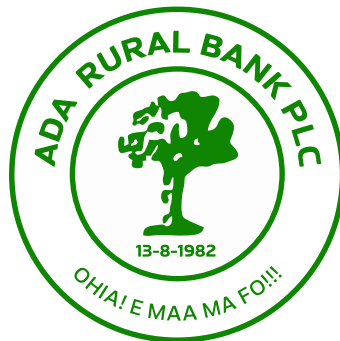




ADA RURAL BANK PLC

REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR
ENDED 31ST DECEMBER, 2025



ADA RURAL BANK PLC

ANNUAL REPORTS AND FINANCIAL STATEMENTS

31ST DECEMBER 2025

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CORPORATE INFORMATION

BOARD OF DIRECTORS: Mr. Bernard Katenor Bosumprah - *(Chairman)-Retired 29/11/2025*
Mr. Ernest Amartey-Vondee – *(chairman)-Appointed 29/11/ 2025*
Mrs. Evelyn Akweley Nsiah
Nene Alhaji Shamsudeen Ayisah Adjovu I
Mr. Prince Seth Appiah
Mr. Michael Kweku Assem
Mr. Telford Nmlotey Abayateye *(BoG approval 6/08/2025)*

COMPANY SECRETARY: Rev. Pernell Robert Osei Boakye, Esq
P.O. Box 20
Kasseh, Ada

REGISTERED OFFICE: Ada Rural Bank PLC
P. O. Box 20
Kasseh, Ada

BRANCHES Ada Kasseh, Big Ada, Sege, Ashiaman

KEY MANAGEMENT: Gideon Kwabena Odei – Chief Executive Officer
Jacob Tetteh Numo – HR & Admin. Manager
Moses N. Gbagidie – Internal Audit Manager
Richard Ofori Atruku – ICT Manager
Carruthers Larbi-Mante – Operations Manager
Joshua Ofoe Sottie – Finance Manager.
Arnold Agbasi Gadugah – Acting Credit/Marketing Manager
Philip Jos Kofi Zormelo – Acting Risk and Compliance Manager

INDEPENDENT AUDITORS: Nexia Debrah & Co (Chartered Accountants & Licensed Auditors)
BCB Legacy House
#44 Nii Amugi Avenue,
East Adabraka, Accra
P. O. Box CT 1552
Cantonments - Accra

BANKERS: ARB Apex Bank Plc
Consolidated Bank Ghana Ltd
GCB Bank Plc
Universal Merchant Bank Ltd
Adb Bank Plc

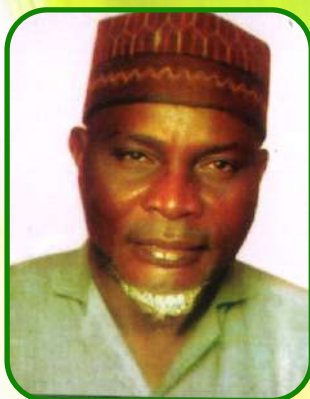




Mr. Ernest Amartey-Vondee
(Chairman)



Bernard Katenor Bosumprah
(Board Chairman, Retired 29/11/2025)



**Nene Alhaji Shamsudeen
Ayisah Adjovu I**
Member



Mrs. Evelyn Akweley Nsiah
(Member)



Mr. Prince Seth Appiah
(Member)



Mr. Micheal Kweku Assem
Member



Mr. Telford Nmlotey Abayateye
Member

BOARD OF DIRECTORS

KEY MANAGEMENT STAFF



MR. GIDEON KWABENA ODEI
Chief Executive Officer



MR. J. T. NUMO
Manager - HR / Admin.



MR. MOSES GBAGIDIE
Manager - Internal Audit



MR. PHILIP JOS KOFI ZORMELO
Ag. Manager - Risk & Compliance



MR. RICHARD O. ATRUKU
Manager - ICT



MR. ARNOLD AGBASI GADUGAH
Ag. Manager - Credit/Marketing



MR. JOSHUA OFOE SOTTIE
Manager - Finance
Appointed 01/12/2025



CARRUTHERS LARBI-MANTE
Manager - Operations
Appointed 01/10/2025

ADA RURAL BANK PLC
NOTICE OF MEETING

Notice is hereby given that the 41st Annual General Meeting of members of Ada Rural Bank PLC will be held in the Chapel of the Presbyterian Church, Kasseh-Ada, at 10.00 a.m. on Saturday, the 24th day of October 2026 to transact the following business:

AGENDA

Ordinary Business

1. To receive the Chairman's Report for the year ended 31st December 2025
2. To receive and consider the Bank's Financial Statements for the year ended 31st December 2025 together with Reports of the Directors and the Auditors thereon.
3. To consider the election/re-election of Directors
4. To authorize the Directors to fix the remuneration of the Auditors
5. To fix the remuneration of the Directors

Special Business

1. **Change of Name:** To approve the change of name of the Bank from Ada Rural Bank PLC to Ada Community Bank PLC.
2. **Increase Authorised Shares and Authority to Issue New Shares:** To authorize the Directors to increase the Authorised Shares of the Bank from 100,000,000 (one hundred million) ordinary shares to 500,000,000 (five hundred million) ordinary shares to enable the issuance of additional shares to meet the regulatory requirements under the Microfinance Sector Reform by the Bank of Ghana.
3. **Raising of Additional Equity Capital:** To authorise the Directors to raise additional equity capital of an amount not less than GH¢15,000,000.00 (Fifteen Million Ghana Cedis) through the issue and allotment of new shares to existing shareholders and/or new shareholders and investors, for the purpose of meeting the applicable minimum capital requirement under the Bank of Ghana's Microfinance Sector Reform and strengthening the capital base of the Bank.

NOTES:

1. A member is entitled to attend and vote at the meeting or to appoint a proxy to attend and vote in his or her stead. A proxy need not be a member of the Bank. To be valid for the meeting, completed proxy forms must be deposited at the Registered Office of the Bank, or submitted electronically via email to info@adaruralbank.com, not less than 48 hours before the time set for the meeting.
2. Copies of the Financial Statements have been dispatched to shareholders. Shareholders who have not yet received their copies of the financial statements may contact any of the Bank's branches for same; or act on this advertisement to attend. The 2025 Annual Reports and Financial Statements (with the proxy form therein) will be posted on the website of the company (www.adaruralbank.com).

BY ORDER OF THE BOARD



PERNELL R. OSEI BOAKYE, ESQ

COMPANY SECRETARY

Dated this 10th day of September 2026

BOARD CHAIRMAN'S REPORT

For the 41st Annual General Meeting of Ada Rural Bank PLC – 2025 Financial Year

Opening Remarks

Distinguished Shareholders, Fellow Directors, Officials of ARB Apex Bank PLC, Invited Guests, Members of Management and Staff, Ladies and Gentlemen,

On behalf of the Board of Directors, it is my singular honour and privilege to welcome you to the 41st Annual General Meeting of Ada Rural Bank PLC.

Your presence at this meeting is a clear demonstration of your unwavering confidence in our Bank and your enduring commitment to its growth and success, particularly during a period that has demanded resilience, prudent decision-making and collective resolve.

Today's meeting provides us with an important opportunity not only to fulfil our statutory obligations, but also to reflect on our performance during the 2025 financial year, assess the evolving operating environment, account for the stewardship entrusted to the Board, and share our strategic direction for the future.

The year under review was one of both opportunities and challenges. While the Ghanaian economy experienced a notable recovery and the banking sector showed encouraging signs of renewed stability, your Bank continued its deliberate journey towards restoring financial strength following the significant capital impairment experienced in previous years. Throughout this period, the Board remained steadfast in providing strategic oversight, strengthening corporate governance and supporting Management in implementing initiatives aimed at restoring operational efficiency and creating sustainable value for our shareholders.

As we deliberate on the business before us today, I encourage all shareholders to participate actively in the discussions and decisions that will shape the future of our Bank. Your views, contributions and continued support remain indispensable as we position Ada Rural Bank PLC to transition successfully into a stronger, well-capitalised and more resilient Ada Community Bank under the Bank of Ghana's revised Microfinance Sector Framework.

With these remarks, I have great pleasure in presenting the Board's Report for the year ended 31st December 2025.

The Economic Landscape

During the 2025 financial year, Ghana's economy demonstrated remarkable resilience and a sustained return to macroeconomic stability.

Real Gross Domestic Product (GDP) expanded by 5.8%, driven by strong performance across the industry and services sectors, as well as increased private consumption. Non-oil GDP also recorded robust growth of 7.1%, compared with 3.3% in the previous year. Inflation declined substantially to 5.4% by the close of the year, while the Bank of Ghana reduced its Monetary Policy Rate from 27% to 18%. The Ghana Cedi also appreciated considerably against the major trading currencies, contributing to greater economic stability and improved business confidence.

The banking industry similarly recorded notable improvements in financial soundness, supported by enhanced regulatory oversight, ongoing recapitalisation efforts, stronger corporate governance practices and the improving macroeconomic environment. Industry assets continued to expand, with investment assets accounting for a significant proportion of

total asset growth as financial institutions maintained prudent investment strategies amidst lingering credit risks.

Against this encouraging economic backdrop, the Board remained focused on strengthening the Bank's financial position while ensuring prudent governance, effective risk oversight and sound strategic direction. Throughout the year, the Board worked closely with Management to consolidate the gains achieved under the Bank's recovery programme, enhance operational efficiency, strengthen internal controls and accountability.

