preparation of financial statements that are free from material misstatements, whether due to fraud or error. The Directors have made an assessment of the ability of the Bank to continue as a going concern and have no reason to believe that the Bank will not be a going concern in the year ahead.

Nature of Business

The Bank's principal activities are provision of Banking services. There was no change in the nature of the Bank's business during the year.

Financial Results

The results of operations for the year ended 31st December, 2025 are set out in the attached financial statements, highlights of which are as follows:

	2025 GH¢	2024 GH¢
The Bank recorded a net profit/(loss) before taxation of	5,987,885	5,334,172
From which is deducted income tax expense and deferred tax of	(1,823,615)	(1,660,542)
Giving a net profit after tax of	4,164,270	3,673,630
There was a transfer to statutory reserve fund of	(520,533)	(459,204)
	<u>3,643,737</u>	<u>3,214,426</u>
Leaving a profit for the year after tax and transfer to statutory reserve of	3,643,737	3,214,426
When added to the opening balance on the income surplus account as of 1 January	6,403,819	3,766,170
Correction of prior period error	(471,004)	(576,777)
From which is deducted final dividend proposed and paid of	-	-
Leaving a closing balance on the retained earnings account of	<u>9,576,552</u>	<u>6,403,819</u>

Corporate Social Responsibilities

The Bank performed some corporate social responsibilities during the year amounting to GH¢186,603. These are mainly in the form of sponsorships, donations and social projects and events.

Audit Fee Payable

The audit fee payable as at the date of this report amounted to GH¢ GHS54,200. It includes the auditors remuneration, other reimbursable expenses, VAT and Other levies.

Capacity of Directors

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. Relevant training and capacity building programs, facilitated by the Ghana Banking College and the Bank of Ghana, are put in place to enable the Directors discharge their duties. Many of the Directors have been certified for attending such training during the year.

Directors

The names of the directors who served during the year are provided in this report below. No director had any interest at any time during the year, in any contract of significance, other than a service contract with the Bank.

Profile of Directors of the Bank

Mr. Paul Asiedu

Mr. Asiedu was appointed to the Board of Directors in 2019 and appointed the Board Chairman in May 2024. He has Teacher's Certificate A qualification and holds a Diploma in Public Administration from the University of Ghana, Legon.

Mr. Emmanuel Odoom

Mr. Odoom was appointed as a Non-Executive Director in 2019. He holds HND (Marketing) from Accra Technical University, BSc Marketing from University of Cape Coast and MPHIL (Health Service Management) from the University of Ghana.

Mr. George Niako

He was appointed the Board of Directors in 2019. He holds HND (Electric Power) from Accra Technical University and Postgraduate Certificate in Finance and Administration from University of Liverpool.

Mrs. Adriana Obiri-Nyarko

Mrs. Adriana Obiri-Nyarko was appointed to part of the Board on 17th February, 2025. She has over 17 years' experience in Banking. She holds a Master of Business Administration certificate in Finance from the University of Ghana and a Bachelor of Arts in Economics from the Kwame Nkrumah University of Science and Technology. She has deep knowledge in corporate finance, Credit Risk Management and budgeting. She is a proud product of St. Roses Girls Senior High School at Akwatia.

Mrs. Akosua Gyamfua Osei-Opoku

Mrs. Akosua Gyamfua Osei-Opoku was appointed as a Board Member on 17th February, 2025. She is a qualified Chartered Accountant and a member of the Institute of Chartered Accountants- Ghana. Again, she holds an MSC. Information Management and Finance from the University of Westminster and a BSC in

Accounting from the School of Finance & Management (Oxford Brookes University, London). She has in-depth knowledge in the areas of Corporate Finance, Financial markets and investment strategies, budgeting and capital allocation and financial reporting and compliance.

Profile of Key Management Personnel

Chief Executive Officer - Ms. Gladys Okyere

She was employed by the Bank on the 1st September, 1987 and appointed as the Chief Executive Officer in January, 2018. She holds a B.A in Banking & Finance from the University of Cape Coast, a fellow of the Chartered Institute of Credit Management and a Member of the Institute of Directors. She is a visionary leader whose transformative leadership as Chief Executive Officer of South Birim Rural Bank PLC has redefined excellence in the Banking sector. She is an enthusiastic and a self-motivated person who always work to attain higher standards. She has the ability to motivate others in order to gain the best that they could produce. She has proven leadership qualities with team building skills, an interest in and understanding customer service and its aims.

Deputy Chief Executive Officer - Mrs. Ambretha Akosua Adutwum

She was employed by the Bank on 1st August, 2011 and rose through the ranks until her appointment into the role of Deputy Chief Executive Officer on 1st June, 2023. She holds a Master of Science degree in Microfinance from the University of Cape Coast and a Bachelor of Arts in Political Science from the Kwame Nkrumah University of Science and Technology, Kumasi.

Head of ICT - Mr. Godfred Ansah Anobaah S.G.

He was appointed into the Bank in April, 2007. He holds a Bsc in Computer Science, Commonwealth Executive (CIMBA) MBA Finance all from the Kwame Nkrumah University of Science and Technology, Kumasi.

Head of Internal Audit - Mr. Kenneth Mawuli Darkey

He was engaged in April 2018. He holds BSc Business Administration (Accounting option) from the University of Cape Coast, a Chartered Accountant from the Institute of Chartered Accountants, Ghana, and a member of Institute of Internal Auditors, Ghana. He holds a Post-Chartered Diploma in Forensic Auditing from the Institute of Chartered Accountants, Ghana (ICAG). He also holds an MBA in Internal Auditing from the University of Professional Studies, Accra. He also holds certificates in Business Data Analysis, certificate in Information Systems Auditing as well as a certificate in cybersecurity.

Head of Credit - Elias Mccarius Aluma Azasiya

He was employed into the Bank on 1st April, 2023 with over 24 years' experience in Banking. He is a Member of the Association of Chartered Institute of Bankers, Ghana and also a member of the Association of Certified Chartered Accountants (ACCA), UK. He also holds a Bachelor of Commerce degree from the University of Cape Coast. He is an Associate member of Institute of Directors. He is currently pursuing a Master's degree in Corporate Governance from the University of Professional Studies, Accra.

Accountant - Mr. Kingsley Kwadwo Ansah

He was employed by the Bank in September, 2011 and rose through the ranks until his appointment into the role on 4th June, 2018. He holds a Master's degree in Business Administration in Accounting and Finance from the University of Professional Studies, Accra. He also holds a degree in Management Studies from the University of Cape Coast and currently a level 3 student of the Institute of Chartered Accountants, Ghana.

Loans Monitoring Manager - Mr. Paul Adusei

He was employed by the Bank in May, 2017 with over 29 years' experience in Banking. He holds a first degree in BA Sociology and Social Works from the Kwame Nkrumah University of Science and Technology, Kumasi.

Administrative Manager - Mrs. Esther Fosua Odame

She was employed by the Bank in March, 2005. She holds a Master's degree in Human Resource Management, a first degree in Management Studies, a diploma in Management Studies and a Diploma in Business Studies (Secretarial optional) from the University of Cape coast and Cape Coast Technical University.

Human Resource Manager - Mr. Daniel Adade

He was employed on 2nd January, 2023 with over 16 years' experience in Banking from both Universal and Rural and Community Banks. He holds a first degree in Philosophy and Religious studies from the University of Ghana, Legon. He is a trainer for Banking Operations with extensive knowledge in branch operations and administration. He is currently pursuing a Master's degree (MBA) in Human Resource Management at the University of Ghana Business School.

Risk and Compliance Manager - Mr. Michael Nti Adu

He was employed by the Bank on the 1st October, 2011 and rose through the ranks until his appointment to the role of the Risk & Compliance Manager on 1st September, 2023. He holds a Bachelor of Commerce degree from the University of Cape Coast and an HND in Accountancy from the Koforidua Technical University. He is a member of the Institute of Internal Auditors, Ghana and a Chartered Accountant and a Member of the Institute of Chartered Accountants-Ghana. He is a certified Data Protection Supervisor and a member of the Ghana Association of Privacy Professionals. A final level 1 student of Chartered Institute of Taxation, Ghana.

Company Secretary - Ms. Candy Frimpong Boakye

She was employed by the Bank in February, 2017. She holds an MBA in Corporate Governance from the University of Professional Studies, Accra. She also holds a B.A Arts (English and Linguistics) degree from the University of Cape Coast. She is also an Associate member of the Institute of Directors.

Marketing and Sales Manager - Eric Osei Bobie

He was employed into the Bank on 1st July, 2025. He holds a Commonwealth Executive Master of Business Administration from the Kwame Nkrumah University of Science and Technology, Kumasi and a Teacher's Certificate "A" from the University of Cape Coast. He is an Associate Member of the Chartered Institute of Marketing and Chartered Institute of Bankers, Ghana

Stated Capital

The Bank's Stated Capital relating to Ordinary Shares issued increased from GH¢1,661,120. in 2024 to GH¢1,734,696 in 2025; recording an increase of GH¢73,576 as at the end of the year 2025.

Dividend

The Directors of the Bank have recommended the payment of Dividend for the 2025 financial year.

Corporate Governance

The Board of Directors is committed to ensuring good corporate governance as a means of determining the direction and performance of the Bank. To this end, the Bank aims to comply with best practices in corporate governance as disclosed in the corporate governance report.

Directors Representation

The Directors confirm that no matters have arisen since 31st December, 2025 which materially affect the financial statements as presented.

Going Concern

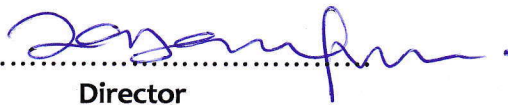
The Directors have made an assessment of the Bank's ability to continue as a going concern and have no reason to believe that the business will not be a going concern in the year ahead.

Auditors

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

Approval of the Financial Statements

The Financial Statements were approved by the Board of Directors on, 2026 and were signed on their behalf by the following:


.....
Director


.....
Director

CORPORATE GOVERNANCE REPORT

Corporate Governance Directive for Rural and Community Banks, 2021

Corporate Governance is important to the South Birim Rural Bank PLC as it seeks to implement the ideals of fairness, transparency, accountability and responsibility in its dealings with all stakeholders. The Bank also recognizes the critical nature of its relationships with its Regulators in executing its vision and safeguarding the deposits of the general public and other lenders. To this end, the Bank ensures that the interests of stakeholders are taken into account in a balanced and transparent manner. The Bank believes that only good corporate governance can deliver sustainable good business performance. The Bank of Ghana Corporate Governance Directive sets out the structures and processes that are followed by the Bank to build credibility, ensure transparency and accountability.

South Birim Rural Bank PLC operate in accordance with the Corporate Governance Directives issued by the Bank of Ghana. The principles and practices therein are based on the Basel Committee standards on corporate governance, which constitute the best of international practice in this area.

The Board of Directors

The Board of Directors is responsible for setting the Bank's strategic direction, leading, controlling and monitoring activities of management so as to protect and enhance shareholders value. As of 31st December, 2025, the Board of Directors of the Bank consisted of five (5) members made up of an independent Non-Executive Chairman and four (4) Non-Executive Directors. These Board members have wide experience and in-depth knowledge of management, banking and the financial market, which enable them make informed decisions and valuable contributions to the Bank's business.

Term limit

Non-Executive Director shall be elected for a period of three (3) years at a time and shall be eligible for re-election provided that no individual shall serve as a director for a cumulative period of more than nine (9) years. The term of the Chairman shall not exceed six (6) years.

Board Meetings

The Board met nine (5) times during the year. The Board has delegated various aspects of its work to the Audit Committee, Risk and Compliance Committee and Credit Committee.

Directors	Role	Year Appointed	Qualification	Meeting Attendance Out of Six (6)
Mr. Paul Asiedu	Chairman	2019	Teacher's Certificate A Diploma In Public Admin.	5
Mr. Emmanuel Odoom	Non-Executive Director	2019	Hnd (Marketing) Bsc Marketing, Mphil (Health Service Management)	6
Mr. George Niako	Non-Executive Director	2019	Hnd (Electric Power), Postgraduate Cert. In Finance & Admin	5

Mrs. Adriana Obiri-Nyarko	Non-Executive Director	2025	B.A Economics/Mba Finance	6
Mrs. Akosua Gyamfua Osei-Opoku	Non-Executive Director	2025	Bsc. Accounting/Msc. It & Management/Icag	6

Biographical Information of Directors

Up to 40 Years	Age 41-60	Above 60 Years
None	4	1

External Auditors

External Auditors are appointed through a bidding process and on a rotational basis for a period outlined by the Banks and Specialised Deposit-Taking Institutions Act 2016, (Act 930). The External Auditors present and discuss their audit findings with the Board of Directors.

Internal Auditors

Internal Audit provides independent, objective audit assurance designed to add value and improve the Rural Bank's operations while ensuring the effectiveness of risk management, control and governance processes.

Board Evaluation

The Board has adopted standard evaluation tools that help assess the performance of the board, its committees and individual members on an annual basis. The Board and all Directors are also periodically evaluated by an independent external firm in order to assess this effectiveness of the board as well as the contribution of the individual Directors

Business Continuity Plan

South Birim Rural Bank PLC has a business continuity and disaster recovery plan that will enable it respond to unplanned significant interruptions in essential business functions that can lead to the temporary suspension of operations. It provides guidelines to fully recover operations and ensure coordinated processes of restoring systems, data and infrastructure to enable essential client needs to be met until normal operations are resumed. The plan is tested at least three times every year to assess the readiness of the Rural Bank to respond to unplanned interruptions of operations.

System of Internal Control

South Birim Rural Bank PLC has a well-established internal control system for identifying, managing and monitoring risks. These are designed to provide reasonable assurance that risks faced by the Bank are reasonably controlled. The internal audit and compliance function of the Bank plays a key role in providing an objective view and continuing assessment of the effectiveness of the internal control systems in the business. The systems of internal control are implemented and monitored by appropriately trained personnel, with clearly defined duties and reporting lines.

Code of Business Ethics

Management has communicated principles in the Bank's Code of Conduct to its employees to provide guidance in the discharge of their duties. This code sets the standards of professionalism and integrity required for the Bank's operations. It covers compliance with applicable laws, conflicts of interest, environmental issues, reliability of financial reporting, bribery and strict adherence to laid down principles, so as to eliminate the potential for illegal practices.

Anti-Money Laundering

The Bank also has an established anti-money laundering system in place in compliance with requirements of Ghana's Anti-Money Laundering Act, 2020, (Act 1044). These include due diligence for opening new accounts, customer identification, monitoring of high risk accounts, record keeping and training and sensitization of staff on money laundering, which assist in reducing regulatory and reputational risks to its business. Staff members receive training on anti-money laundering policies and practices.

Annual Certificate on Corporate Governance

The Board of Directors hereby certifies as follows:-

- The Board has independently assessed and documented that the corporate governance process of the South Birim Rural Bank PLC is effective and has successfully achieved its objectives.
- Members of the Board of Directors of the South Birim Rural Bank PLC are aware of their responsibilities to the Bank as persons charged with governance.

**INDEPENDENT AUDITORS REPORT ON THE FINANCIAL STATEMENTS TO THE
MEMBERS OF SOUTH BIRIM RURAL BANK PLC FOR THE YEAR ENDED 31ST DECEMBER, 2025**

Our Opinion

We have audited the accompanying financial statements of South Birim Rural Bank PLC set out on pages 19 to 66, which comprise the statement of financial position at 31st December, 2025, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and the notes to the financial statements, which include a summary of significant accounting policies and other explanatory notes, as set out on pages 24 to 66.

In our opinion, the financial statements as set out in this report give a true and fair view of the financial position of South Birim Rural Bank PLC as at 31st December, 2025 and of its financial performance, changes in equity and its Cash Flows for the year ended in accordance with International Financial Reporting Standards (IFRS) and in the manner required by the Companies Act, 2019 (Act 992) and the Banks and Specialised Deposit-Taking Institutions Act, 2016 (Act 930).

What We Have Audited

We have audited the financial statements of South Birim Rural Bank PLC for the year ended 31st December, 2025. The financial statements comprise:

- Statement of financial position as at 31st December, 2025;
- Statement of profit or loss and other comprehensive income for the year then ended ;
- Statement of changes in equity for the year then ended;
- Statement of cash flows for the year then ended; and
- Notes to the financial statements, which include a summary of significant accounting policies.

Basis of 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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter

No matters came to our attention in this regard.

Independence

We are independent of the South Birim Rural Bank PLC in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) (the Code) issued by the International Ethics Standards Board of Accountants (IESBA) and we have fulfilled our other ethical responsibilities in accordance with the Code.

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 of the current year. 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.

Impairment of Loans and Advances

Due to the significance of the Bank's advances to customers and the related estimated uncertainty of the provision for impairment, this is considered a key audit risk. The appropriateness of loan loss provisions is a key area of judgment for management. The identification of impairment and the determination of the recoverable amount are inherently uncertain processes involving various assumptions and factors including the financial condition of the customer, expected future cash flows and the estimated time to realization of collaterals.

How Our Audit Addressed the Key Audit Matter

We assessed the systems and related controls instituted by management to ensure the accurate determination of provisions. We reviewed the process of aging and categorization of the various loans and the application of related provision rates. We tested a sample of these provisions based on our overall risk assessment of this account.

IFRS Financial Instrument

The Bank adopted IFRS 9 - Financial Instruments during the period, which requires the measurement of expected credit loss allowance for financial assets measured at amortised cost and fair value through other comprehensive income. The Bank reviews its loans and advances for impairment at the end of each reporting period. There are significant judgements made in the following areas in applying IFRS 9 - Financial Instruments.

These include: Determining the stage of the financial assets and establishing groups similar financial assets; determining criteria for significant increase in credit risk; determining the Probability of Default (PD) and Loss Given Default (LGD) and Expected Credit Loss (ECL) for each type of loan. Due to the significant judgements that are applied by management in determining whether an impairment loss has occurred we considered this to be key audit risk. The Bank is also required to compute loan provision in accordance with the Bank of Ghana (BOG) prudential guidelines. There is the risk of inappropriate classification of loans and advances in accordance with BOG's guidelines that results in inaccurate loan impairment computations.

The Bank is also required to make transfers from income surplus to regulatory credit risk reserve based on the excesses of IFRS impairment and BOG provision. The disclosures relating to impairment of loans and advances to customers are considered important to users of the financial statements given the level of judgement and estimation involved.

How Our Audit Addressed the Key Audit Matter

We reviewed management capability to effectively apply the IFRS 9 and make the necessary disclosures in the Financial Statements as at 31st December, 2025. Also assessed the Bank's advances provision using Bank of Ghana guidelines. Used externally available data on exposures and our knowledge of IFRS 9 experience in the Banking Industry.

We evaluated the design and tested the implementation and operating effectiveness of the key controls over the computation of impairment loss. In evaluating the design of controls, we considered the appropriation of the control considering the nature and significance of the risk, competence and authority of person(s) performing the control, frequency and consistency with which the control is performed.

In performing operating effectiveness of controls, we selected a sample of transactions based on the control frequency to determine whether the control operated during the year. We performed an evaluation of management's key assumptions of the expected credit loss model (ECL), including the probability of default (PD) and the loss given default (LGD). We challenged management's staging of its financial assets in the ECL module and tested facilities to ensure they have been included in the correct stage.

We tested the underlying data behind the determination of the probability of default by agreeing same to underlying supporting documentation. We found that the assumptions used by management were comparable with historical performance and have been assessed as reasonable. We further tested the disclosures to ensure that the required disclosures under IFRS 9 together with the first-time adoption disclosures have been appropriately disclosed.

We further assessed as appropriate the classifications of the Bank's loans and advances in accordance with Bank of Ghana, prudential guidelines and the transfer of any excess provision over the IFRS computed provisions to the regulatory Credit Risk Reserve.

Long Term Investments

The significance of the Bank's investment assets is in SDC Finance Limited and the related economic uncertainty of payment receipt from the fund managers to the Bank when their investment is matured and the Bank's failure to assess or test the investment as at 31st December, 2025, we considered short and medium investment as a key audit matter.

How Our Audit Addressed the Key Audit Matter

We reviewed the Bank's investment management criteria, the risk appetite for selecting long term investment and the approval of fund managers for the Bank. We evaluated all long term investments which included analysis of the investment with SDC Finance Limited. Assessed the maturity periods and redeemed amount of the investment with SDC Finance Limited to verify the accuracy of the amount received. Sent a confirmation letter on the Bank's investment as at 31st December, 2025 to ensure the amount included in the financial statements is not misstated.

Other Information

The Directors are responsible for the other information. The other information comprises the Directors' Report, Chairman's Report, Corporate Governance Report and Shareholders Information 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 identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If based on the work we have performed on the other information, we conclude that there is a material misstatement, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Statements

The Board of Directors is responsible for the preparation and fair presentation of the Financial Statements in accordance with International Financial Reporting Standards (IFRS) and in the manner required by the Companies Act, 2019 (Act 992) and the Banks and Specialised Deposit-Taking Institutions Act, 2016 (Act 930) and for such internal control as the Board of Directors determines is necessary to enable the preparation of Financial Statements that are free from material misstatements, whether due to fraud or error.

In preparing the financial statements, the Board of Directors is responsible for assessing the Bank's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless 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 Bank's financial reporting process.

Auditors Responsibility for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatements, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but it is not a guarantee that an audit conducted in accordance with the 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 the audit in accordance with the ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatements of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis of our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.
- Obtain an understanding of internal controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Bank's internal controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Bank's ability to continue as a going concern. If we conclude that a

material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Bank to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in the manner that achieves fair presentation.
- We communicate with Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal controls that we identify during the audit.

Report on Other Legal and Regulatory Requirements

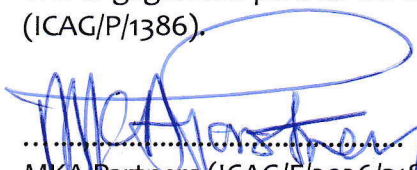
The Companies Act, 2019 (Act 992) requires that in carrying out our audit we consider and report on the following matters. We confirm that:

- a) 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;
- b) In our opinion, proper books of account have been kept by the Bank in so far as appears from our examination of those books;
- c) The Bank's financial position and profit or loss and other comprehensive income are in agreement with the books of account;

The Banks and Specialised Deposit-Taking Institutions Act, 2016 (Act 930) Section 85 (2) requires that we state certain matters in our report. We hereby state that:

- a) In our opinion, the accounts give a true and fair view of the state of affairs of the Bank and the results of its operations for the period under review;
- b) We obtained all the information and explanations required for the efficient performance of our duties as auditors;
- c) In our opinion, the Bank's transactions were within its powers;
- d) In our opinion, the Bank has generally complied with the provisions of the Anti-Money Laundering Act, 2020 (Act 1044), the Anti-Terrorism Act, 2008 (Act 762) and the Regulations made under these enactments; and
- e) The Bank has generally complied with the provisions of the Banks and Specialised Deposit-Taking Institutions Act, 2016 (Act 930).

The engagement partner on the audit resulting in this independent auditor's report is Maxwell Andoh (ICAG/P/1386).


.....
MKA Partners (ICAG/F/2026/318)
Chartered Accountants
No. 5 Roman Rd, Roman Ridge
Accra, - Ghana

Dated: 29-04.....2026

SOUTH BIRIM RURAL BANK PLC
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31ST DECEMBER, 2025

	Note	2025 GH¢	2024 GH¢
Interest income	4	29,732,570	23,387,933
Interest expenses	5	(2,880,464)	(1,761,457)
Net interest income		26,852,106	21,626,476
Commission and fees	6	1,977,563	1,307,252
Other operating income	7	1,096,102	913,845
Operating income		29,925,771	23,847,573
Impairment on loans and advances	8	-	(86,623)
Net operating income		29,925,771	23,760,950
Staff costs	9	(12,210,660)	(8,886,239)
Operating expenses	10	(10,495,333)	(8,812,768)
Depreciation	16	(1,231,893)	(727,771)
Total operating expenses		(23,937,886)	(18,426,778)
Profit/Loss before taxation		5,987,885	5,334,172
Growth and sustainability levy	20(b)	(296,262)	(266,709)
Corporate taxation	20(i)	(1,527,353)	(1,393,833)
Profit/Loss for the year		4,164,270	3,673,630
Other comprehensive income		-	-
Total comprehensive income		4,164,270	3,673,630
Earnings per Share			
Basic and diluted earnings per share (GH¢)	22	1.12	1.01
Retained Earnings for the year ended 31st December			
Balance at 1st January		6,403,819	3,766,170
Prior year adjustment	29	(471,004)	(576,777)
Restated balance		5,932,815	3,189,393
Profit/loss for the year		4,164,270	3,673,630
Transfer to statutory reserve		(520,533)	(459,204)
Balance at 31st December		9,576,552	6,403,819