Although the broader economy presented encouraging opportunities, the Board remained mindful of the challenges confronting the Rural and Community Banking sector, particularly the need to strengthen capital, improve asset quality and comply with evolving regulatory expectations. These considerations continued to inform the Board's strategic decisions during the year and reinforced our commitment to building a resilient, well-governed and sustainable financial institution capable of delivering long-term value to our shareholders and the communities we serve.

Our Performance and Progress

The Board is pleased to report that the Bank made significant progress during the 2025 financial year, in some key financial indicators. Although the Bank continues to address the legacy effects of the capital impairment arising from substantial impairment provisions recognised in 2022 and subsequent recognition of other losses, the results achieved during the year provide further evidence that the Bank is gradually regaining financial strength and operational stability.

Throughout the year, the Board maintained close oversight of Management's execution of the Bank's strategic priorities, with particular emphasis on strengthening the balance sheet, improving operational efficiency and enhancing risk management practices.

Total Assets increased by 21%, from GH¢40.82 million in 2024 to GH¢49.43 million in 2025, reflecting the continued growth of the Bank's operations and improved confidence among our customers. Customer Deposits also grew by 16% to GH¢50.57 million, demonstrating the confidence that individuals, businesses and institutions continue to repose in the Bank despite the challenges of recent years. The Bank also recorded a 22% growth in its short-term investment portfolio.

The Bank recorded an operating profit before tax of GH¢1.84 million, compared with a loss before tax in the previous year. This performance was mainly due to the application of the IFRS 9 Expected Credit Loss methodology, which resulted in a reduction in impairment charges. In line with the regulatory requirements of the Bank of Ghana, an amount of GH¢760,121 was appropriated from Retained Earnings to the Credit Risk Reserve to strengthen the Bank's resilience against potential credit risks.

After accounting for the Growth and Sustainability Levy and Deferred Tax, the Bank recorded a profit after tax of GH¢863,530 for the year ended 31 December 2025.

Although shareholders' funds remain negative, I am pleased to report that they improved by 22% during the year. This improvement reinforces the Board's confidence that, with the successful implementation of the Bank's recapitalisation programme and the continued execution of our strategic initiatives, the Bank is well positioned to restore a positive capital position and achieve sustainable long-term growth.

The highlights of the Bank's financial performance are presented in the table and charts below.

Indicator	2025 (GH¢)	2024 (GH¢)	Change (%)
Total Assets	49,431,920.00	40,819,034.00	21%
Deposits	50,565,982.00	43,552,513.00	16%
Loans and Advances (net)	5,278,221.00	3,265,087.00	62%
Short-Term Investments	30,778,537.00	25,208,635.00	22%
Net Interest Income	5,831,492.00	5,350,653.00	9%
Total Operating Income	6,695,087.00	6,491,453.00	3%
Total Expenses	4,857,177.00	7,008,269.00	-31%
Profit Before Tax	1,837,910.00	(516,816.00)	456%
Profit After Tax	863,530.00	1,498,642.00	-42%
Stated Capital	1,200,753.00	1,179,753.00	2%
Shareholders' Fund	(3,153,733.00)	(4,038,263.00)	22%

Governance and Board Transitions

The Board of Directors remained committed throughout the year to maintaining sound corporate governance and ensuring effective oversight of the Bank's operations in accordance with the applicable regulatory framework.

At the close of the 2025 financial year, the Bank had five (5) Directors approved by the Bank of Ghana, thereby satisfying the minimum regulatory requirement. Applications for the approval of two additional Directors—Mr. Prince Seth Appiah, who was re-elected, and Mr. Julius Odoi Amesimeku, who was newly elected—remain under consideration by the Bank of Ghana.

As shareholders may be aware, I assumed the role of Chairman of the Board on **30th November 2025**, following the retirement of Mr. Bernard Bosumprah. Having served on the Board of the Bank for over nine years, I will, in accordance with the Corporate Governance Directive for Rural and Community Banks, retire as a Director and Chairman of the Board on 8th July 2027. This therefore is likely my last Annual General Meeting as a Director and Chairman.

To ensure continuity in the governance of the Bank, shareholders will be invited to consider the election of one new Director to fill the vacancy that will arise from my retirement. In addition, two serving Directors who are eligible for re-election will be presented for your consideration in accordance with the Bank's Regulations and the applicable governance requirements.

The Board is proposing these elections and re-elections to maintain continuity in its oversight responsibilities and to minimise the potential impact of delays that may arise in obtaining regulatory approval for newly elected or re-elected Directors.

Revised Microfinance Sector Framework and the Bank's Recapitalisation Programme

Distinguished Shareholders, the year 2026 marks the beginning of one of the most significant regulatory reforms in the history of Ghana's Rural and Community Banking sector. While the reforms present new regulatory obligations, the Board views them, more importantly, as an opportunity to reposition our Bank for long-term sustainability, growth and enhanced shareholder value.

On 27th January 2026, the Bank of Ghana issued Notice No. **BG/GOV/SEC/2026/03**, titled "*Guidelines on the Revised Microfinance Sector Framework*." The Guidelines introduce a comprehensive reform of Ghana's microfinance and specialised deposit-taking institutions,

with the objective of strengthening institutional governance, enhancing operational resilience, promoting financial stability, expanding inclusive ownership and modernising the sector.

As part of these reforms, all Rural Banks were converted into Community Banks with effect from 31st March 2026, while all Community Banks have been directed to complete the necessary legal, governance and corporate rebranding processes by 31st December 2026.

The Guidelines also require every Rural and Community Bank to increase its minimum paid-up capital to **GH¢5.0 million by 31st December 2026**. Beyond satisfying a regulatory requirement, the Board recognises that a stronger capital base is fundamental to building a safer, more resilient and more competitive financial institution capable of supporting the evolving financial needs of our communities.

Following a comprehensive assessment of the Bank's financial position and long-term strategic aspirations, the Board approved a recapitalisation programme aimed at raising approximately **GH¢15 million** in additional equity capital. This programme has been carefully designed not only to restore the Bank's capital to the prescribed regulatory minimum, but also to create a solid platform for future growth.

The recapitalisation programme is expected to enable the Bank to:

- restore its capital position and strengthen its financial resilience;
- comply fully with the prudential and regulatory requirements of the Bank of Ghana;
- expand lending opportunities to individuals, businesses and community enterprises;
- invest in technology, digital innovation and service delivery improvements; and
- position Ada Community Bank PLC as a strong, modern and competitive community bank capable of delivering sustainable value to its shareholders and the communities it serves.

In pursuit of this objective, the Board and Management have undertaken extensive engagements with shareholders, traditional authorities, identifiable groups, indigenous investors and other strategic stakeholders to encourage broad participation in the capital raising exercise. We are grateful for the positive response received thus far and remain encouraged by the growing commitment demonstrated by many stakeholders.

Distinguished Shareholders, the success of this recapitalisation programme will ultimately depend on our collective commitment and shared belief in the future of our Bank. This is more than a regulatory exercise; it is an opportunity to strengthen an institution that has served our communities faithfully for over four decades and to position it to thrive for generations to come. I therefore respectfully appeal to every shareholder to participate actively in this important capital raising exercise.

Looking Ahead: Building the Future Together

The results recorded during the 2025 financial year provides renewed encouragement in the Bank's recovery strategy. While we recognise that important work remains to be done, the Board is confident that the strategic direction we have adopted provides a firm foundation for restoring the Bank's financial strength and delivering sustainable long-term value.

The implementation of the Revised Microfinance Sector Framework presents our Bank with a unique opportunity to redefine its future. By strengthening our capital base, modernising our operations and enhancing our governance framework, we are positioning the Bank to emerge as a stronger, more resilient and more competitive Community Bank, capable of meeting the

evolving financial needs of our customers and the communities we serve.

The Board remains committed to supporting Management in executing the Bank's strategic priorities, including the successful implementation of the recapitalisation programme, continued improvement in asset quality, prudent risk management, operational efficiency, digital transformation and enhanced customer service. Together, these initiatives will strengthen the Bank's competitiveness and create greater value for our shareholders.

History often presents institutions with defining moments that shape their future for decades to come. We believe that the current regulatory reforms and our recapitalisation programme represent such a defining moment for Ada Rural Bank PLC. The decisions we make today and the commitment we demonstrate as shareholders will determine the strength, resilience and relevance of our Bank for generations to come.

With unity of purpose, prudent leadership and the continued support of our shareholders and other stakeholders, I am confident that we will successfully complete this important transition and build a stronger Ada Community Bank that will continue to serve our communities with distinction.

Closing Reflections

Distinguished Shareholders, as I conclude this report, I wish to express my sincere appreciation to my fellow Directors for their commitment and service during the year under review. I also extend my gratitude to Management and staff for their dedication, professionalism and resilience in advancing the strategic objectives of the Bank under often challenging circumstances.

I am equally grateful to the Bank of Ghana, ARB Apex Bank PLC, the Greater Accra Regional Association of Rural Banks, our valued customers, our shareholders and all our stakeholders for your continued guidance, confidence and support. Your partnership has remained invaluable as the Bank continues its recovery journey and prepares for the opportunities that lie ahead.

As this Annual General Meeting is my last before the end my tenure as a Director and Chairman of the Board next year, I wish to thank you for the opportunity and privilege to serve. I remain confident that the Bank's future is bright and that, with the continued commitment of shareholders, the Board and Management, the institution will successfully achieve its strategic aspirations and emerge stronger than ever.

Finally, I respectfully encourage every shareholder to support the Bank's recapitalisation programme and the broader transformation agenda. Together, let us build a stronger institution that will continue to create value for our shareholders, support local enterprise and contribute meaningfully to the socio-economic development of the communities we proudly serve.

May the Almighty God continue to bless you all and bless Ada Rural Bank PLC.

Thank you.



Ernest Amartey-Vondee

Board Chairman



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

We, the Directors of **Ada Rural Bank Plc**, have the pleasure of submitting our annual report together with the Audited Financial Statements for the year ended December 31, 2025.

DIRECTORS' RESPONSIBILITY

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

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

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

The Bank of Ghana has issued a directive on Corporate Governance for Rural and Community Banks (RCBs) which became effective on 31st March 2022 and requires compliance by all RCBs. Our report on this can be found on pages 6 to 11 of this report.

NATURE OF BUSINESS

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

FINANCIAL RESULTS AND DIVIDEND

The Financial Statements have been prepared in accordance with the International Financial Reporting Standards (IFRS) and incorporate disclosures in line with the accounting philosophy of the bank. The financial performance and position of the bank are depicted in the attached Financial Statements on pages 27 to 60. Below are the brief highlights of the financial results of the bank for the year 2025 with 2024 in comparison.



	2025 GH¢	2024 GH¢
Profit before tax for the year	1,837,910	(516,816)
From which is deducted tax charge of	(974,380)	2,015,549
	-----	-----
Resulting in a Profit after tax of	863,530	1,498,642
To which must be added the balance brought forward		
on the Retained Earnings Account at the beginning of the year	(7,455,076)	(8,204,397)
	-----	-----
Leaving a balance before statutory and other transfers of	(6,591,546)	(6,705,755)
From which the following transfers were made:		
• Transfer to Statutory Reserves in accordance with		
Section 34 of the Banking Act 2016 (Act 930)	(107,941)	(749,321)
• Transfers to Credit Risk Reserve per BOG directive	(760,121)	-
• Transfers from Dividend payable	-	214,819
	-----	-----
Leaving a balance on the Retained Earnings Account		
to be Carried Forward of:	(7,459,608)	(7,455,076)
	=====	=====

The Directors cannot recommend the payment of any dividends for the year whilst the balance on the Retained Earnings Account remains in deficit.



REPORT OF THE DIRECTORS (CONT'D)

CAPACITY BUILDING OF DIRECTORS TO DISCHARGE THEIR DUTIES

Persons appointed to the Board are properly initiated and oriented with full, formal, and tailored programmes of induction, to enable them gain in-depth knowledge about the Bank's business, the risks and challenges faced, and to appreciate the economic knowledge and the legal and regulatory environment within which the Bank operates. Further, the bank and its directors are beneficiaries of regular training programmes provided by both the ARB Apex Bank PLC and the Bank of Ghana which are geared towards broader and deeper knowledge of the conditions and terrain of the banking Sector in Ghana.

CORPORATE SOCIAL RESPONSIBILITY

The Bank made social donations for the year under review towards the farmers day celebrations and office renovations of Ghana Police Service, Kasseh and Ashaiman to the tune of GH¢10,700.00 (2024: GH¢8,645).

CONFLICT OF INTEREST AND ETHICS

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

APPOINTMENT, RETIREMENT AND RE-ELECTION OF BOARD MEMBERS

The Bank operated with seven (7) directors in the 2025 financial year. Each director had been approved by the Bank of Ghana for a cyclical term of three (3) years, subject to renewal and with the prior approval of the Bank of Ghana. The third and final term of office for Bernard Katenor Bosumprah ended on 29th November 2025 and has since retired from office as a director of the bank. The first term of office for Prince Seth Appiah ended in November 2025, and being eligible, was re-elected at the last AGM, pending approval by the Bank of Ghana. The first term of office for two (2) directors, namely Michael Kweku Asem and Telford Nmlotey Abayateye will end in 2027 and 2028 respectively. The second term of office for Nene Alhaji Shamsudeen Ayisah Adjovu I and Evelyn Akweley Nsiah (Mrs.) will end in 2027, while the third and final term of office for Mr. Ernest Amartey-Vondee will end in 2027.

GOING CONCERN CONSIDERATIONS

The Financial Statements have been prepared on the going concern basis under the presumption that the bank will continue to operate into the foreseeable future at levels similar to, or better than the current levels of operations. As Directors, we have made the necessary assessment and evaluation of the future capital and other financial requirements of the bank and have observed that the validity of the going concern presumption is contingent upon the continued financial support by the shareholders and the directors of the bank, as well as the ability of the bank to generate sufficient revenues from its operations to fully underwrite its

operating expenditure. The continued financial support by the shareholders and directors is expected to cover the full amount of **GH¢5 million** (unimpaired) which the Bank of Ghana has by its recent directives, stipulated that all rural and community banks should maintain as the minimum paid up capital.

AUDITORS AND FEES

In accordance with section 139 (5) of the Companies Act, 2019 (Act 992), Messrs Nexia Debrah & Co, your External Auditors have indicated their desire to continue to serve the bank. We therefore recommend their continued appointment.

The remuneration paid or payable to the Auditors at the reporting date is **GH¢50,000 (2024: GH¢45,000)**

MANAGEMENT REPRESENTATION AND APPROVAL OF ACCOUNTS

We certify that the Statement of Comprehensive Income and the Statement of Financial Position referred to in the report of the Auditors together with the notes thereon identified on pages 27 to 60 of this report have been prepared from records, information and representations made by us, the Directors of Ada Rural Bank Plc.

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

We confirm that to the best of our knowledge and belief the Financial Statements contain all transactions and that they are complete and accurate in all material respects. We approve the Statement of Comprehensive Income for the year ended December 31, 2025, and the Statement of Financial Position at that date together with the notes thereon this **27th day of March 2026**.

BOARD CHAIRMAN

DIRECTOR

Kasseh-Ada

March 27, 2026



ADA RURAL BANK PLC

STATEMENT ON CORPORATE GOVERNANCE

INTRODUCTION

Ada Rural Bank Plc is a Bank of Ghana regulated Financial Institution operating in the Greater Accra Region of the Republic of Ghana. Among others, the Bank is guided by the Companies Act 2019 (Act 992) and the Banks and Specialised Deposit-Taking Institutions Act 2016 (Act 930) together with the respective regulations made thereunder.

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

BOARD STRUCTURE, SIZE, COMPOSITION AND QUALIFICATION

The Board of Ada Rural Bank Plc is made up of seven (7) Directors, all of whom are Shareholders of the Bank and ordinarily resident in Ghana. The Board members together represent collective expertise, qualifications and experience in Law, Marketing, Governance, Accountancy, Banking and Finance, Auditing and Management that are useful in guiding the Bank's business.

INDEPENDENCE OF THE BOARD

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

BOARD OF DIRECTORS' RESPONSIBILITY

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

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

BOARD SUB-COMMITTEES

The Board of Ada Rural Bank Plc has three (3) committees namely: Audit, Risk & Compliance; Credit Committee; and Governance, Legal & Administration

- A) Audit, Risk & Compliance Committee
 - i. Mr. Prince Seth Appiah - Chairman
 - ii. Nene Alhaji Shamsudeen Adjovu I-Member
 - iii. Mr. Ernest Amartey-Vondee-Member
 - iv. Mrs. Evelyn Akweley Nsiah-Member
- B) Credit Committee
 - i. Nene Alhaji Shamsudeen Adjovu I-Chairman
 - ii. Mr. Prince Seth Appiah - Member
 - iii. Mr. Michael Kweku Assem-Member
 - iv. Mr. Telford N. Abayateye-Member

- c) Governance, Legal & Administration Committee
- i. Mrs. Evelyn Akweley Nsiah- Chairperson
 - ii. Mr. Ernest Amartey-Vondee-Member
 - iii. Mr. Michael Kweku Assem-Member
 - iv. Mr. Telford N. Abayateye-Member

BOARD MEETING AND SUB-COMMITTEE MEETING ATTENDANCE

The Board had nine (9) scheduled meetings in the year under review. There was also unscheduled meetings to address urgent issues. Below is the summary of attendance at Board and Committee meetings of the Board of Directors.

Name of Director	Designation	Board Meetings	Audit, Risk & Compliance Committee	Credit Committee	Governance, Legal & Administration Committee
Mr. Bernard Bosumprah Katenor	Chairman	9/9	-	-	-
Mr. Ernest Amartey-Vondee	Director	8/9	3/4	-	5/5
Mrs. Evelyn Akweley Nsiah	Director	9/9	2/4	4/4	3/5
Nene Alhaji Shamsudeen Ayisah Adjovu I	Director	9/9	4/4	4/4	-
Mr. Prince Seth Appiah	Director	9/9	4/4	4/4	3/5
Mr. Michael Kweku Assem	Director	8/9	-	4/4	5/5
Mr. Telford Nmlotey Abayateye	Director	4/9	-	1/4	2/5

PROFILE OF BOARD OF DIRECTORS:

Mr. Bernard Katernor Bosumprah -- Board Chairman (Post Graduate Diploma in law, Barrister-at Law, Degree in Law and Cert 'A')

Mr. Bernard K. Bosumprah is a Legal Practitioner with over 39 years' experience. He worked as a Copyright Administrator for many years in the Copyright Office at the Ministry of Justice. Initially trained as a professional teacher, he embarked on further studies and training which enabled him to join the Legal Profession in Ghana. He has travelled extensively to many African Countries and the World attending conferences and workshops. Mr. Bosumprah was elected to the Board of Ada Rural Bank in May 2011. He is currently the Chairman of the Board of Directors.