SOUTH BIRIM RURAL BANK PLC
STATEMENT OF FINANCIAL POSITION AS AT 31ST DECEMBER, 2025

	Note	2025 GH¢	2024 GH¢
Assets			
Cash and short term funds	11	23,059,555	16,788,274
Short and medium term investments	12	113,318,268	93,813,655
Loans and advances	13	31,354,554	21,944,734
Other assets accounts	14	2,417,469	1,654,007
		170,149,846	134,200,671
Long term investment	15	6,647,169	7,675,686
Property, plant and equipment	16	4,597,910	4,275,820
Growth and sustainability levy	20(b)	65,845	70,858
		11,310,924	12,022,364
Total Assets		181,460,770	146,223,034
Liabilities			
Deposits and current accounts	17	159,711,285	126,139,593
Interest payable and other liabilities	18	5,025,520	6,704,067
Borrowings	19	1,762,812	2,385,288
Current taxation	20(a)	109,620	45,015
Deferred taxation	20(d)	5,779	66,795
Dividend payable	21	585,755	327,042
Total Liabilities		167,200,771	135,667,800
Equity			
Stated capital	23	1,734,696	1,661,120
Retained earnings	24	9,576,552	6,403,819
Statutory reserve fund	25	2,730,500	2,209,967
Capital reserves	26	218,251	218,251
Credit reserves	27	-	62,077
Total Equity		14,259,999	10,555,234
Total Liabilities and Equity		181,460,770	146,223,034

The financial statements were approved by the Directors on, 2026 and were signed on their behalf by:


.....
Director


.....
Director

SOUTH BIRIM RURAL BANK PLC

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER, 2025

	Stated Capital GH¢	Retained Earnings GH¢	Statutory Reserve GH¢	Credit Regulatory Reserve GH¢	Capital Reserves GH¢	Total GH¢
Balance at 1st January, 2025	1,661,120	6,403,819	2,209,967	62,077	218,251	10,555,234
Profit for the year	-	4,164,270	-	-	-	4,164,270
Prior year adjustment	-	(533,081)	-	-	-	(533,081)
Statutory reserve	-	(520,533)	520,533	-	-	-
Movement in credit reserves	-	62,077	-	(62,077)	-	-
Issue of shares	73,576	-	-	-	-	73,576
Balance at 31st December, 2025	1,734,696	9,576,522	2,730,500	-	218,251	14,259,999

SOUTH BIRIM RURAL BANK PLC

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER, 2024

	Stated Capital GH¢	Retained Earnings GH¢	Statutory Reserve GH¢	Credit Regulatory Reserve GH¢	Capital Reserves GH¢	Total GH¢
Balance at 1st January, 2024	1,258,902	3,766,170	1,750,763	238,534	218,251	7,232,620
Profit for the year	-	3,673,630	-	-	-	3,673,630
Prior year adjustment	-	(576,777)	-	(176,457)	-	(753,234)
Statutory reserve	-	(459,204)	459,204	-	-	-
Issue of shares for cash	55,730	-	-	-	-	55,730
Bonus share issue	346,488	-	-	-	-	346,488
Balance at 31st December, 2024	1,661,120	6,403,819	2,209,967	62,077	218,251	10,555,234

SOUTH BIRIM RURAL BANK PLC
STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31ST DECEMBER, 2025

	2025	2024
	GH¢	GH¢
Cash Flows from operating activities		
Profit/(Loss) before taxation	5,987,885	5,334,172
Depreciation	1,231,893	727,771
Impairment on loans	-	86,623
Profit on disposal of assets	(30,000)	-
Prior year adjustments	471,004	-
Non-cash movement	(44,343)	(146,881)
Cash flow from operating activities before	7,616,439	6,001,685
changes in operating assets and liabilities		
(Increase) in loans and advances	(9,409,820)	(221,216)
(Increase) /decrease in investments	(18,476,095)	(51,691,982)
Decrease/(increase) in other assets	(763,462)	3,988,619
Increase in customer deposits and current accounts	33,571,692	51,715,771
Increase/(decrease) in interest payable and other liabilities	(1,678,547)	189,958
Increase/(decrease) in borrowings	(622,476)	1,551,179
	2,621,292	5,532,329
Net cash from operating activities	10,237,732	11,534,014
Tax paid	(1,815,012)	(1,563,374)
Net Cash from operating activities	8,422,719	9,970,640
Cash flows from investing activities:		
Capital Work In Progress	(328,717)	-
Property, Plant and Equipment acquired in the year	(1,680,945)	(2,995,307)
Proceeds from sale of fixed assets	30,000	-
Net cash used in/from investing activities	(1,979,662)	(2,995,307)
Net cash used/Generated before financing	6,443,057	6,975,333
Cash flows from financing activities		
Dividend paid	(245,352)	(120,830)
Proceeds from issue of Shares	73,576	55,730
Net cash used in/from financing activities	(171,776)	(65,100)
Net (decrease)/increase in cash and cash equivalents	6,271,281	6,910,233
Analysis of Cash and Cash Equivalents		
Balance at 1 January	16,788,274	9,878,041
Net increase in cash and cash equivalents	6,271,281	6,910,233
Balance at 31 December	23,059,555	16,788,274

SOUTH BIRIM RURAL BANK PLC
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST
DECEMBER, 2025

1. Reporting Entity

South Birim Rural Bank PLC is a company registered under the Companies Act, 2019, (Act 992). The address of its registered office and principal place of business is House No. 56, Akim Achiase, P. O. Box 60, Akim Achiase. Its headquarters is at Akim Achiase in the Achiase District in the Eastern Region. It is a Public Limited Liability Company, licenced to operate Business of Banking in Ghana. The Bank has seven (7) agencies namely: Akim Achiase, Akim Oda, Aperade, Akim Asene, Akwatia, Asamankese, New Abirem and one (1) microfinance center located in Akim Oda.

South Birim Rural Bank PLC is a limited liability company incorporated in Ghana under the Companies Act, 2019 (Act 992). The nature of business the bank is authorised to carry on includes the provision of current and deposit as well as savings and time deposit accounts for customers. It also acts as agent of the other financial institutions in the country, accepts and discounts bills of exchange and provides finance for small scale farmers, merchants, industrialists etc.

2. Basis of Preparation

2.1 Basis of Measurement

The financial statements have been prepared on a historical cost basis, except for land and buildings and available-for-sale financial assets that have been measured at fair value.

2.2 Statement of Compliance

These financial statements of the Bank have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standard Board (IASB) and accounting requirements as dictated by the guide for financial publication 2017 issued by the Bank of Ghana and in a manner required by the Companies Act, 2019 (Act 992) and the Banks and Specialised Deposits - Taking Institutions Act, 2016 (Act 930).

2.3 Use of Estimate and judgment

The preparation of Financial Statements in conformity with IFRS requires the directors to make judgements, estimates and assumptions that affect the application of accounting policies. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods

3. Presentation of Financial Statements

3.1 Functional and Presentation Currency

The financial statements are presented in Ghana Cedis (GH¢) which is the Bank's functional and presentation currency. The accounting policies adopted by the Bank are consistent with those of the previous financial year except for leases which were previously treated under IAS 17 but are now reported per IFRS 16. The Bank has adopted significant accounting policies which have been applied in preparing these financial statements.

3.2 Revenue Recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Bank and the revenue can be reliably measured.

3.3 Interest and Similar Income

The Bank calculates interest income by applying the effective interest rate (EIR) to the gross carrying amount of financial assets other than credit-impaired assets. When a financial asset becomes credit-impaired and is therefore, regarded as 'Stage 3', the Bank calculates interest income by applying the effective interest rate to the net amortised cost of the financial asset. If the financial assets cures and is no longer credit-impaired, the Bank reverts to calculating interest income on a gross basis.

Interest income on all trading assets and financial assets mandatorily required to be measured at FVPL is recognised using the contractual interest rate in net trading income.

3.4 Fees and Commissions

Fees and commission income and expenses that are an integral part of the effective interest rate on financial instruments are included in the measurement of the effective interest rate. Other fees and commission income, including account servicing fees, management fees, sales commission, placement and arrangement fees and cheque clearing fees are recognised as the related services are performed. Other fees and commission expense relates mainly to transaction and service fees, which are expensed as the services are received.

3.5 Other Operating Income

This is made up of other operating income including profit or loss on sale of property, plant and equipment, Bad debt recovered and other miscellaneous incomes.

3.6 Interest Expense

Interest expense is recognized in profit or loss for all interest-bearing financial instruments measured at amortized cost, including loans and advances, 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 expense. 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. The calculation includes fees paid by the Bank that are an integral part of the acquisition, issue or disposal of a financial instrument.

3.7 The Effective Interest Rate Method

Under IFRS 9, interest income is recorded using the effective interest rate (EIR) method for all financial instruments measured at amortised cost, financial instruments designated at FVPL. Interest income on interest bearing financial assets measured at FVOCI under IFRS 9, similarly, to interest bearing financial assets classified as available-for-sale or held to maturity under IAS 39 are also recorded by using the EIR method. The EIR is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument or, when appropriate, a shorter period, to the net carrying amount of the financial asset.

The EIR (and therefore, the amortised cost of the asset) is calculated by taking into account any discount or premium on acquisition, fees and costs that are an integral part of the EIR. Hence, it recognises the effect of potentially different interest rates charged at various stages, and other characteristics of the product life cycle (including prepayments, penalty interest and charges).

If expectations regarding the cash flows on the financial asset are revised for reasons other than credit risk, the adjustment is booked as a positive or negative adjustment to the carrying amount of the asset in the statement of financial position with an increase or reduction in interest income. The adjustment is subsequently amortised through Interest and similar income in the statement of comprehensive income.

3.8 Income Tax Expense

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

3.9 Current Taxation

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the statement of financial position date, and any adjustment to tax payable in respect of previous years. The Bank provides for income taxes at the current tax rates on the taxable profits of the Bank.

3.10 Deferred Taxation

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the corresponding amounts used for taxation purposes.

However, deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred tax is measured at tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date. 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. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or the tax assets and liabilities will be realised simultaneously. Deferred tax is provided using the statement of financial position method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax is not recognised for the following temporary differences: the initial recognition of goodwill, the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit, and differences relating investments in subsidiaries to the extent that they probably will not reverse in the foreseeable future.

3.11 Financial Assets and Liabilities

Initial Recognition and Measurement

Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions of the instrument or regular way purchases and sales of financial assets are recognised on trade-date, the date on which the Bank becomes party to the contractual provisions of the instrument or commits to purchase or sell the asset. At initial recognition, the Bank measures a financial asset or financial liability at its fair value plus or minus, in the case of a financial asset or financial liability not at fair value through profit or loss, transaction costs that are incremental and directly attributable to the acquisition or issue of the financial asset or financial liability, such as fees and commissions.

Transaction costs of financial assets and financial liabilities carried at fair value through profit or loss are expensed in profit or loss. Immediately after initial recognition, an expected credit loss allowance (ECL) is recognised for financial assets measured at amortised cost and investments in debt instruments measured at FVOCI, which results in an accounting loss being recognised in profit or loss when an asset is newly originated.

When the fair value of financial assets and liabilities differs from the transaction price on initial recognition, the entity recognises the difference as follows:

(a) When the fair value is evidenced by a quoted price in an active market for an identical asset or liability (i.e., a Level 1 input) or based on a valuation technique that uses only data from observable markets, the difference is recognised as a gain or loss.

(b) In all other cases, the difference is deferred and the timing of recognition of deferred day one profit or loss is determined individually. It is either amortised over the life of the instrument, deferred until the instrument's fair value can be determined using market observable inputs, or realised through settlement.

3.12 Classification and Subsequent Measurement

From 1 January 2018, the Bank has applied IFRS 9 and classifies its financial assets in the following measurement categories:

- Fair value through profit or loss (FVPL);
- Fair value through other comprehensive income (FVOCI); or
- Amortised cost.

The classification requirements for debt and equity instruments are described.

Impairment

IFRS 9 requires the bank to record expected credit losses on all of its debt securities, loans and trade receivables, either on a 12-month or lifetime basis. The bank will apply the simplified approach and calculate expected losses on all its instruments.

3.13 Debt Instruments

Debt instruments are those instruments that meet the definition of a financial liability from the issuer's perspective, such as loans and investment securities. Classification and subsequent measurement of debt instruments depend on:

- the Bank's business model for managing the asset; and
- the cash flow characteristics of the asset.

Based on these factors, the Bank classifies its debt instruments into one of the following three measurement categories:

a) **Amortised Cost:** Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest ('SPPI'), and that are not designated at FVPL, are measured at amortised cost. The carrying amount of these assets is adjusted by any expected credit loss allowance recognised and measured. Interest income from these financial assets is included in 'Interest income' using the effective interest rate method.

b) **Fair Value Through Other Comprehensive Income (FVOCI):** Financial assets that are held for collection of contractual cash flows and for selling the assets, where the assets' cash flows represent solely payments of principal and interest, and that are not designated at FVPL, are measured at fair value through other comprehensive income (FVOCI). Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses on the instrument's amortised cost which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in 'other operating income'. Interest income from these financial assets is included in 'Interest income' using the effective interest rate method.

c) **Fair Value Through Profit Or Loss:** Assets that do not meet the criteria for amortised cost or FVOCI are measured at fair value through profit or loss. A gain or loss on a debt investment that is subsequently measured at fair value through profit or loss and is not part of a hedging relationship is recognised in profit or loss and presented in the profit or loss statement within 'Net trading income' in the period in which it arises. Interest income from these financial assets is included in 'Interest income' using the effective interest rate method. The above classifications are done using:

Business Model: The business model reflects how the Bank manages the assets in order to generate cash flows. That is, whether the Bank's objective is solely to collect the contractual cash flows from the assets or is to collect both the contractual cash flows and cash flows arising from the sale of assets. If neither of these is applicable (e.g., financial assets are held for trading purposes), then the financial assets are classified as part of 'other' business model and measured at FVPL. Factors considered by the Bank in determining the business model for a Bank of assets include past experience on how the cash flows for these assets were collected, how the asset's performance is evaluated and reported to key management personnel, how risks are assessed and managed and how managers are compensated. Securities held for trading are held principally for the purpose of selling in the near term or are part of a portfolio of financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking. These securities are classified in the 'other' business model and measured at FVPL.

SPPI: Where the business model is to hold assets to collect contractual cash flows or to collect contractual cash flows and sell, the Bank assesses whether the financial instruments' cash flows represent solely payments of principal and interest (the 'SPPI test'). In making this assessment, the Bank considers whether the contractual cash flows are consistent with a basic lending arrangement i.e. interest includes only consideration for the time value of money, credit risk, other basic lending risks and a profit margin that is consistent with a basic lending arrangement. Where the contractual terms introduce exposure to risk or volatility that are inconsistent with a basic lending arrangement, the related financial asset is classified and measured at fair value through profit or loss.

The Bank reclassifies debt investments when and only when its business model for managing those assets changes. The reclassification takes place from the start of the first reporting period following the change. Such changes are expected to be very infrequent and none occurred during the period.

3.14 Equity Instruments

Equity instruments are instruments that meet the definition of equity from the issuer's perspective; that is, instruments that do not contain a contractual obligation to pay and that evidence a residual interest in the issuer's net assets. Examples of equity instruments include basic ordinary shares.

The Bank subsequently measures all equity investments at fair value through profit or loss, except where the Bank's management has elected, at initial recognition, to irrevocably designate an equity investment at fair value through other comprehensive income. The Bank's policy is to designate equity investments as FVOCI when those investments are held for purposes other than to generate investment returns. When this election is used, fair value gains and losses are recognised in OCI and are not subsequently reclassified to profit or loss, including on disposal. Impairment losses (and reversal of impairment losses) are not reported separately from other changes in fair value. Dividends, when representing a return on such investments, continue to be recognised in profit or loss as other income when the Bank's right to receive payments is established.

3.15 Impairment

The Bank assesses on a forward-looking basis the expected credit losses ('ECL') associated with its debt instrument assets carried at amortised cost and FVOCI and with the exposure arising from loan commitments and financial guarantee contracts. The Bank recognises a loss allowance for such losses at each reporting date. The measurement of ECL reflects:

- An unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
- The time value of money; and
- Reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

3.16 Modification of Loans

The Bank sometimes renegotiates or otherwise modifies the contractual cash flows of loans to customers. When this happens, the Bank assesses whether or not the new terms are substantially different to the original terms. The Bank does this by considering, among others, the following factors:

- If the borrower is in financial difficulty, whether the modification merely reduces the contractual cash flows to amounts the borrower is expected to be able to pay
- Significant extension of the loan term when the borrower is not in financial difficulty.
- Significant change in the interest rate.

If the terms are substantially different, the Bank derecognises the original financial asset and recognizes a 'new' asset at fair value and recalculates a new effective interest rate for the asset. The date of renegotiation is consequently considered to be the date of initial recognition for impairment calculation purposes, including for the purpose of determining whether a significant increase in credit risk has occurred. However, the Bank also assesses whether the new financial asset recognised is deemed to be credit-impaired at initial recognition, especially in circumstances where the renegotiation was driven by the debtor being unable to

make the originally agreed payments. Differences in the carrying amount are also recognised in profit or loss as a gain or loss on de-recognition.

If the terms are not substantially different, the renegotiation or modification does not result in de-recognition, and the Bank recalculates the gross carrying amount based on the revised cash flows of the financial asset and recognises a modification gain or loss in profit or loss. The new gross carrying amount is recalculated by discounting the modified cash flows at the original effective interest rate (or credit-adjusted effective interest rate for purchased or originated credit-impaired financial assets).

3.17 De-Recognition Other than on a Modification

Financial Assets

The Bank derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Bank neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset. On derecognition of a financial asset, the difference between the carrying amount of the asset (or the carrying amount allocated to the portion of the asset derecognised) and the sum of:

- (i) the consideration received (including any new asset obtained less any new liability assumed) and
- (ii) any cumulative gain or loss that had been recognised in OCI is recognised in profit or loss.

Any interest in transferred financial assets that qualify for derecognition that is created or retained by the Bank is recognised as a separate asset or liability.

3.18 Identification and Measurement of Impairment

At each reporting date, the Bank assessed whether there was objective evidence that financial assets not carried at fair value through profit or loss were impaired. A financial asset was impaired when objective evidence demonstrated that a loss event had occurred after the initial recognition of the asset(s) and that the loss event had an impact on the future cash flows of the asset(s) that could be estimated reliably.

Objective evidence that financial assets were impaired included:

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

The Bank considered evidence of impairment for loans and advances and held-to-maturity investment securities at both a specific asset and a collective level. All individually significant loans and advances and held-to-maturity investment securities were assessed for specific impairment. Those found not to be specifically impaired were then collectively assessed for any impairment that had been incurred but not yet identified. Loans and advances and held-to-maturity investment securities that were not individually significant were collectively assessed for impairment by Banking together loans and advances and held-to-maturity investment securities with similar risk characteristics. In assessing collective impairment, the Bank

used statistical modelling of historical trends of the probability of default, the timing of recoveries and the amount of loss incurred, and made an adjustment if current economic and credit conditions were such that the actual losses were likely to be greater or lesser than was suggested by historical trends. Default rates, loss rates and the expected timing of future recoveries was regularly benchmarked against actual outcomes to ensure that they remained appropriate.

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

The impairment loss before an expected restructuring was measured as follows:

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

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

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

3.19 Assets Carried at Amortised Cost

For loans and receivables, the amount of the loss was measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that had not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset was reduced and the amount of the loss was recognised in profit or loss. If a loan or held-to-maturity investment had a variable interest rate, the discount rate for measuring any impairment loss was the current effective interest rate determined under the contract. As a practical expedient, the Bank could measure impairment on the basis of an instrument's fair value using an observable market price.

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

3.20 Derecognition of Financial Assets and Liabilities

The derecognition policies for financial assets and liabilities have not changed on the adoption of IFRS 9.

3.21 Financial Liabilities

i) Classification

The Bank classifies its financial liabilities, other than financial guarantees and loan commitments, as measured at amortised cost.

ii) Measurement

The 'amortised cost' of a financial liability is the amount at which the financial asset or financial liability is measured at initial recognition, minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between the initial amount recognised and the maturity amount, minus any reduction for impairment.

iii) Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or 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 de-recognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

3.22 Fair Value Measurement

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

When available, the Bank measures the fair value of an instrument using the quoted price in an active market for that instrument. A market is regarded as active if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis. If there is no quoted price in an active market, then the Bank uses valuation techniques that maximise the use of relevant observable inputs and minimise the use of unobservable inputs. The chosen valuation technique incorporates all of the factors that market participants would take into account in pricing a transaction. The best evidence of the fair value of a financial instrument at initial recognition is normally the transaction price – i.e., the fair value of the consideration given or received. If the Bank determines that the fair value at initial recognition differs from the transaction price and the fair value is evidenced neither by a quoted price in an active market for an identical asset or liability nor based on a valuation technique that uses only data from observable markets, then the financial instrument is initially measured at fair value, adjusted to defer the difference between the fair value at initial recognition and the transaction price.

Subsequently, that difference is recognised in profit or loss on an appropriate basis over the life of instrument but no later than when the valuation is wholly supported by observable market data or the transaction is closed out. If an asset or a liability measured at fair value has a bid price and an ask price, then the Bank measures assets and long positions at a bid price and liabilities and short positions at an ask price. Portfolios of financial assets and financial liabilities that are exposed to market risk and credit risk that are managed by the Bank on the basis of the net exposure to either market or credit risk are measured on the basis of a price that would be received to sell a net long position (or paid to transfer a net short position) for a particular risk exposure.

Those portfolio-level adjustments are allocated to the individual assets and liabilities on the basis of the relative risk adjustment of each of the individual instruments in the portfolio. The fair value of a demand deposit is not less than the amount payable on demand, discounted from the first date on which the amount could be required to be paid. The Bank recognises transfers between levels of the fair value hierarchy as of the end of the reporting period during which the change has occurred.

3.23 Cash and Cash Equivalents

For the purposes of the statement of cash flow, cash and cash equivalents comprises cash on hand, cash and balances with the ARB Apex Bank and amount due from Banks and other financial institutions

3.24 Loans and Advances

Loans and advances are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and that the Bank does not intend to sell immediately or in the near term.

Loans and advances to Banks are classified as hold to collect. Loans and advances to customers include:

- Those classified as loans and receivables; and
- Finance lease receivables.

Loans and advances are initially measured at fair value plus incremental direct transaction costs, and subsequently measured at their amortised cost using the effective interest method. Loans and advances also include finance lease receivables in which the Bank is the lessor. When the Bank purchases a financial asset and simultaneously enters into an agreement to resell the asset (or a substantially similar asset) at a fixed price on a future date (reverse repo or stock borrowing), the arrangement is accounted for as a loan or advance, and the underlying asset is not recognised in the Bank's financial statements.

3.25 Investments

Investment securities are initially measured at fair value plus incremental direct transaction costs and subsequently accounted for depending on their classification as hold to collect or hold to sell.

3.26 Non Pledged and Pledged Trading Assets

The non-pledged trading assets portfolio comprises debt securities purchased with the intent of short-term profit taking. The Bank values these securities with reference to quoted prices in active markets for identical assets. These securities are designated at fair value, with fair value changes recognized immediately in profit or loss.

3.27 Offsetting Financial Instruments

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Bank has a legal right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously. Income and expenses are presented on a net basis only when permitted under IFRS, or for gains and losses arising from a Bank of similar transactions such as in the Bank's trading activity.

3.28 Collateral

The Bank obtains collateral in respect of customer liabilities where this is considered appropriate. The collateral normally takes the form of cash or securities in respect of other credit instruments or a lien over the customer's assets and gives the Bank a claim on these assets for both existing and future liabilities.

Collateral received in the form of securities is not recorded on the statement of financial position. Collateral received in the form of cash is recorded on the statement of financial position with a corresponding liability. These items are assigned to deposits received from Banks or other counterparties. Any interest payable or receivable arising is recorded as interest payable or interest income respectively except for funding costs relating to trading activities which are recorded in net trading income.

3.29 Property, Plant and Equipment

(i) Recognition and Measurement

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

Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment. When parts of an item of property or equipment have different useful lives, they are accounted for as separate items (major components) of property and equipment. The gain or loss on disposal of an item of property and equipment is determined by comparing the proceeds from disposal with the carrying amount of the item of property and equipment, and is recognised in other income/other expenses in profit or loss.

(ii) Subsequent Costs

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

(iii) Depreciation

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each part of an item of property and equipment since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset. Leased assets under finance leases are depreciated over the shorter of the lease term and their useful lives. The estimated annual depreciation rate for the current and corresponding periods are as follows:

<i>Building</i>	5% - 10%
<i>Motor vehicles</i>	20% - 33.33%
<i>Office equipment</i>	20%
<i>Computers</i>	25% - 40%
<i>Furniture and fittings</i>	20%

Right of use assets are amortised over the shorter of the lease term and the asset's useful life.

3.30 Leasehold Property

Leasehold property is initially recognised at cost. Subsequent to initial recognition, leasehold property is amortised over the lease term of the property. The amortisation is recognised in profit or loss.

3.31 Intangible Assets

Computer Software

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

Intangible assets with indefinite useful lives are not amortized. Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful life of the software, from the date that it is available for use. The estimated useful life of software is five years. Amortisation methods, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate.

3.32 Impairment of Non-Financial Assets

The carrying amounts of the Bank's non-financial assets other than deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists then the asset's recoverable amount is estimated. An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. A cash generating unit is the smallest identifiable asset that generates cash flows that are largely independent from other assets. Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of cash generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of the other assets in the unit (Bank of units) on a pro rata basis.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists.