Mr. Ernest Amartey-Vondee – Board Member (M.Sc. Actuarial Science, Member, Actuarial Society of Ghana, Fellow Royal Statistical Society of U.K.)

Mr. Ernest Amartey-Vondee is a Chartered Statistician and Actuarial Scientist. He was awarded Bachelor of Science in Statistics and Computer Science at the University of Ghana and Master of Science in Actuarial Science at City University of London, UK. He was the Director of Regulations, and later, the Director of Research, Planning, Monitoring and Evaluation at the National Pensions Regulatory Authority. He joined the Board of Directors of Ada Rural Bank Plc in October 2017. He is currently a lecturer in Statistics and Actuarial Science at the University of Ghana. He has attended several conferences and workshops across the length and breadth of the country and the world at large.

Mrs. Evelyn Akweley Nsiah – Board Member (MA Population Studies, Postgraduate in Population Studies, B. A. Hons, Sociology)

Mrs. Evelyn Akweley Nsiah has a wide range of experience in Non-Governmental Organization Management. She has rich experience in Enterprise Risk Management. She has held various roles such as Risk and Compliance Manager, Senior Operations Evaluator, Area Development Programme Manager, Quality Services Manager and Governance Coordinator at World Vision Ghana. She joined the Board of Directors of Ada Rural Bank Plc in May 2021. Mrs. Nsiah has a B.A. (Hons) in Sociology and a Masters degree in Population Studies from the University of Ghana. She also has a Post Graduate Degree in Population Studies & Development from the Institute of Social Studies in the Hague, the Netherlands. She has participated in several conferences and workshops across the length and breadth of Ghana and abroad. She has a Certificate in Corporate Governance from the Institute of Directors, Ghana.

Nene Alhaji Shamsudeen Ayisah Adjovu I – Board Member (B.Sc, Banking and Finance, Intermediate of ACIB Ghana)

Nene Alhaji Shamsudeen Ayisah Adjovu I (Known in private life as Sampson Ayisah Adjovu) has over two decades of experience in the rural banking environment. He was the former Operations Manager of Ada Rural Bank, until his retirement in 2017. He went through the ranks to become Operations Manager in 2012. He joined the Board of Directors of Ada Rural Bank in June 2020. He has participated in several conferences and workshops organized by Bank of Ghana and ARB Apex Bank and Association of Rural Banks-Ghana. He holds B.Sc degree in Banking and Finance.

Mr. Prince Seth Appiah – Board Member (MBA Finance, BSc. Accounting)

Mr. Prince Seth Appiah is an Accountant and Finance expert. He has a wide range of experience in Auditing. He was the former Internal Auditor of State Transport Company Ltd responsible for Eastern, Volta, Central and Western Regions. Mr. Prince Seth Appiah joined the Board of Directors of Ada Rural Bank PLC in November 2022. He holds a B.Sc degree in Accounting from the Central University, as well as an MBA in Finance from the same University. Additionally, he is a finalist of the Institute of Chartered Accountants (Ghana) and has participated in several conferences and workshops across the country and beyond.

Mr. Michael Kweku Assem – Board Member (MSc. Corporate Governance & Strategic Leadership, Bachelor’s Degree in Accounting and Economics)

Mr. Michael Kweku Assem is a Banker and Finance expert with a wide range of experience in Corporate, Commercial and Risk Management in the banking environment. He was awarded a bachelor’s degree in accounting and economics at the University of Cape Coast and Master of Science degree in Corporate Governance and Strategic Leadership at the Kwame Nkrumah University of Science and Technology. He is currently the Chief Commercial Officer of Solv-Ghana, (Member, SC. Ventures, Standard Chartered Group). He was the former Head, Remedial Management (Risk Management Department) Fidelity Bank Ghana, Credit Manager in Standard Chartered Bank and Societe Generale. Mr. Assem joined the Board of Ada Rural Bank PLC in March 2024. He has participated in several conferences and workshops in Ghana and abroad.

Mr. Telford Nmlotey Abayateye – Board Member

Mr. Telford Nmlotey Abayateye is an Electrical Engineer with over 12 years of experience in the Power Distribution Sector on issues related to Design, Construction, Procurement, Systems Planning, Renewable Energy and Research and Development. He is also into Pastoral work and manages the Administration and Finance of the Church. He holds BSc. in Electrical Engineering from the University of Mines and Technology, Tarkwa and MSc. in International Business from the University of Ghana Business School, Legon-Accra. He also has a Professional Certificate in Securities from the Ghana Stock Exchange, Accra. Mr. Abayateye joined the Board of Directors of Ada Rural Bank PLC as an approved member in August 2025.

BOARD EVALUATION

At the end of the 2025 financial year, the Board of Directors conducted an internal self-evaluation, and this has been placed on file. An external evaluation was also conducted by Mikensy Consulting Ltd in September 2024.

BOARD SECRETARY

Rev. Pernell Robert Osei Boakye, Esq. – Board Secretary

Rev. Osei-Boakye is a Bank Executive with over 30 years of experience with Ecobank Ghana and National Investment Bank. He has also taught Information Technology, Banking and Commercial Law for over 10 years. Rev. Osei-Boakye holds a Practicing Certificate from the General Legal Council and is a Barrister-at-Law. He holds LLM (Oil and Gas Law) from the University of Ghana, Legon, LLB from Mountcrest University College, Accra, and MBA in Finance from Leicester University, UK. He is a Chartered Banker and member of ACIB-Ghana. Rev. Osei-Boakye was approved as Board Secretary of Ada Rural Bank PLC on October 31, 2025.



PROFILE OF KEY MANAGEMENT PERSONNEL

Gideon Kwabena Odei – Chief Executive Officer

Mr. Odei is a Rural Banking Executive with a demonstrated history of 18 years working in several Rural Banks in Ghana. He is skilled in Corporate Governance, Regulatory Compliance, Negotiation, Administration, Financial Analysis, Banking Operations and Customer Service. He joined the Ada Rural Bank PLC on 1st March 2024 as the CEO. Mr. Odei is well trained and skilled in TEMENOS T24 Banking Application. Mr. Odei has a Master of Business Administration (MBA) from Accra Business School and a BSc (Hons) in Agriculture, both awarded by Kwame Nkrumah University of Science and Technology, Kumasi, Ghana.

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

Jacob Tetteh Numo – Human Resource and Administration Manager

Mr. Numo has over three decades of experience in the rural banking environment. He has served the Bank as the Branch Manager for two years, Head of Banking Operations for eleven years and Head of Finance and Administration for nine years. He is currently the Human Resource and Administration Manager, with a focus on building an effective team, employee development, and ensuring institutional capacity building. Mr. Numo has participated in several conferences, seminars and workshops organized by Bank of Ghana, ARB Apex Bank and the Association of Rural Banks – Ghana. Mr. Numo holds a BSc in Banking and Finance (2nd Class Upper Division). He is currently a student member of the Chartered Institute of Bankers and has passed the Intermediate level of the Associateship examination.

Moses N. Gbagidie –Internal Audit Manager

Mr. Gbagidie started his banking career as a Credit Officer on 2nd October 2008. He held the Credit officer position for six years until 2014. He became the Microfinance Coordinator from 2015 to June 2022. Currently, he is the Internal Audit Manager of the Bank. Mr. Gbagidie holds a Bachelor of Commerce in Computing and a Diploma in Renewable Natural Resource Management from Kwame Nkrumah University of Science and Technology.

Richard Ofori Atruku - I.C.T. Manager

Mr. Ofori Atruku has more than 12 years' experience as an Information Technologist, with a diverse background in Database Design, Data Engineering and Computer Forensics. He joined Ada Rural Bank PLC as a Senior Systems Administrator on 1st November 2010. He is currently the ICT Manager. Mr. Atruku holds BSc. Information Technology from the Pentecost University College and MSc. in Industrial Finance and Investment from the Kwame Nkrumah University of Science and Technology. He also holds a Diploma in Information System Analysis and Design and an Advanced Diploma in Computer Science, both awarded by the Association of Computer Professionals, England, (UK). Mr. Ofori Atruku is a certified member of the Institute of Project Management Professionals, Ghana. He is also certified by the Data Protection Commission as a Data Protection Supervisor (DPS).

Philip Jos Kofi Zormelo – Acting Risk and Compliance Manager

Mr. Zormelo has 16 years of Rural Banking experience with an in-depth knowledge in Banking Operation, Finance, Audit, Risk/ Compliance & AML, Credit Management, Branch Management. His core competences are Regulatory Reporting, Data Analysis, Interbank Clearing, T24 e-Merge Banking Application and good interpersonal and presentation skills. Mr. Zormelo obtained a Higher National Diploma (HND) in Accountancy from Ho Polytechnic and a bachelor's degree in commerce (B. Com) from the University of Cape Coast, Ghana.

Arnold Agbasi Gadugah – Acting Credit/Marketing Manager

Mr. Arnold Gadugah started his banking career as an Accounts Clerk on 2nd May 2002. He rose through the ranks to assume the position of Branch manager in the year 2014. He was assigned the role of Acting Head of Credit Department from January 2021 to June 2021. He was appointed the Recovery Manager of Ada Rural Bank in May 2023 at the time the Bank was bent to survive on recovery of delinquent loans and overdrafts. He is currently acting as the Head of Credit/Marketing Department of the Bank in absence of a substantive Manager. Mr. Arnold Gadugah acquired First Class Honours in Bachelor of Science in Business Administration (Accounting) from the Kwame Nkrumah University of Science and Technology in the year 2016. He also acquired qualifications in the Royal Society of Arts Advance (RSA stage 3) in the year 2000.