An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognized.

3.33 Deposits and Borrowings

This is mainly made up of customer deposit accounts, other financial institutions and medium-term borrowings. They are categorised as other financial liabilities measured in the statement of financial position at amortised cost.

3.34 Provisions

The Bank recognises provisions when it has a present obligation (Legal or Constructive) as a result of past events and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Bank expects some or all of a provision to be reimbursed, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain.

The expense relating to any provision is presented in the Profit or Loss net of any reimbursement. If the effect of the Time Value of money 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. Where discounting is used, the increase in the provision due to the passage of time is recognised as Borrowing Cost.

3.35 Employee Benefit

Short-Term Benefits

a. Short Term Benefits

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

b. Post-Employment Benefits

Defined Contribution Plans

Social Security and National Insurance Trust (SSNIT)

Under a National Deferred Benefit Pension Scheme, the Bank contributes 13% of employees' basic salary to the SSNIT for employee pensions. The Bank's obligation is limited to the relevant contributions which were settled on due dates. The pension liabilities and obligations, however, rest with SSNIT.

Provident Fund

The Bank has a Provident Fund Scheme for all employees who have completed probation with the Bank.

Employees contribute 5% of their basic salary to the Fund whilst the Bank contributes 10%. The obligation under the plan is limited to the relevant contribution and these are settled on due dates to the fund manager as required by National Pension Regulatory Authority (NPRA).

3.36 Events After The Reporting Date

Events subsequent to the reporting date are reflected only to the extent that they relate to the Financial Statements and the effect is material.

3.37 Dividend

Dividend on ordinary shares is recognized on equity in the period in which they are approved by the company's shareholders. Dividend proposed for approval at AGM is not recognized as a liability as at 31 December, 2025 in accordance with IAS 10. The Directors of the Bank have recommended the payment of Dividends for the year ended 31 December, 2025.

3.38 Earnings Per Share

The Bank presents basic earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Bank by the weighted average number of ordinary shares outstanding during the year.

3.39 Risk Management

Risk in a Banking organisation is the possibility that the outcome of an action or event could bring up adverse impacts. Such outcomes could either result in a direct loss of earnings/capital or may result in imposition of constraints on the Bank's ability to meet its business objectives. Such constraints pose a risk as these could hinder a Bank's ability to conduct its ongoing business or to take benefit of opportunities to enhance its business.

Risk is inherent in every Bank's activity but it is managed through a process of constant identification, measurement and monitoring, subject to risk limits and other controls. This process of risk management is critical to the Banks continuing profitability and each staff/board member within the Bank is answerable for the exposures relating to his or her responsibilities. The key risks the Bank is exposed to are credit risk, liquidity risk, market risk and operating risks.

a. Risk Management Structure

The Board of Directors has overall oversight responsibility about the Bank's risk management framework. The Board's Audit, Risk and Compliance Committee gives direction for overall risk monitoring and control and it is assisted in its functions by the Internal Audit Department of the Bank. The Credit Committee, Assets and Liabilities Management Committee (ALCO) are directly responsible for developing and monitoring risks in their specific areas of operation. All these structures work together to ensure effective implementation of the risk management policies and procedures of the Bank.

b. Risk Measurement and Reporting System

Risk taking is an integral part of Banking business. In undertaking its business, South Birim Rural Bank PLC has to strike an appropriate balance between the level of risk it is willing to take and the level of returns it desires to achieve. In order to ensure that its risks are well managed within the Bank's risk appetite an effective risk management system that is commensurate with the size and nature of the Bank's operations needs to be in place at all times.

As a means of enhancing corporate governance in the Bank, the risk management framework of the Bank seeks to enhance its ability to identify and manage risks that it faces in the discharge of its functions by identifying, assessing, managing and monitoring key risks across all areas of its operations as well as gathering information on the Bank's risk exposure for management decision making. The Bank PLC has the following types of Risk exposures

- Operational risk
- Market risk
- Liquidity risk
- Credit risk
- Reputational risk

These inherent risks are managed through a process of continuous identification, measurement monitoring and controls. The Bank continues to intensify measures to minimize the effects of these risks on its financial performance.

c. Operational Risk

Operational risk' is the risk of direct or indirect loss that the Bank will suffer due to an event or action resulting from the failure of its internal processes, people and systems, or from external events. Key operational risks are managed in a timely and effective manner through a framework of policies, procedures and tools to identify, assess, monitor, control and report such risks. The Bank manages its operational risk at three distinct levels, each with clearly defined roles and responsibilities as follows:

Business Units and Support Functions

Business Units and Support Functions own and are responsible for understanding the operational risk inherent in their material products, activities, processes and systems. They are responsible for the consistent implementation of the operational risk management framework in their area of responsibility on a day-to-day basis. This includes identifying the risks, establishing controls, and managing the risks in accordance with the Bank's overall risk tolerance and operational risk policies.

Operational Risk Management (ORM)

The ORM function has direct responsibility for formulating and implementing the Bank's ORM framework including methodologies, policies and procedures approved by the Board. ORM function works with the Business Units and Support Functions to ensure that the day-to-day operations of the Bank are in line with the approved ORM policies. The unit provides trainings and workshops to facilitate interpretation and implementation of the various ORM programs. The unit continuously monitors the effectiveness and the quality of the controls and risk mitigation tools.

Internal Audit

The mission of Internal Audit is to provide an independent assurance of the design and effectiveness of internal controls over the risks to the Bank's business performance. In carrying out this function, Internal Audit provides specific recommendations for improving the governance, risk and control framework. The role of the Internal Audit function is to conduct regular independent evaluation and review of the Bank's policies, procedures and practices in relation to the ORM Policy Framework and report the results to the Board.

d. Market Risk

Market risk' is the risk that changes in market prices – such as interest rates, foreign exchange rates and credit spreads (not relating to changes in the obligor's/issuer's credit standing) - will affect the Bank's income or the value of its holdings of financial instruments. The objective of the Bank's market risk management is to manage and control market risk exposures within acceptable parameters to ensure the Bank's solvency while optimising the return on risk. The Bank recognizes market risk as the exposure created

by potential changes in market prices and rates, such as interest rates, equity prices and foreign exchange rates. The Bank's exposure to market risk arises principally from customer driven transactions. Overall authority for market risk is vested in the ALCO. The Risk Management unit is responsible for the development of detailed risk management policies (subject to review and approval by ALCO) and for the day-to-day review of their implementation.

3.40 Reputational Risk

Reputation, though an intangible asset, is considered as one of the prized assets of the Bank. The Bank's definition of reputational risk is the risk of loss or under-performance caused by deterioration in public perception of (any part) the Bank, arising from adverse publicity or rumour. This can affect the Bank's ability to establish new relationships or retain existing relationships. Reputational risk can expose the Bank to financial loss, decline in customer base, litigation and loss of business generally. By the nature of its operations, reputational risk management plays a very significant role within the Bank. The Bank ensures compliance with all legal, statutory and Regulatory Requirements.

The Marketing and Sales Department continue to monitor and manage reputational risk to the Bank by undertaking customer surveys and reporting to the appropriate business unit. Reputational risk is difficult to quantify yet the damage from such reputational risk events can be devastating. The Bank, therefore, ensures to minimize the negative impact of reputational risk exposures on its image, earnings and capital by instituting the following measures:

- Strong financial stability
- Excellent customer services
- Timely and periodic review of service agreements
- Good corporate governance and control practices
- Balancing the interest of all significant stakeholders
- Professionalism of employees
- Adherence to corporate social and environmental responsibility.
- Adequate annual budgetary allocation for donation and sponsorship.

3.41 Credit Risk

Credit Risk arises from the credit exposure to a borrower or a counter-party, in that either the borrower or the counter-party is unable to redeem an obligation or the liability to perform such obligation is impaired resulting in economic loss to the Bank. The Credit Risk in the Bank's operations arise from largely Loans and Advances to Customers.

The Credit Risk is managed through the systems and controls established by Credit Department that ensure that there is review of the status of the credit at every stage from application to completion of the repayment of the advance by the customer. There is the Credit Committee that review reports of the performance of the Loans and Overdrafts which takes appropriate action for recovery. Credit facilities are also closely monitored to uncover early warning signal or non-performance. a) Credit risk.

Credit risk is the risk of financial loss to the bank if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the bank's loans and advances to customers and other banks and investment securities. For risk management reporting purposes, the bank considers

and consolidates all elements of credit risk exposure. For risk management purposes, credit risk arising on trading securities is managed independently, but reported as a component of market risk exposure.

Management of credit risk.

The Board of Directors has delegated responsibility for the management of credit risk to its bank Credit Committee. A separate bank credit department, reporting to the bank Credit Committee, is responsible for oversight of the bank's credit risk, including:

- Formulating credit policies covering collateral requirements, credit assessment, risk grading and reporting, documentary and legal procedures, and compliance with regulatory and statutory requirements. - Establishing the authorisation and structure for the approval and renewal of credit facilities. Authorisation limits are allocated to branch managers. Larger facilities require approval by the head of credit, General Manager and the Board of Directors as appropriate.
- Reviewing and assessing credit risk. The bank credit committee assesses all credit exposures in excess of designated limits, prior to facilities being committed to customers by the business unit concerned. Renewals and reviews of facilities are subject to the same review process.
- Limiting concentrations of exposure to counterparties, geographies and industries (for loans and advances), and by issuer, credit rating band and market liquidity (for investment securities).
- Developing and maintaining the bank's risk grading in order to categorise exposures according to the degree of risk of financial loss faced and to focus management on the attendant risks. The risk grading system is used in determining where impairment provisions may be required against specific credit exposures. The current risk grading framework consists of various grades reflecting varying degrees of risk of default and the availability of collateral or other credit risk mitigation. The responsibility for setting risk grades lies with the final approving executive / committee as appropriate. Risk grades are subject to regular reviews by the bank risk function.
- Reviewing compliance with agreed exposure limits, including those for selected industries and product types. Regular reports are provided to the bank credit committee on the credit quality of portfolios and appropriate corrective action been taking.
- Providing advice, guidance, specialist skills and training to promote best practice throughout the bank in the management of credit risk.

Each branch is required to implement bank credit policies and procedures, with credit approval authorities delegated from the bank Credit Committee. Each branch has a credit risk officer who reports on all credit related matters to local management and the bank credit committee.

Each branch is responsible for the quality and performance of its credit portfolio and for monitoring risk in its portfolios, including those subjects to central approval. Regular audits of business units and bank credit processes are undertaken by Internal Audit.

Credit risk is the risk that the bank will incur a loss because its customers or counterparties fail to discharge their contractual obligations. The bank manages and controls credit risk by setting limits on the amount of risk it is willing to accept for individual counterparties and for industry concentrations, and by monitoring exposures in relation to such limits.

The framework for managing this risk is the credit policy which spells out the overall underwriting standards, credit approval process, credit administration and recovery processes. The policy is reviewed from time to time (at least yearly) in response to risk profile of new business opportunities/products, and any challenges with the recovery process.

Risk ratings are subject to regular revision:

The credit quality review process aims to allow the Bank to assess the potential loss as a result of the risks to which it is exposed and take corrective action. The credit committee also monitors the portfolio of loans and debt collection operations. In this capacity, it does:-

- Analyze the portfolio of loans: retail customers and companies.
- Monitor irregular commitments and the main sensitive risks,
- Monitor debt collection files,
- Assess guarantees and monitor provisions,
- Ensure that the actions reported are monitored and performed.

At 31st December, 2025, the bank's credit exposures were categorized as follows:-

- Exposures that are neither past due nor impaired
- Exposures that are past due but not impaired and
- Individually impaired facilities

The balances for each category have been analysed below:-

	Loans and Advances to customers 2025 GH¢	Loans and Advances to customers 2024 GH¢
Neither past due nor impaired	32,086,836	22,524,010
Past due but not impaired	74,231	196,408
Individually impaired	1,456,159	1,486,988
Gross	33,617,226	24,207,406
Allowance for impairment	(2,262,672)	(-2,262,672)
Net amount	31,354,554	21,944,734

Impaired Loans and Securities

Impaired loans and securities are loans and securities for which the bank determines that it is probable that it will be unable to collect all principal and interest due according to the contractual terms of the loan/securities agreement(s). Interest on these loans are calculated and treated on non-accrual basis and portions shall only be considered when payments (settlement) are made.