MR. CARRUTHERS LARBI-MANTE --Operations Manager

Mr. Larbi-Mante begun his banking career as a Senior Clerk in November 2009. Since then, he has acquired considerable experience in various aspects of Banking Operations, Internal Auditing and IT Systems Auditing.

He holds BSc. Accounting and Information System from KNUST (2016) and Diploma in Business Studies, Accounting Option (2009) from UPSA. He is a member of the Institute of Internal Auditors, Ghana and is currently pursuing MSc. Information Technology at KNUST. He joined the Bank on 1st October 2025.

MR. JOSHUA OFOE SOTTIE --- Finance Manager

Mr. Sottie has about 4 years' experience in the Microfinance Sector in the areas of AML/ Compliance, Finance and Accounting as well as Credit Management. Prior to that he worked as a Graduate Teaching and Research assistant with the Department of Finance, University of Ghana. He holds MPhil. in Finance and BSc. Administration (Banking and Finance) both from the University of Ghana, Legon. He is currently a student of the Institute of Chartered Accountants- Ghana (ICAG – Part II). Mr. Joshua Sottie joined the bank on 1st December 2025.

PROFESSIONAL DEVELOPMENT AND TRAINING OF DIRECTORS

DATE	NAME OF DIRECTOR	TOPIC	ORGANISED BY / VENUE
7th–8th March, 2025	Mr. Bernard K. Bosumprah Mr. Ernest Amartey-Vondee Mr. Michael K. Assem	Governance, Risk & Compliance	ARB Apex Bank / Eastern Premier Hotel, Koforidua
4th July, 2025	Mr. Ernest Amartey-Vondee Nene Alhaji S. Adjovu I Mr. Prince Seth Appiah	Risk Management Framework	ARB Apex Bank / Capital View Hotel, Koforidua
24th July, 2025	Mr. Bernard K. Bosumprah Mrs. Evelyn A. Nsiah	Sustainable Financing for RCBS	Association of Rural Banks / Capital View Hotel, Koforidua
7th–10th October, 2025	Mr. Telford N. Abayateye	Overview of the Regulatory & Supervisory Framework, Corporate Governance, Risk Management, Strategic Leadership, Internal Audit & Fraud, Cyber Security and ORASS	Bank of Ghana / Eastern Premier Hotel, Koforidua

CONFLICT OF INTEREST AND ETHICS

In compliance with the Directive, Directors recognize that as agents of shareholders, they are in fiduciary relationship and they act in absolute good faith with clarity of conscience and mind, and in the supreme interest of the bank and its shareholders during the year under review. There is always an avenue for Directors to file Disclosure of Interest with the Bank. No such conflict however arose during the 2025 financial year.



REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF ADA RURAL BANK PLC

Opinion

We have audited the Financial Statements of **Ada Rural Bank PLC** which comprise the Statement of Financial Position at 31st December 2025, and the Statements of Comprehensive Income, Changes in Equity and Cash Flows for the year then ended, together with the notes to the Financial Statements which include a summary of significant accounting policies and other explanatory notes as set out on pages 27 to 60.

Subject to the comments made under the basis of opinion section of our report, in our opinion, these Financial Statements give a true and fair view of the Financial Position of Ada Rural Bank PLC at 31st December 2025, and of its financial performance and cash flows for the year then ended in accordance with the International Financial Reporting Standards (IFRSs) and in the manner required by the Companies Act, 2019 (Act 992) and the Banks and Specialised Deposit – Taking Institutions Act, 2016 (Act 930).

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

Basis for Opinion

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

i) **Going Concern Considerations**

The Financial Statements have been prepared on the going concern basis under the presumption that the bank will continue to operate into the foreseeable future at levels similar to, or better than the current levels of operations. The basis of this presumption is more fully explained in note **2.1** to the Financial Statements which also describes the nature of accounting adjustments required to be made to the attached Financial Statements if their preparation on the going concern is proven inappropriate.

The validity of the going concern presumption is further challenged by the Bank of Ghana's guidelines on the revised microfinance sector reform framework, per notice number BG/GOV/SEC/2026/03 dated 27th January 2026, which directs all rural banks to convert to community banks and increase their paid-up capital to a minimum of **GH¢5 million**, on or before 31st December 2026.

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

As at the reporting date, the stated capital of the bank was **GH¢1,200,753** and this amount was impaired by the deficit balance of **GH¢7,459,608** on the Retained Earnings account.

The validity of the going concern presumption is therefore contingent upon the continued financial support by the shareholders and the directors of the bank as well as the ability of the bank to generate sufficient revenues from its operations to fully underwrite its operating expenditure.

The directors of the bank have provided assurances that they are in the process of engaging the shareholders and other stakeholders of the bank to raise sufficient money to meet the minimum paid-up capital before the deadline set by the Bank of Ghana.

ii) Balances of Doubtful or Uncertain Recovery

a. Gold Coast Securities/Brooks Asset Management

The bank's portfolio of investments included amounts originally considered and disclosed as short-term placement with certain licensed Fund Management Institutions including the Gold Coast Securities Limited (now Black Shield Capital Management limited) and Brooks Asset Management Limited amounting to **GH¢414,266 (2024: GH¢414,266)** and **GH¢308,277 (2024: GH¢333,134)** respectively.

The values of the above investments have been maintained in the bank's books at their historical values regardless of the lack of certainty with regards to their recoverability.

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

For various stated reasons published by the SEC, the Operating Licenses of Gold Coast Securities Limited (i.e. Black Shield Capital Management limited) and Brooks Assets Management Limited were revoked.

On March 11, 2025, an amount of **GH¢24,857** was deposited into the bank's account with the GCB Bank Plc to reduce the indebtedness of Brooks Asset Management Ltd from **GH¢333,134** to **GH¢308,277** as at the reporting date.

b. Investment in Government Bonds

This investment was originally a government bond which under a domestic debt exchange program (DDEP) has been rescheduled in terms of the timing of its repayment to five (5) years. The balance was initially reported at **GH¢1,071,401** out of which 50% (**GH¢535,701**) was paid by the government in 2021 leaving the balance of **GH¢535,701** at the reporting date.

The responsibility to repay this balance to the Ada Rural Bank Plc has subsequently been transferred to the Amalgamated Mutual Fund established by the Government of Ghana under the financial canopy and supervision of the GCB Bank Plc, and the balance has since been placed or categorized as a zero-rated bond in the books of the Amalgamated Mutal Fund Limited. No further payment has since been received from the Amalgamated Mutual Fund after the initial 50%-part payment made in 2021.



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

Background to the Amalgamated Mutual Fund

The Amalgamated Mutual Fund (AM Fund) is an open-ended collective investment scheme set up by the GCB Capital Limited (GCL) with funding from the government of Ghana. It is a Special Purpose Vehicle (SPV) to implement a bailout programme for investors whose funds were locked up with the defunct Fund Management Companies (FMCs). Membership of the Fund is opened to validated former clients of the defunct FMCs. Investors receive pro-rata shares of their validated claims in either one or both tiers of the Fund.

c. *Uncertainty*

Whilst it may thus be difficult under the circumstances to predict when and how these Fixed Term Deposit investments will be repaid, the directors of the bank have informed us that they have taken appropriate steps to secure the repayment of the amounts due to the bank. Related interest income is consequently suspended. The directors are further relying on the Presidential assurance given by the President of the Republic of Ghana to the effect that all validated or verified deposits will be paid to the respective investors under the financial sector clean up exercise.

Key Audit Matters

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

1.0 Revenue recognition (i.e. *Interest Income GH¢6,556,313*)

Refer to Note 3 to the Financial Statements.

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

How the matter was addressed in our audit

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

2.0 Existence and Valuation of Loans and Advances (GH¢5,278,221)

Refer to Note 12 to the Financial Statements.

Loans and Advances are non-derivative financial assets having fixed or determinable cash flow patterns and are not quoted on any active market. Loans and Advances are

REPORT OF THE INDEPENDENT AUDITORS

TO THE MEMBERS OF ADA RURAL BANK PLC (CONT'D)

initially recognized at fair value equivalent to the cash consideration or outflow required to originate or generate the loan (transaction costs excepted) and measured subsequently at amortised cost using the effective interest method. Where any impairment arises the estimated impairment loss is fully provided for and recognized in the profit and loss as charge for credit losses.

How the matter was addressed in our audit

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

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

3.0 Existence and Valuation of Investments (GH¢30,778,537)

Refer to **Note 10 and 14** to the Financial Statements.

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

How the matter was addressed in our audit

For such investments, we inspected investment certificates issued by the investee entities and recomputed earned interest up to the reporting date. We generally confirmed additions and redemptions to supporting documentation for all investment types.

We reviewed independent statements issued by custodial and depository entities and reconciled to the ledgers of the company and tested the valuation of quoted investments to the market.

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

Other Information

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

In connection with our audit of the Financial Statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the Financial Statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information; we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Statements

The Directors are responsible for the preparation of Financial Statements that give a true and fair view in accordance with International Financial Reporting Standards and in the manner



REPORT OF THE INDEPENDENT AUDITORS

TO THE MEMBERS OF ADA RURAL BANK PLC (CONT'D)

required by the Companies Act, 2019 (Act 992), and the Banks and Specialised Deposit – Taking Institutions Act 2016, (Act 930).

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

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

Responsibilities of the Auditors for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstance, but not for the purpose of expressing an opinion on the effectiveness of the bank's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the bank's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our audit report to the related disclosures in the Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our audit report. However, future events or conditions which are beyond the scope of this report may cause the bank to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the Financial Statements, including the disclosures, and whether the Financial Statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

REPORT OF THE INDEPENDENT AUDITORS

TO THE MEMBERS OF ADA RURAL BANK PLC (CONT'D)

- Provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence and communicate with them all relationships and other matters that may reasonably be considered to bear on our independence, and where applicable, related safeguards.
- Determine, from the matters communicated with the Directors, those matters that were of most significance in the audit of the Financial Statements of the current period and are therefore the key audit matters. We describe these matters in our audit report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Matter

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

Report on Legal and other Regulatory Requirements

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

1. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit.
 2. In our opinion proper books of accounts have been kept by the bank, as far as appears from our examination of those books.
 3. Save as expressly stated elsewhere in this report, the bank's Statement of Financial Position and Statement of Profit or Loss and Other Comprehensive Income are in agreement with the books of accounts.
 4. As earlier said in the opinion paragraph, to the best of our knowledge and belief, the Financial Statements present in all material respect the required information in the manner prescribed by the Companies Act 2019 (Act 992); and
 5. In form and substance, we are independent of the bank in accordance with Section 143 of the Act and also in accordance with the Code of Ethics for Professional Accountants.
- (a) Under section 85(2) of the Banks and Specialised Deposit-Taking Institutions Act, 2016 (Act 930), we are also required to state certain matters in our report. We accordingly state that:
- 1) We were able to obtain all the information and explanation required for the efficient performance of our duties as auditors;
 - 2) Save as expressly stated elsewhere in our report, the Bank's transactions were within its powers;
 - 3) Nothing has come to our attention to suggest that the Bank breached any provisions of the Anti-money Laundering Act, 2020 (Act 1044), and the Anti-Terrorism Act, 2008 (Act 762); and
 - 4) Except for the relevant regulatory provisions pertaining to Capital Adequacy Ratio and the Primary Liquidity Reserve ratio which the bank was unable to achieve,



REPORT OF THE INDEPENDENT AUDITORS

TO THE MEMBERS OF ADA RURAL BANK PLC (CONT'D)

as far as appears from our examination of its records, the bank has complied in all material respects with the provisions of the Banks and Specialized Deposit – Taking Institutions Act 2016 (Act 930).

- (b) The Bank of Ghana has issued a set of corporate governance directives which became effective on 31st March 2022. Among other things, this required the board to give a declaration in the annual report and audited Financial Statements as to the compliance or otherwise of the bank to this directive. The required declaration is embodied in the directors' Statement on Corporate Governance which can be found on pages 14 to 19 of this report.

Our review indicates that there are areas where improvements can be made. These include the appropriate documentation of succession planning for directors and senior management in a manner that preserves institutional memory.

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


Chartered Accountants (ICAG/F/2025/069)

BCB Legacy House

#44 Nii Amugi Avenue

East Adabraka, Accra

P. O. Box CT 1552

Cantonments -Accra, Ghana.

April 10, 2026

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED DECEMBER 31, 2025

	Notes	2025 GH¢	2024 GH¢
Interest Income	3	6,556,313	6,154,642
Interest Expenses	4	(724,822)	(803,989)
		-----	-----
Net Interest Income		5,831,492	5,350,653
Commissions and Fees	5	398,453	314,418
Other Operating Income	6	465,142	826,382
		-----	-----
Total Operating Income		6,695,087	6,491,453
Charge for Credit Losses	12(d)	1,461,939	697,433
Operating Costs	7	(6,319,115)	(7,705,702)
		-----	-----
Profit/(Loss) before Taxation		1,837,910	(516,816)
Taxation	18(i)	(974,380)	2,015,459
		-----	-----
Profit/(Loss) after Taxation		863,530	1,498,642
Other Comprehensive Income		-	-
		-----	-----
Total Comprehensive Income for the year		863,530	1,498,642
		=====	=====
Earnings Per Share (EPS)			
Basic and Diluted Earnings per Share		0.050	0.0846



**STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2025**

	NOTES	2025 GH¢	2024 GH¢
ASSETS			
Cash and Bank Balances	9	1,987,603	727,323
Short Term Investments	10	30,778,537	25,208,635
Apex Bank Deposit Reserve	11	2,555,991	2,267,118
Loans and Advances to Customers	12	5,278,221	3,265,087
Long Term Investment	14	1,258,244	1,283,101
Deferred Tax	18(iii)	263,910	1,146,394
Equity Investments	13	175,910	138,410
Other Assets	15	2,328,020	1,807,341
Property and Equipment	20	4,304,292	4,475,151
Right-of Use		58,277	28,078
Intangible Assets	19	137,937	165,522
Current Tax	18(iv)	304,978	306,874
		-----	-----
TOTAL ASSETS		49,431,920	40,819,034
		=====	=====
LIABILITIES & SHAREHOLDERS' FUNDS			
Liabilities			
Customer Deposits	16	50,565,982	43,648,551
Creditors and Accruals	17	1,814,235	830,851
Managed Funds Borrowings		166,091	160,091
Medium Term Loans		39,345	211,803
		-----	-----
Total Liabilities		52,585,653	44,857,296
Shareholders' Funds			
Stated Capital	22	1,200,753	1,179,753
Revaluation Reserve	23	918,535	918,535
Retained Earnings Account	24	(7,549,608)	(7,455,076)
Statutory Reserves	21	1,425,266	1,317,325
Credit Risk Reserve	12(f)	760,121	-
Building Reserve		1,200	1,200
		-----	-----
Total Shareholders' Funds		(3,153,733)	(4,038,263)
		-----	-----
TOTAL LIABILITIES & SHAREHOLDERS' FUNDS		49,431,920	40,819,034
		=====	=====
Net Asset per Share (GH¢ per Share)		(0.1313)	(0.2280)



.....
(BOARD CHAIRMAN)



.....
DIRECTOR

March 27, 2026

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2025**

	2025 GH¢	2024 GH¢
Operating Activities		
Profit before Tax	1,837,810	(516,817)
Add:		
Depreciation and Amortisation	506,309	477,164
Loan Impairment	(1,461,939)	(697,433)
Right of Use	(30,199)	-
	-----	-----
Cash Inflow/(Outflow) before Changes in Operation Assets and Liabilities	852,082	(673,572)
Decrease /(Increase) in Loans and Advances	(551,195)	1,826,716
Decrease/(Increase) in Other Assets	(520,679)	1,867,820
Decrease/(Increase) in Creditors and Accruals	983,383	(421,620)
Increase in Customer Deposits	6,917,431	7,238,447
	-----	-----
	6,828,940	10,511,363
	-----	-----
Cash flow from Operating Activities	7,769,513	9,837,791
Tax Paid	(90,000)	-
	-----	-----
	7,591,022	9,837,791
Investing Activities		
Property and Equipment Purchased	(307,864)	(130,336)
Change in Non-Cash Equivalent Investments	(2,391,174)	(11,219,384)
Addition to Equity Investment	(37,500)	(37,500)
	-----	-----
	2,736,573	(11,387,220)
	-----	-----
Cash Outflow from Investing Activities		
Financing Activities		
Proceeds from Issue of Shares	21,000	30,745
Loan repayments	(172,459)	(40,621)
	-----	-----
Net Cash Outflow from Financing	(151,459)	(9,876)
	-----	-----
Net Increase/(Decrease) in Cash and Cash Equivalent	4,703,027	(1,559,305)
Cash and Cash Equivalents at January 1	11,273,682	12,832,987
	-----	-----
Cash and Cash Equivalents at December 31	15,976,709	11,273,682
	=====	=====
Analysis of Cash and Cash Equivalents as shown in the Balance Sheet		
Apex Deposits Reserve	2,555,991	2,267,118
Cash and Bank Balances	1,987,603	727,323
91-Days Treasury bills	4,483,115	8,279,241
ACOD & REPO	6,950,000	-
	-----	-----
	15,796,709	11,273,682
	=====	=====

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

	Stated Capital GH¢	Credit Risk Reserve GH¢	Statutory Reserve Fund GH¢	Reva- luation Reserve GH¢	Retained Earnings GH¢	Building Reserve GH¢	Total GH¢
2025							
Balance at 1 st January	1,179,753	-	1,317,325	918,535	(7,455,076)	1,200	(4,038,263)
Issue of Shares for Cash	21,000	-	-	-	-	-	21,000
Net Profit for the Year	-	-	-	-	863,530	-	863,530
Transfer to Statutory Reserve	-	-	107,941	-	(107,941)	-	-
Transfer from Credit Risk Reserve	-	760,121	-	-	(760,121)	-	-
Balance at 31st December	1,200,753	760,121	1,425,266	918,535	(7,459,608)	1,200	(3,153,733)
	=====	=====	=====	=====	=====	=====	=====

	Stated Capital GH¢	Credit Risk Reserve GH¢	Statutory Reserve Fund GH¢	Reva- luation Reserve GH¢	Retained Earnings GH¢	Building Reserve GH¢	Total GH¢
2024							
Balance at 1 st January	1,149,008	-	568,004	918,535	(8,204,397)	1,200	(5,567,650)
Issue of Shares for Cash	30,745	-	-	-	-	-	30,745
Net (Loss)/ Profit for the Year	-	-	-	-	1,498,642	-	1,498,642
Transfer to Statutory Reserve	-	-	749,321	-	(749,321)	-	-
Transfer from Credit Risk Reserve	-	-	-	-	-	-	-
Balance at 31st December	1,179,753	-	1,317,325	918,535	(7,455,076)	1,200	(4,038,263)
	=====	=====	=====	=====	=====	=====	=====

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2025

1. THE REPORTING ENTITY

1.1 The Company

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

The bank is domiciled in Ghana with its head office and network of Branches located within the Greater Accra region of Ghana. The registered office is at Kasseh-Ada in the Greater Accra Region of Ghana. The audited Financial Statements were authorized for issue by the Board of Directors on **27th day of March 2026**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Financial Statements of the bank for the year ended 31st December 2024 incorporate the principal accounting policies set out below, including changes introduced by the International Financial Reporting Standards (IFRS).