Loans With Renegotiated Terms

Loans with renegotiated terms are loans that have been restructured due to deterioration in the borrower's financial position and where the bank has made concessions that it would not otherwise consider. The status or risk grade of a restructured facility does not change until there is evidence of performance over a reasonable period of time. When the contractual cash flows of a financial asset are renegotiated or otherwise

modified and the renegotiation or modification does not result in the derecognition of that financial asset, the bank shall recalculate the gross asset, the bank shall recalculate the gross carrying amount of the financial asset and shall recognise a modification gain or loss in profit or loss. The gross carrying amount of the financial asset shall be recalculated as the present value of the renegotiated or modified contractual cash flows that are discounted at the financial asset's original effective interest rate (or credit adjusted effective interest rate for purchased or originated credit-impaired financial assets). Any costs or fees that are incurred will adjust the carrying amount of the modified financial asset and are amortised over the remaining term of the modified financial asset.

Allowances for Impairment

The bank establishes an allowance for impairment losses that represents the estimate of incurred losses in the loan portfolios. The main components of this allowance are a specific loss component that relates to individually significant exposures, and a collective loan loss allowance established for groups of homogeneous assets in respect of losses that have been incurred but have not been identified on loans subject to individual assessment for impairment.

Write-Off Policy

The bank writes off a loan/security when it determines that the loans/securities are uncollectible. This determination will be reached after considering information such as the occurrence of significant changes in the borrower / issuer's financial position such that the borrower or issuer can no longer discharge the obligation, or that proceeds from collateral will not be sufficient to pay back the entire exposure.

Collateral of Impaired Exposures

The Bank holds collateral against loans and advances to customers in the form of mortgage interests over property, other registered securities over assets, and guarantees. Estimates of fair value are based on the value of collateral assessed at the time of borrowing, and generally are not updated except when a loan is individually assessed as impaired. Collateral is not normally held for loans and advances to banks, except when securities are held as part of reverse repurchase and securities borrowing activity. Collateral is not usually held against investment securities, and no such collateral was held at 31 December, 2025. An estimate of the fair value of collateral and other security enhancements held against financial assets is shown below. It must however be noted that collateral values for impaired loans are at cash flows of the forced sale values less estimated costs of sale as discounted to present values:

Collaterals and Other Credit Enhancements

The bank employs a range of policies and practices to mitigate credit risk. The most traditional of these is the taking of security for funds advanced, which is common practice. The bank implements guidelines on the acceptability of specific classes of collateral or credit risk mitigation. The principal collateral types for loans and advances are:

- Mortgages over residential properties.
- Charges over business / personal assets such as premises, vehicle.
- Charges over financial instruments such as debt securities and equities

Collateral held as security for financial assets other than loans and advances depends on the nature of the instrument. Longer-term finance and lending to corporate entities or individuals are generally secured; revolving individual credit facilities are generally unsecured. In addition, in order to minimise the credit loss, the bank will seek additional collateral from the counterparty as soon as impairment indicator are identified

for the relevant loans and advances. The Bank's policies regarding obtaining collateral have not significantly changed during the reporting period and there has been no significant change in the overall quality of the collateral held by the Bank since the prior year.

The Bank closely monitors collateral held for financial assets considered to be credit-impaired, as it becomes more likely that the Bank will take possession of collateral to mitigate potential credit losses. The Bank monitors concentrations of credit risk by sector. An analysis of concentrations of credit risk on loans and advances is shown below.

Reposessed Assets

The bank did not repossess any customer's asset during the period. If the bank would have repossessed, the type and carrying amount of collateral would have been the lower of its carrying amount and fair value less costs to sell. All assets repossessed if any are to be sold within one year of possession and approval would be sought from Bank of Ghana for those for which efforts towards sale have not been successful within one year. The bank monitors concentrations of credit risk by sector. An analysis of concentrations of credit risk at the reporting date is shown below:

	2025 GH¢	2024 GH¢
Agriculture	882,216	557,477
Cottage industries	2,848,301	2,203,972
Trading	16,994,878	10,620,625
Transport	212,667	252,260
Others	12,679,164	10,573,072
	<u>33,617,226</u>	<u>24,207,406</u>

3.42 Liquidity Risk

'Liquidity risk' is the risk that the Bank will encounter difficulty in meeting obligations associated with its financial liabilities that are settled by delivering cash or another financial asset when they fall due. The Bank maintains liquidity limit imposed by its regulator, Bank of Ghana and the overall liquidity has always been within the regulatory limit of Bank of Ghana. Treasury monitors compliance of all branches to ensure that the Bank maintains optimum liquid assets. The Bank aims to be in a position to meet all obligations, repay depositors, fulfil commitments to lend and meet any other commitments.

Treasury unit receives information from other business units regarding the liquidity profile of their financial assets and liabilities and details of other projected cash flows arising from projected future business. Treasury unit then maintains a portfolio of short-term liquid assets, largely made up of short-term liquid investment securities, loans and advances to Banks and other inter-Bank facilities, to ensure that sufficient liquidity is maintained within the Bank. All liquidity policies and procedures are subject to review and approval by ALCO. Daily reports on the liquidity position of the Bank is submitted to senior management and summary report, including any exceptions and remedial action taken, is submitted regularly to ALCO on monthly basis.

Liquidity risk arises from the mismatch of the timing of cash flows relating to assets and liabilities. The liquidity policy of the Bank is approved by the Board under guidelines issued by the Bank and monitored daily to ensure that its funding requirement can be met at all times and that a stock of high quality liquid assets is maintained.

No.		2025 GH¢	2024 GH¢
No. Deposits			
1.	Demand deposit	21,581,464	21,449,710
2.	Savings deposit	90,032,604	71,912,627
3.	Time deposit	14,586,718	9,027,337
4.	Susu deposit/e-zwich/ghana pay	33,510,499	23,749,919
5.	Sub-Total (1+2+3+4)	159,711,285	126,139,593
	Liquid Assets (Actual)		
	A. Primary		
6.	Cash on hand	4,445,566	6,996,470
7.	Current a/c with apex Bank	2,739,981	1,601,606
8.	Apex products (ACOD & REPO)	52,000,000	2,000,000
9.	Balances with other banks	7,912,331	2,512,236
10.	Sub-total (6+7+8+9)	67,097,878	13,110,312
11.	5% Deposit with Apex Bank	7,961,677	5,677,962
12.	Sub-total (10+11)	75,059,555	18,788,274
	B. Secondary		
13.	Treasury bills, bonds & stock	61,318,268	96,168,395
14.	Other investments	6,632,355	3,320,946
15.	Sub-Total (13+14)	67,950,623	99,489,341
16.	Primary Reserve % of (10/5)	42.01%	10.39%
17.	Secondary Reserve % of (15/5)	42.55%	78.87%
	Required Reserves		
18.	Primary reserve 8% (No. 5)	12,776,903	10,091,167
19.	Secondary reserve 30% of (No. 5)	47,913,385	37,841,878
	Excess Reserves		
20.	Available primary reserve	67,115,998	13,110,312
21.	Required primary reserves (No. 18)	12,776,903	10,091,167
22.	Excess Reserve (20 - 21) (i)	54,339,096	3,019,145
23.	Available secondary reserve (No. 15)	67,950,623	99,489,341
24.	Required secondary reserves (No. 19)	47,913,385	37,841,878
25.	Excess Reserve (23 - 24) (ii)	20,037,237	61,647,463
26.	Total Excess / (Deficit) Reserve (I)+(II)	74,376,333	64,666,608

3.43 Capital

a) The Objectives of Capital Management

The Capital Management Objective of the Bank is to ensure that the financial net assets at the end of the financial year exceeds the financial amount of the net assets at the beginning of the year after deducting distributions and adding contributions from the owners. This objective will be to ensure that, at any time, the Stated Capital requirement by Bank of Ghana would be met and also to comply with the Capital Adequacy Ratio Regulatory requirements of Bank of Ghana. This will be achieved by maintaining an appreciable level of profits to meet these expected Capital increases by Bank of Ghana.

b) Regulatory Capital

The Bank's regulator, the Bank of Ghana sets and monitors capital requirements for the Bank as a whole. In implementing current capital requirements, the Bank of Ghana requires the Bank to maintain a prescribed ratio of total capital to total risk-weighted assets. The Bank's regulatory capital is analysed as follows: Tier 1 capital, also referred to as core/primary capital is made up of equity and disclosed reserves. Equity includes issued and fully paid ordinary share capital and perpetual non-cumulative preference shares. Disclosed reserves relate to those created or increased by appropriation of after-tax retained earnings/surplus, retained profits and general statutory reserves and does not include regulatory credit risk reserve.

Capital Adequacy

The adequacy of the Bank's capital is monitored using, among other measures, the rules and ratios established by the Basel Committee on Banking Supervision and adopted by the Bank of Ghana. The capital adequacy ratio of the Bank as of 31st December, 2025 is shown below:-

Item	Amount (GH¢)
Tier 1 Capital	
Core Tier 1 Capital	
Paid up capital (equity shares)	1,734,696
Disclosed reserves	12,248,327
Additional Tier 1 Capital	
Non cumulative irredeemable preference shares	13
Total Tier 1 Capital (1+2+3)	13,983,036
Less: Adjustments to Capital	
Investments in the capital of other banks & fin. inst.	190,164
Connected lending of long term nature	
Adjusted Tier 1 Capital	13,792,872
Tier 2 Capital (Limited to 100% of Total Tier 1 Capital)	
Undisclosed reserves	-
Revaluation reserves - property (limited to 50%) - MNB105	109,126
Subordinated term debt (Limited to 50% of Total Tier 1 Capital)	-
Total Tier 2 Capital	109,126
Adjusted Capital Base (Tier 1 + Tier 2)	13,901,997

Total Assets	181,464,077
Less: Adjustments to Assets	
Cash on Hand	4,445,566
Government of Ghana treasury bills, bonds and stocks	61,318,268
Investments in the capital of other banks & fin institutions	190,164
80% Claims on banks	6,329,864
100% Claims on ARB apex bank	62,719,779
50% Claims on other financial institutions - public sector	3,316,177
Adjusted Total Assets (13 - (Sum(14:30))	43,144,258
Add: 100% of 3yrs average annual gross income	25,440,257
Adjusted Assets Base (31+34)	68,584,515
Adjusted Capital Base as percentage of adjusted asset base (12/35 x 100)	20.27

The Bank's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The impact of the level of capital on shareholders' return is also recognised and the Bank recognises the need to maintain a balance between the higher returns that might be possible with greater gearing and the advantages and security afforded by a sound capital position. The Bank complied with the statutory capital requirements throughout the period. There have been no material changes in the Bank's management of capital during this period.

Capital Allocation

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

Although maximisation of the return on risk-adjusted capital is the principal basis used in determining how capital is allocated within the bank to particular operations or activities, it is not the sole basis used for decision making. Consideration also is made of synergies with other operations and activities, the availability of management and other resources, and the capability of the activity with the bank's longer term strategic objectives. The bank's policies in respect of capital management and allocation are reviewed regularly by the Board of Directors.

Use of Estimates and Judgements

Management discussed with the Audit Committee the development, selection and disclosure of the bank critical accounting policies and estimates, and the application of these policies and estimates. These disclosures supplement the commentary on financial risk management (see notes).

Key Sources of Estimation Uncertainty Allowances for Credit Losses

Assets accounted for at amortised cost are evaluated for impairment on a basis described in the accounting policy. The individual counterparty component of the total allowances for impairment applies to claims evaluated individually for impairment and is based on management's best estimate of the present value of the cash flows that are expected to be received. In estimating these cash flows, management makes judgements about counterparty's financial situation and the net realisable value of any underlying collateral. Each impaired asset is assessed on its merits, and the workout strategy and estimate of cash flows considered recoverable are independently approved by the credit risk function.

Collectively assessed impairment allowances cover credit losses inherent in portfolios of claims with similar characteristics when there is objective evidence to suggest that they contain impaired claims, but the individual impaired items cannot yet be identified.

In assessing the need for collective loan loss allowances, management considers factors such as credit quality, portfolio size, concentrations, and economic factors. In order to estimate the required allowance, assumptions are made to define the way inherent losses are modelled and to determine the required input parameters, based on historical experience and current economic conditions. The accuracy of the allowances depends on how well these estimated future cash flows for specific counterparty allowances and the model assumptions and parameters are used in determining collective allowances.

Determining Fair Values

The determination of fair value for financial assets and liabilities for which there is no observable market price requires the use of valuation techniques as described in the accounting policy. For financial instruments that trade infrequently and have little price transparency, fair value is less objective, and requires varying degrees of judgement depending on liquidity, concentration, uncertainty of market factors, pricing assumptions and other risks affecting the specific instrument.

Critical Accounting Judgements In Applying the Bank's Accounting Policies

Critical accounting judgements made in applying the bank's accounting policies include:

Financial Asset and Liability Classification

The bank's accounting policies provide scope for assets and liabilities to be designated on inception into different accounting categories in certain circumstances:

- In classifying financial assets or liabilities as "trading", the bank has determined that it meets the description of trading assets and liabilities set out in the accounting policy.
- In designating financial assets or liabilities at fair value through profit or loss, the bank has determined that it has met one of the criteria for this designation set out in the accounting policy.
- In classifying financial assets as held-to-maturity, the bank has determined that it has both the positive intention and ability to hold the assets until their maturity date as required by the accounting policy.

Financial Assets and Liabilities

Accounting Classifications and Fair Values

The table below sets out the bank's classification of each class of financial assets and liabilities, and their fair values (excluding accrued interest).

4. Interest Income	2025	2024
	GH¢	GH¢
Treasury bills and ACOD Interest	17,450,622	13,664,376
Loans and advances	12,281,948	9,723,557
	<u>29,732,570</u>	<u>23,387,933</u>
5. Interest Expenses	2025	2024
	GH¢	GH¢
Savings	1,420,086	902,243
Fixed deposits	1,121,099	760,209
Borrowings	338,475	98,940
Ghanapay	804	65
	<u>2,880,464</u>	<u>1,761,457</u>
6. Commission and Fees	2025	2024
	GH¢	GH¢
Commitment fees	1,144,654	584,222
Commissions	832,908	723,030
	<u>1,977,563</u>	<u>1,307,252</u>
7. Other Operating Income	2025	2024
	GH¢	GH¢
Sundry income	628,267	486,152
SMS charges	52,318	49,560
Interest received (clearing a/c)	24,262	22,578
Cheque clearing fees	191,780	223,825
ATM fees	14,922	19,129
Processing fees	36,508	33,751
Bad debts recovered	12,708	15,988
Interest received for remittances	133,750	62,862
Agency banking fees	1,588	-
	<u>1,096,102</u>	<u>913,845</u>
8. Impairment on Loans and Advances	2025	2024
	GH¢	GH¢
Balance as at 1st January	2,262,672	2,537,707
Increase in the year	-	86,623
Adjustment	-	(361,658)
Provision as at 31st December	<u>2,262,672</u>	<u>2,262,672</u>

9. Staff Cost

	2025 GH¢	2024 GH¢
Salaries, wages and allowances	5,818,461	4,778,010
Medical expenses	223,248	131,675
Staff training	396,810	172,839
Other staff cost	4,641,419	2,935,471
Provident fund	459,014	340,009
SSF employer's contribution	671,708	528,235
	<u>12,210,660</u>	<u>8,886,239</u>

10. Operating Expenses

	2025 GHS	2024 GHS
Occupancy cost (10a)	1,367,077	1,056,661
Audit fees	54,200	48,000
Directors remuneration	596,688	543,825
Insurance	831,124	556,196
Board expenses	171,921	214,761
Other operating expenses (10b)	7,474,324	6,393,325
	<u>10,495,333</u>	<u>8,812,768</u>

10(a) Occupancy Cost

	2025 GH¢	2024 GH¢
General repairs and maintenance	329,372	240,968
Rent and rates	253,844	207,100
Electricity and water expenses	415,588	314,640
Generator running cost	85,237	107,564
Police guard expense	91,936	49,489
Private security expenses	191,100	136,900
	<u>1,367,077</u>	<u>1,056,661</u>

10(b) Other Operating Expenses

	2025 GH¢	2024 GH¢
Postal and telecommunication	124,031	79,689
Specie expenses	84,900	108,684
Printing and stationery	223,314	169,227
Travelling and transport	1,822,902	1,528,625
Subscription and periodicals	178,788	170,671
Advertising and publicity	47,161	32,026
Annual general meeting expenses	181,642	165,225
Motor vehicle running expenses	462,974	320,135
Donations and charitable contribution	26,450	39,340
Office expenses	448,631	225,727
Cleaning and sanitation	120,704	102,105
ATM expenses	124,973	115,135
Computerisation expenses	147,755	73,387
Motor vehicle repairs and maintenance	218,405	114,114
Bank charges	14,818	8,642
Loan recovery expenses	242,287	437,336
Cheque clearing expenses	36,709	27,730
Sundry expenses	24,109	17,821
Business promotion	96,000	143,570
Corporate social responsibilities	186,603	39,340
Legal expenses	83,316	75,249
Mobilization	1,439,703	1,120,092
Microfinance expenses	12,236	12,883
Student attachment	21,772	17,239
Software expenses	866,468	589,765
End of year staff party	184,530	47,594
Teller efficiency expense	19,440	10,330
Penalty	-	12,000
Cashiers over and shortages	-	528
Consultancy fee	-	13,409
Funeral grant	33,700	30,450
Impairment on investment (bond)	-	545,260
	<u>7,474,324</u>	<u>6,393,328</u>

11. Cash and Short Term Funds

	2025	2024
	GH¢	GH¢
Cash on hand	4,445,566	6,996,470
5% deposit with apex bank	7,961,677	5,677,962
Balance with apex bank	2,739,981	1,601,606
Balances with other banks	7,912,331	2,512,236
	<u>23,059,555</u>	<u>16,788,274</u>

12. Short and Medium Term Investments

	2025	2024
	GH¢	GH¢
Government of Ghana treasury bills	61,318,268	91,813,655
Apex bank product(acod & repo)	52,000,000	2,000,000
	<u>113,318,268</u>	<u>93,813,655</u>

12(a) GOG Bills and Notes

91 day treasury bill	53,220,614	78,830,921
182 day treasury bill	3,000,000	3,000,000
365 day treasury bill	5,097,654	9,982,734
	<u>61,318,268</u>	<u>91,813,655</u>

12(b) Fixed Deposit

SDC Finance Limited	1,115,665	
	<u>1,115,665</u>	<u>-</u>

13. Advances

	2025	2024
	GH¢	GH¢
Loans	30,117,714	21,797,316
Overdraft	3,499,512	2,410,090
	<u>33,617,226</u>	<u>24,207,406</u>
Less impairment of loans and advances	<u>(2,262,672)</u>	<u>(2,262,672)</u>
	<u>31,354,554</u>	<u>21,944,734</u>

13(a) Classification of Advance

	Advance Provision	2025	2024
	%	GH¢	GH¢
Current	1	320,868	660,870
Other loan especially mentioned (OLEM)	10	7,423	8,861
Substandard	25	4,558	7,749
Doubtful	50	7,921	98,204
Loss	100	1,422,086	1,486,988
		<u>1,762,856</u>	<u>2,262,672</u>

13(b) Other Statistics

(i) Loan loss provision ratio	4.23%	6.14%
(ii) Gross non performing loans ratio	4.33%	6.59%
(iii) Twenty (20) largest exposure	15.19%	12.99%

13(c) Analysis by Type of Customers

	2025 GH¢	2024 GH¢
Individuals	20,734,682	14,617,207
Private Enterprise	3,621,243	1,979,388
Public Enterprise	185,226	-
Others	5,855,985	5,335,772
Staff	3,220,090	2,275,039
Gross loans and advances	33,617,226	24,207,406

13(d) Analysis by Industry Sector

Agriculture	882,216	557,477
Cottage industries	2,848,301	2,203,972
Trading	212,667	10,620,625
Transport	16,994,878	252,260
Others	12,679,164	10,573,072
Gross loans and advances	33,617,226	24,207,406

14. Other Assets Accounts

	2025 GH¢	2024 GH¢
Sundry debits (12a)	1,622,984	924,854
Inventories	294,965	340,211
Rent prepaid	311,100	57,240
Office account	2,567	180,370
Insurance prepaid	137,734	139,405
Ezwich operations	48,120	11,927
	2,417,469	1,654,007

14(a) Breakdown of Sundry Debits

Interest in arrears	1,056,730	548,118
Migration suspense	-	(11,524)
Unclear effects - ACH	(12,632)	(3,634)
Interest & comm. accrued	578,886	391,415
Ghanapay	-	478
	1,622,984	924,853

15. Long Term Investment

	2025 GH¢	2024 GH¢
ARB Apex Bank Plc shares	204,978	132,432
SDC Finance - Fixed Deposit	1,115,665	2,154,699
Government of Ghana Bond (new Bond)	4,354,740	4,354,740
Amalgamated Fund	971,786	1,033,815
	<u>6,647,169</u>	<u>7,675,686</u>

15(a) ARB Apex Bank Plc Shares

	Share	Price	2025 GHS	2024 GHS
Ordinary shares in ARB Apex Bank PLC (up to yr 2022)	36,634	0.725	41,404	26,590
Ordinary shares in ARB Apex Bank PLC (year 2023 & 2024)	39,117	1.230	48,110	48,110
Ordinary shares in ARB Apex Bank PLC (year 2025)	93,881	1.230	115,464	57,732
Total Value			<u>204,978</u>	<u>132,432</u>

6. Property, Plant and Equipment

Cost	Building	Furniture & Fittings	Office Equipment	Cost of Land	WIP	Motor Vehicles	Computers & Accessories	Total
	GH¢	GH¢	GH¢	GH¢	GH¢	GH¢	GH¢	GH¢
Balance at 1st January, 2025	711,205	791,373	1,277,598	33,500	506,606	3,535,859	1,116,689	7,972,830
Additions	605,979	358,500	388,981	-	328,717	50,771	276,714	2,009,662
Adjustment/Disposal	-	-	-	-	(455,679)	(56,516)	-	(512,195)
Balance at 31st December, 2025	1,317,184	1,149,873	1,666,579	33,500	379,644	3,530,114	1,393,403	9,470,297
Depreciation								
Balance at 1st January, 2025	464,965	515,871	930,108	-	-	922,146	863,920	3,697,010
Charge for the year	45,495	113,662	183,323	-	-	745,079	144,334	1,231,893
Deletion/Adjustment	-	-	-	-	-	(56,516)	-	(56,516)
Balance at 31st December, 2025	510,460	629,533	1,113,430	-	-	1,610,709	1,008,254	4,872,387
Carrying Amount								
Balance at 31st December, 2025	806,724	520,340	553,148	33,500	379,644	1,919,405	385,149	4,597,910

Property, Plant and Equipment

Cost	Building	Furniture & Fittings	Office Equipment	Cost of Land	WIP	Motor Vehicles	Computers & Accessories	Total
2024	GH¢	GH¢	GH¢	GH¢	GH¢	GH¢	GH¢	GH¢
Balance at 1st January, 2024	624,443	663,802	947,871	33,500	50,927	1,620,595	1,036,385	4,977,523
Additions	86,762	127,571	329,727	-	455,679	1,915,264	80,304	2,995,307
Adjustment/Disposal	-	-	-	-	-	-	-	-
Balance at 31st December, 2024	711,205	791,373	1,277,598	33,500	506,606	3,535,859	1,116,689	7,972,830
Depreciation								
Balance at 1st January, 2024	432,462	465,556	809,959	-	-	482,938	778,324	2,969,239
Charge for the year	32,503	50,315	120,149	-	-	439,208	85,596	727,771
Deletion/Adjustment	-	-	-	-	-	-	-	-
Balance at 31st December, 2024	464,965	515,871	930,108	-	-	922,146	863,920	3,697,010
Carrying Amount								
As at 31st December, 2024	246,240	275,502	347,491	33,500	506,606	2,613,713	252,769	4,275,820

17. Deposits and Current Accounts

	2025 GH¢	2024 GH¢
Current accounts	21,581,464	21,449,710
Savings accounts	90,032,604	71,912,627
Time deposits	14,586,718	9,027,337
Susu accounts, Ghana pay and e-zwich holdings	33,510,499	23,749,919
	<u>159,711,285</u>	<u>126,139,593</u>

Analysis by Type of Depositors

Individuals	92,519,544	50,106,417
Other private enterprises	2,109,268	1,957,159
Public enterprise	433,564	421,822
Others	64,648,909	73,654,195
	<u>159,711,285</u>	<u>126,139,593</u>

Ten (10) largest depositors	7,557,581	6,222,189
Ten (10) Largest depositors to total deposit ratio	4.73%	4.93%

18. Interest Payable and Other Liabilities

	2025 GH¢	2024 GH¢
Office account	522,354	350,628
Audit fees	54,200	48,000
Accrued Interest on savings account	291,012	264,382
Sundry creditors (18a)	4,157,954	6,041,057
	<u>5,025,520</u>	<u>6,704,067</u>

18(a) Sundry Creditors

	2025 GH¢	2024 GH¢
Bills payable	68,740	50,751
Unearned discount on t/bills	1,404,719	4,335,869
Sundry liabilities	239,151	47,372
Interest suspense	262,852	260,713
Managed funds	-	53,724
Ghanapay operations	33,794	11
E-zwich operations	1,500	-
Other provisions	2,138,799	1,284,217
Police guard	8,400	8,400
	<u>4,157,955</u>	<u>6,041,057</u>