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

2.1 Basis of Presentation

The bank prepares its Financial Statements under the historical cost basis as modified by the revaluation of certain assets and liabilities through the assessment of impairment and fair value measurement. The preparation of the Financial Statements is underpinned by the going concern basis which assumes that the bank will continue to operate into the foreseeable future on a scale similar to, or better than the levels of current operations.

The presumption of going concern is challenged by the following:

- a. The total liabilities of the Bank at the reporting date is in excess of its total assets by **GH¢3,153,733 (2024: GH¢4,038,263)**. This deficit undermines the viability of the going concern presumption. In order for the presumption of going concern to prevail, the bank must demonstrate its ability to generate sufficient revenues from its operations to underwrite its recurrent expenditures, and further exhibit capacity to raise addition equity capital within the timelines directed by the Bank of Ghana (BoG). The Shareholders and Directors of the bank have provided assurances that they would continue to provide financial support to the bank until it is able to meet its financial obligations to depositors and other outside parties as they fall due.
- b. The total assets of the bank at the reporting date included aspects with diluted liquidity potential due to lack of recoverability disclosed under Other Assets (**see note 15**). These assets totalled **GH¢985,792 (2023: GH¢1,133,407)** and the directors are discussing options opened to the bank to amortise the amounts through the profit or loss account in subsequent years.

Should the bank be unable to continue to operate, adjustments would have to be made to the Financial Statements to restate Assets at their Break-up values, recognize any costs associated or consequential upon their disposal, and reclassify long term liabilities as short term.

2.2 Income Recognition

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

Interest Income

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

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

The effective interest rate is calculated within the context of all estimated Cash Flows, and due consideration to all contractual terms of the financial instrument including any

early payment options but not future credit losses. The calculation also includes all related transactional cost such as processing and commitment fees received by the bank.

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

Commissions and Fees

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

Other Operating Income

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

2.3 Interest Expense

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

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

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

2.4 Financial Assets and Liabilities

2.4.1 Date of Recognition

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

2.4.2 Initial Measurement of Financial Instruments

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

2.4.3 Classification and Measurement Categories of Financial Assets and Liabilities

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

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

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

2.4.4 Loans and Advances to Customers, Financial Investments at Amortized Cost

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

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

(a) Business Model Assessment

The Bank determines its business model at the level that best reflects how it manages groups of financial assets to achieve its business objective. The Bank's business model is not assessed

on an instrument-by-instrument basis, but at a higher level of aggregated portfolios and is based on observable factors such as:

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

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

(b) The SPPI Test

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

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

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

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

2.4.5 Financial Assets or Financial Liabilities held for Trading.

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

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

2.4.6 Equity Instruments at FVOCI

Upon initial recognition, the Bank elects to classify irrevocably its equity investments as equity instruments at FVOCI and are not held for trading. Equity investments are marked to market. Market in this context refers to the periodic advice issued by the ARB Apex Bank regarding the price of its equity shares held by the bank. Gains and losses on these equity instruments are never recycled to profit.

Dividends are recognized in profit or loss as other operating income when the right of the payment has been established. Equity instruments at FVOCI are not subject to an impairment assessment.

2.4.7 Debt issued and other Borrowed Funds.

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

2.4.8 Financial Assets and Financial Liabilities at Fair Value through Profit or Loss

Financial assets and financial liabilities in this category are those that are held for trading and

have been either designated by management upon initial recognition or are mandatorily required to be measured at fair value under IFRS 9. Management only designates an instrument at FVTPL upon initial recognition when one of the following criteria are met. Such designation is determined on an instrument-by-instrument basis:

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

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

2.5 Derecognition of Financial Assets and Liabilities

2.5.1 Derecognition due to Substantial Modification of Terms and Conditions

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

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

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

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

2.5.2 Derecognition other than for substantial modification

(a) Financial assets

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

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

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

(b) Financial liabilities

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

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

(c) Offsetting

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

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

2.6 Impairment of financial assets

2.6.1 Overview of the Expected Credit Loss (ECL) principles

The Bank records the allowance for expected credit losses for all loans and other debt financial assets not held at Fair Value through Profit/Loss (FVPL) in this Section, all referred to as 'financial instruments'. Equity instruments are not subject to impairment under IFRS 9.

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

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

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

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

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

- Stage 1: When loans are first recognized, the Bank recognizes an allowance based on 12m ECLs. Loans that have not undergone a significant increase in credit risk since initial recognition and are not credit-impaired are also included in stage 1. Stage 1 loans also include facilities where the credit risk has improved and the loan has been reclassified from Stage 2.
- Stage 2: When a loan has shown a significant increase in credit risk since origination, the Bank records an allowance for the LTECLs. Stage 2 loans also include facilities, where the credit risk has improved and the loan has been reclassified from Stage 3 after a curing period of 6 months.
- Stage 3: Loans considered credit impaired. The bank records an allowance for the LTECLs. For financial assets for which the Bank has no reasonable expectations of recovering either the entire outstanding amount, or a proportion thereof, the gross carrying amount of the financial asset or the irrecoverable portion is written off.

2.6.2 The calculation of ECLs

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

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

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



- EAD The Exposure at Default is an estimate of the exposure at a future default date, taking into account expected changes in the exposure after the reporting date, including repayments of principal and interest, whether scheduled by contract or otherwise, expected drawdowns on committed facilities, and accrued interest from missed payments.
- LGD The Loss Given Default is an estimate of the loss arising in the case where a default occurs at a given time. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, including from the realization of any collateral. It is usually expressed as a percentage of the EAD.

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

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

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

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

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

The mechanics of the ECL method are summarized below:

- Stage 1: The 12m ECL is calculated as the portion of LTECLs that represent the ECLs that result from default events on a financial instrument that are possible within the financial statement 12 months after the reporting date. The Bank calculates the 12m ECL allowance based on the expectation of a default occurring in the 12 months following the reporting date. These expected 12- month default probabilities are applied to a forecast EAD and multiplied by the expected LGD and discounted by an approximation to the original EIR. This calculation is made for each of the three scenarios, as explained above.
- Stage 2: When a loan has shown a significant increase in credit risk since origination, the Bank records an allowance for the LTECLs. The mechanics are similar to those explained above, including the use of multiple scenarios, but PDs and LGDs are estimated over the lifetime of the instrument. The expected cash shortfalls are discounted by an approximation to the original EIR
- Stage 3: For loans considered credit-impaired the Bank recognizes the lifetime expected credit losses for these loans. The method is similar to that for Stage 2 assets, with the PD set at 100%.

2.6.3 Forward looking information

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

- GDP growth
- Unemployment rates
- Central Bank policy rates

- Consumer price indices
- Inflation rates

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

2.6.4 Restructured financial assets.

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

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

2.7 Collateral valuation

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

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

2.8 Collateral repossessed.

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

2.9 Write-off policy

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

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

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

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

2.9.1 Determination of Fair Value

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

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

2.10 Cash and Cash Equivalents

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

2.11 Equity Investment

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

2.12 Property and Equipment

(a) Tangible Fixed Assets

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

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

Land and Building	2.5%
Motor Vehicle	20%
Office Furniture & Equipment	20%
Computer	20%
T24 User License Software	10%

(b) Intangible Assets

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

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

2.13 Income Tax

Current Tax

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

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

Deferred Tax

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

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

2.14 Provisions

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

If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of

money and, where appropriate, the risks specific to liability.