19. Borrowings:**ARB Apex Bank Loan**

Balance at 1st January

Additional loans

Repayments

Balance at 31st December**2025****GH¢**

2,385,288

-

2,385,288(622,476)1,762,812**2024****GH¢**

834,108

1,846,1002,680,208(294,920)2,385,288

19(a) ARB Apex Bank Loan

Loan Type	Principal	Interest Rate	Interest Amount	Value Date	Maturity Date	Outstanding Balance
	GH¢	GH¢	GH¢	GH¢	GH¢	GH¢
New Vehicle loan-2022	250,000	0.17	69,375	5/4/2022	6/5/2025	-
Verification Device	139,445	0.12	117,433	12/30/2022	12/31/2029	79,683
New Vehicle loan-2023	450,000	0.20	143,131	3/7/2023	4/7/2026	50,000
New Vehicle loan (CEO)-2023	250,000	0.07	55,286	9/25/2023	9/25/2029	156,250
Vehicle loan (Armoured Bullion Van -2024)	1,846,100	0.17	799,138	1/6/2025	12/6/2029	1,476,879
Total	2,935,545		1,184,363			1,762,812

20. Taxation

(i) Tax Expenses

	2025 GH¢	2024 GH¢
Current tax	1,588,369	1,303,673
Deferred tax	(61,016)	90,160
Total to Statement of Comprehensive Income	1,527,353	1,393,833

(ii) Reconciliation of effective Tax Rate

Profit/(Loss) before Tax	5,987,885	5,334,172
Income tax @ 25%	1,496,971	1,333,543
Tax effect on non-deductible expenses	497,141	292,881
Tax effect of allowances utilised	(337,154)	(322,751)
Origination of temporary difference	(61,016)	90,160
Current tax charge in statement of comprehensive income	1,595,942	1,393,833

Effective Tax Rate

26.65%	26.13%
---------------	---------------

20(a) Corporate Income Taxation	Balance at start GH¢	Charge for the year GH¢	Payment during the year GH¢	Withholding tax credits GH¢	Tax adjustment GH¢	Balance at end GH¢
2025	45,015	1,588,369	(1,523,764)	-	-	109,620
2024	(33,860)	1,303,673	(1,224,798)	-	-	45,015

20(b) Growth and Sustainability Levy	Balance at start GH¢	Charge for the year GH¢	Payment during the year GH¢	Tax adjustment GH¢	Balance at end GH¢
2025	(70,858)	296,262	(291,248)	-	(65,845)
2024	1,009	266,709	(338,576)	-	(70,858)

20(c) Deferred Tax Computation

	2025 GH¢	2024 GH¢
NBV of asset	4,184,767	3,735,714
Wdv of capital allowance	4,161,651	3,468,534
Temporary difference	23,116	267,180
Tax @ 25%	5,779	66,795

20(d) Deferred Tax Account

	2025	2024
	GH¢	GH¢
Balance at January 1	66,795	(23,365)
Released during the year	(61,016)	90,160
Balance at December 31	<u>5,779</u>	<u>66,795</u>

Deferred income tax is determined on temporary difference under the liability method using a principal tax rate of 25%. The movement on the deferred tax account is as indicated above.

Comprising

	2025	2024
	GH¢	GH¢
Corporate tax	1,569,625	1,303,673
Deferred tax movement	(61,016)	90,160
	<u>1,508,609</u>	<u>1,393,833</u>

21. Dividend Payable

	2025	2024
	GH¢	GH¢
Balance at 1st January	327,042	101,384
Declared Dividend	547,896	376,617
8% withholding tax	(43,832)	(30,129)
Payment during the year	(245,351)	(120,830)
Balance at 31st December	<u>585,755</u>	<u>327,042</u>

22. Earnings Per Share

Basic earnings per share is calculated by dividing the profit after tax for the year attributable to the equity holders of the Bank by the weighted average number of shares, held during the year.

	2025	2024
	GH¢	GH¢
Profit/(loss) attributable to share holders of the Bank (GH¢)	4,164,270	3,673,630
Weighted average number of outstanding ordinary shares	3,733,493	3,652,640
Basic earnings per share (GH¢)	<u>1.12</u>	<u>1.01</u>

23. Stated Capital

	2025 Number	Value GH¢	2024 Number	Value GH¢
Authorised Shares				
Ordinary shares of no par value	10,000,000		10,000,000	
Preference share of no par value	125,000		125,000	
Issued				
Preference Shares	125,000	13	125,000	13
Ordinary Shares				
Balance at 1st January	3,652,640	1,661,107	3,210,643	1,258,889
Addition	80,853	73,576	61,241	55,730
Transfer from Retained Earnings	-	-	380,756	346,488
Balance at 31st December	3,733,493	1,734,683	3,652,640	1,661,107
Preference and Ordinary Shares	3,858,493	1,734,696	3,777,640	1,661,120

There is no unpaid liability on any shares and there are no shares in treasury.

24. Retained Earnings

	2025 GH¢	2024 GH¢
Balance at 1st January	6,403,819	3,766,170
Prior year adjustment	(533,081)	(576,777)
	5,870,738	3,189,393
Profit/Loss for the year	4,164,270	3,673,630
Movement in credit reserves	62,077	-
Transfer to statutory reserve fund	(520,533)	(459,204)
Balance at 31st December	9,576,552	6,403,819

25. Statutory Reserve Fund

	2025 GH¢	2024 GH¢
Balance at 1 January	2,209,967	1,750,763
Transfers from Retained Earnings	520,533	459,204
Balance at 31 December	2,730,500	2,209,967

Statutory reserve represent the cumulative amount set aside from annual profit after tax as required by Section 34 of the Banks and Specialised Deposit-Taking Institutions Act, 2016 (Act 930).

26. Capital Reserves

	2025 GH¢	2024 GH¢
Balance at 1 January	218,251	218,251
Transfers from Retained Earnings	-	-
Balance at 31 December	<u>218,251</u>	<u>218,251</u>

27. Credit Risk Reserve

	2025 GH¢	2024 GH¢
Balance at 1st January	62,077	238,534
Movement in the year	<u>(62,077)</u>	<u>(176,457)</u>
Balance at 31 December	<u>-</u>	<u>62,077</u>

There was no additional credit risk reserve recognised because IFRS impairment was in excess of BoG Impairment.

28. Analysis of Financial Assets and Liabilities

2025	Designated at fair value Through P/L GH¢	Held to Maturity Investment GH¢	Available for sale Financial Asset GH¢	Loans and Receivable GH¢	Total Amount GH¢
Financial Assets					
Loans and advances	-	-	-	31,354,554	31,354,554
Short term investments	-	113,318,268	-	-	113,318,268
Long term investments	-	6,442,191	-	-	6,442,191
Cash and cash balances	23,059,555	-	-	-	23,059,555
Equity investments	-	-	190,164	-	190,164
Account receivables	-	-	-	1,622,984	1,622,984
Total Financial Assets	23,059,555	119,760,459	190,164	32,977,538	175,987,716
Total Non Financial Assets	-	-	-	-	5,458,241
Total Assets	23,059,555	119,760,459	190,164	32,977,538	181,445,956
Financial Liabilities					
Customer deposits	-	-	-	-	159,711,285
Creditors and accruals	-	-	-	-	5,025,520
Total Financial Liabilities	-	-	-	-	164,736,805
Total Non-Financial Liabilities					16,709,151
Total Liabilities and Shareholders' Fund					181,445,956

2024

	Designated at fair value Through P/L GH¢	Held to Held to Maturity Investment GH¢	Available for sale Financial Asset GH¢	Loans and Receivable GH¢	Total Amount GH¢
financial assets					
Loans and advances	-	-	-	21,944,733	21,944,733
Short term investments	-	93,813,655	-	-	93,813,655
Long term investments		7,543,254			7,543,254
Cash and cash balances	16,788,274	-	-	-	16,788,274
Equity investments	-	-	132,432	-	132,432
Account receivables	-	-	-	924,854	924,854
Total Financial Assets	16,788,274	101,356,909	132,432	22,869,587	141,147,203
Total Non Financial Assets					5,075,832
Total Assets					146,223,034
Financial Liabilities					
Customer deposits					126,139,593
Creditors and accruals					6,704,067
Total Financial Liabilities					132,843,660
Total Non-Financial Liabilities					13,379,374
Total Liabilities and Shareholders' Fund					146,223,034

29. Related Party Transactions

The bank entered into related party transactions in the normal course of business.

(a) Key Management Personnel

	2025 GH¢	2024 GH¢
Balance at 1st January	674,245	496,629
Loans disbursed	837,000	312,300
Amount repaid	(743,725)	(134,684)
Balance at 31st December	<u>767,519</u>	<u>674,245</u>

(b) Other Employers

Balance at 1st January	1,600,794	1,092,981
Loans disbursed	2,444,800	1,427,800
Amount written-off	-	-
Amount repaid	(1,593,023)	(919,987)
Balance at 31st December	<u>2,452,571</u>	<u>1,600,794</u>

Total (a and b)	<u>3,220,090</u>	<u>2,275,039</u>
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Prior Year Adjustments

	2025 GH¢	2024 GH¢
Decrease in credit risk reserve	62,077	176,457
Dividend Declared (2024 and 2023)	(547,895)	(753,234)
Increase in Apex Shares (Bonus shares)	14,814	-
	<u>(471,004)</u>	<u>(576,777)</u>

30. Contingent Liabilities

The Bank has four (4) pending legal issues against Four (4) ex-staff. We do not know the extent of liabilities that would arise from these pending legal cases, therefore, there has not been any provision made.

31. Capital Commitments

There were no capital commitments.

32. Events After the End of the Reporting Period

No significant event occurred after the end of the reporting date which is likely to affect these financial statements.

33. Country Analysis

All assets and liabilities of the bank are held in Ghana.

34. Comparative Figures

Where necessary, figures within notes have been restated to either conform to changes in presentation in the current year or for the adoption of new IFRS requirements.

35. Value Added Statement

	2025 GH¢	2024 GH¢
Interest earned and other operating income	32,806,234	25,609,030
Direct cost of services	(12,669,843)	(9,815,640)
Value added by banking services	<u>20,136,391</u>	<u>15,793,390</u>
Impairment	-	-
Value added	<u>20,136,391</u>	<u>15,706,767</u>
Distributed as follows:	20,136,391	15,706,767
To Employees:		
Directors	(768,608)	(758,585)
Other Employees	(12,148,006)	(8,886,239)
To Government:		
Income tax	(1,823,615)	(1,660,542)
To Providers of Capital:		
Dividends to shareholders	-	-
To Expansion and Growth:		
Depreciation	(1,231,893)	(727,771)
Retained Earnings	<u>4,164,270</u>	<u>3,673,630</u>

36. Analysis of Shareholdings as at 31st December, 2025

Number of Shareholders

The bank has one thousand six hundred and twelve (1,612) ordinary shareholders at 31 December, 2025 distributed as follows:

Shareholder Information

Range	No of		Total	
	Shareholders	Percentage	Number of Shares	Percentage
1 - 50,000 shares	1,605	99.57	2,748,509	73.6
50,001- 500,000 shares	7	0.43	984,984	26.4
500,001 - 1,000,000 shares	-	-	-	-
Total	1,612	100	3,733,493	100

Top 20 Ordinary Shareholders

1. Achiaseman	210,976	5.65
2. Janathan Kofi Akomaning	202,115	5.41
3. Augustus Ennin Attafuah	169,330	4.54
4. Birim Municipal Assembly	161,973	4.34
5. Mr. Kwaku Atta Owusu	97,184	2.60
6. Nana Owusu Twum Barima	74,614	2.00
7. George Niako	68,792	1.84
8. Robert Kwasi Amoah	48,396	1.30
9. Madam Comfort Love Arthur	32,394	0.87
10. Mr. Albert Kofi Ampofo	32,394	0.87
11. Eric Oware Amoah	32,394	0.87
12. Mr. C.B.S. Kwarko	32,394	0.87
13. Mr. Emmanuel Kofi Boafo	32,394	0.87
14. Mr. Hayford K. Brew	32,394	0.87
15. Mr. Hilda Awuah	32,394	0.87
16. Mr. Kwame Asiedu	32,394	0.87
17. Mr. S.A. Boahene	32,394	0.87
18. Mr. Samuel K. Asiedu	32,394	0.87
19. Mr. Yaw Brako	32,394	0.87
20. Akosua Gyamfua Osei-Opoku	32,087	0.86
	1,421,807	38.08

Directors shareholding

1. Mr. Paul Asiedu	21,380	0.57
2. Mr. Emmanuel Odoom	11,301	0.30
3. Mr. George Niako	68,792	1.84
4. Akosua Gyamfua Osei-Opoku	32,087	0.86
5. Adriana Obiri-Nyarko	10,990	0.29
	144,551	3.58