2.15 Stated Capital and Reserves

(a) Stated Capital

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

(b) Statutory Reserves

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

(c) Capital Surplus/Reserves

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

(d) Retained Earnings

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

(e) Credit Risk Reserve

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

2.16 Post Balance Sheet Events

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

2.17 Employment Benefit

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

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

National Pension

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

2.18. Leases

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

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

NOTES TO THE FINANCIAL STATEMENTS

	2025 GH¢	2024 GH¢
3. INTEREST INCOME		
Interest on Loans and Advances	1,963,153	1,858,749
Interest on Government Securities & Other Investments	4,593,160	4,403,806
	-----	-----
	6,556,313	6,262,555
	=====	=====
4. INTEREST EXPENSE		
Interest on Borrowing	4,129	12,852
Interest on Savings Accounts	331,540	397,534
Interest on Fixed Deposits	389,153	393,603
	-----	-----
	724,822	803,989
	=====	=====
5. COMMISSIONS AND FEES		
Remittance Fess	17,185	9,655
Commitment Fees (Note 27)	165,694	86,250
Commission on Turnover	215,574	218,512
	-----	-----
	398,453	314,418
	=====	=====
6. OTHER OPERATING INCOME		
ATM Fees	4,688	1,638
Cheque Clearing Fees	22,985	39,392
SMS Charges	67,860	64,266
Sundry Income	369,609	721,086
	-----	-----
	465,1428	826,382
	=====	=====
7. OPERATING COSTS		
Donation	10,700	8,645
Amortisation (See note 19)	27,585	27,585
Audit Fees	50,000	45,000
Directors' Remuneration	54,500	70,100
Depreciation (see note 20)	478,724	449,579
General and Administrative Expenses	2,689,182	3,810,684
Staff Related Costs (See note 8)	3,008,422	3,294,109
	-----	-----
	6,319,113	7,705,702
	=====	=====

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

	2025 GH¢	2024 GH¢
8. STAFF RELATED COSTS		
Staff Housing Expenses	51,386	63,550
Staff Medical expenses	68,269	66,723
Staff Provident Fund Costs	135,586	96,184
Other Staff Costs	146,735	125,677
Staff Social Security Costs	165,024	166,719
Staff Training Expenses	181,680	196,992
Salaries, Wages & Allowances	2,259,742	2,578,264
	-----	-----
	3,008,422	3,294,109
	=====	=====
<i>The decline in staff costs was largely due to the termination of employment of some key management staff.</i>		
9. CASH AND BANK BALANCES		
Balances with Other Banks	225,132	518,099
ARB Apex Clearing Account	351,245	(885,315)
Cash on hand	1,411,226	1,094,539
	-----	-----
	1,987,603	727,323
	=====	=====
10. SHORT TERM INVESTMENTS		
(i). Treasury Bills Redeemable within 91 days		
At Maturity Value	4,640,000	8,640,000
Less: Unearned Discount at reporting dates	(156,885)	(360,759)
	-----	-----
	4,483,115	8,279,241
	-----	-----
(ii). Treasury Bills Redeemable within 182 days		
At Maturity Value	12,816,001	13,166,001
Less: Unearned Discount at reporting dates	(447,004)	(824,361)
	-----	-----
	12,368,997	12,341,640
	-----	-----
(iii). Treasury Bills Redeemable within 364 days		
At Maturity Value	7,300,000	5,100,000
Less: Unearned Discount at reporting dates	(323,576)	(512,246)
	-----	-----
	6,976,424	4,587,754
	-----	-----



NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

	2025 GH¢	2024 GH¢
(iv). Investment with ARB Apex Bank		
<i>Value at 1st January :</i>		
Apex Certificate of Deposit (ACOD)	-	980,000
Repurchase Agreements (REPO)	-	-
<i>Additions/ (Redemptions):</i>		
Apex Certificate of Deposit (ACOD)	1,950,000	(980,000)
Repurchase Agreements (REPO)	5,000,000	-
	-----	-----
	6,950,000	-
	-----	-----
Total (i - iv)	30,778,537	25,208,635
	=====	=====
11. APEX BANK DEPOSIT RESERVE		
Balance at 1 st January	2,267,118	1,737,997
Net Investments during the year	288,873	529,121
	-----	-----
Balance at 31st December	2,555,991	2,267,118
	=====	=====
12. LOANS AND ADVANCES		
(a) Analysed by Type of Facility		
Overdraft	3,784,313	2,502,919
Loans	5,972,470	6,693,626
	-----	-----
	9,756,783	9,196,545
Less: Provision for Credit Losses	(4,406,005)	(5,867,944)
Deferred Income on Commitment Fees (See Note 27)	(72,557)	(63,514)
	-----	-----
	5,278,221	3,265,087
Relevant Statistics		
(i) Credit loss provision ratio	(14.98%)	(7.58%)
(ii) Cumulative credit loss provision ratio	45.16%	63.8%
(iii) Percentage of Staff Loans	9.98%	11.25%
(iv) Non-Performing Loans & Advances Ratio (per BoG Model)	52.95%	63.81%
(v) Total Non-Performing Loans & Advances (per BoG Model)	5,106,728	5,815,937

The above constitute loans and advances to customers and staff. The maximum amount due from officers of the bank during the year amounted to GH¢973,500 **(2024: GH¢1,034,635).**

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

	2025 GH¢	2024 GH¢
(b) Analysed by Type of Customer		
Private Enterprises	1,226,493	1,159,636
Staff	973,500	1,034,635
Public Institutions	100,047	130,071
Individuals	7,456,743	6,872,203
	-----	-----
	9,756,783	9,196,545

Less: Provision for Credit Losses	(4,406,005)	(5,867,944)
Deferred Income on Commitment Fees (See Note 27)	(72,557)	(63,514)

-----	-----
5,278,221	3,265,087

=====

=====

(c) Analysed by Business Segment

Agriculture & fishing	551,556	1,547,253
Cottage & Manufacturing industries	562,746	764,929
Transport	-	934,913
Trading	5,945,146	2,583,305
Others	2,697,335	3,366,144
	-----	-----
	9,756,783	9,196,545

Less: Provision for Credit Losses	(4,406,005)	(5,867,944)
--	-------------	-------------

Deferred Income on Commitment Fees (See Note 27)	(72,557)	(63,514)
---	----------	----------

-----	-----
5,278,221	3,265,087

=====

=====

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

Balance on the Provision at 1 st January	5,867,944	6,565,377
Movement in Provision for the year	(1,461,939)	(697,433)

Balance on the Provision at 31 st December	4,406,005	5,867,944
---	------------------	------------------

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=====

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

	Stage 1 GH¢	Stage 2 GH¢	Stage 3 GH¢	Total GH¢
Total Gross Loans	1,751,588	81,268	7,923,909	9,756,783
Expected Credit Losses (ECL)	(9,610)	(463)	(4,395,932)	(4,406,005)
	-----	-----	-----	-----
	1,741,978	80,823	3,527,977	5,350,778
	=====	=====	=====	=====

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

In 2024 the provision for expected credit losses (ECL) was done using Bank of Ghana (BOG) criteria of aging analysis on loans and overdraft provisioning instead of the IFRS 9 Expected Credit Loss (ECL) model.

The bank failed to implement the IFRS 9 ECL model of provisioning because the ECL calculator resulted in a lower provision amount below **GH¢200,000** and considering the proportion of loss default of the bank's loans and overdraft which was more than 63% of the entire loan portfolio of **GH¢9,196,545**, the ECL calculator could not be accepted then as the best method in making the right provision in the Financial Statements.

		2025 GH¢	2024 GH¢
(e) Expected Credit Losses (ECL) per BoG Guidelines			
	Percent	Category	Provision
Current	1%	38,899	32,771
Other Loans Especially Mentioned (OLEM)	5%	2,113	7,704
Substandard	25%	2,465	1,735
Doubtful	50%	15,922	9,797
Loss	100%	5,106,728	5,815,937
		-----	-----
		5,166,126	5,867,944
		=====	=====
Balance on the Provision at 1 st January		5,867,944	6,565,377
(Credit)/Debit Provision for the year		(701,818)	(697,433)
		-----	-----
Balance on the Provision at 31st December		5,166,126	5,867,944
		=====	=====

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

(f) Movement in the Credit Risk Reserve

Cumulative Credit Losses

Balance December 31 (per BOG Model)	5,166,126	-
Balance December 31 (per IFRS 9 Model)	4,406,006	-
	-----	-----
Difference	760,121	-
	=====	=====
Balance at 1 st January	-	-
Transfer from Retained Earnings	760,121	-
	-----	-----
Balance at 31st December	760,121	-
	=====	=====

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

Credit Risk Reserve is an appropriation from Retained Earnings as the difference between the IFRS 9 ECL Model and BoG Guidelines for Expected Credit Losses. The balance at the current reporting date is compared to the balance at the previous reporting date and the difference adjusted through the Retained Earnings Account.

			2025 GH¢	2024 GH¢
13. EQUITY INVESTMENTS				
	<u>Shares</u>	<u>Cost/ Value GH¢</u>	<u>2025 GH¢</u>	<u>2024 GH¢</u>
Ordinary Shares in ARB Apex Bank at Cost	56,634	1.23	69,660	69,660
Non-Renounceable Rights Issue:	25,406	1.23	31,250	31,250
Additional Shares	60,976	1.22	75,000	37,500
	-----	-----	-----	-----
	112,528	1.23	175,910	138,410
	=====	=====	=====	=====

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

14. LONG TERM INVESTMENT

(i) Brooks Asset Mgt. Investment

Balance at 1 st January	333,134	333,134
Amount Received During the Year	(24,857)	-
	-----	-----
Balance at 31st December	308,277	333,134
	=====	=====

(ii) Gold Coast Securities Limited

Balance at 1 st January	414,266	414,266
Amount Received During the Year	-	-
	-----	-----
Balance at 31st December	414,266	414,266
	=====	=====

(iii) Government Stock/Bond

At Cost	535,701	535,701
Amount Received During the Year	-	-
	-----	-----
At Amortized Cost	535,701	535,701
	-----	-----
Grand Total((i)-(iii))	1,258,244	1,283,101
	=====	=====

(i) Brooks Asset Management

This investment was held with Brooks Assets Management Limited. The investment has been maintained at its historical value regardless of the lack of certainty with regards to its recoverability. The Value of this investment at January 1, 2025, was **GH¢333,134**. During the year an amount of **GH¢ 24,857** was received to reduce the balance to **GH¢308,277**.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

	2025 GH¢	2024 GH¢
(ii) Gold Coast Securities Limited		
This investment was held with Gold Coast securities Limited. The investment has been maintained at its historical value regardless of the lack of certainty with regards to its recoverability. The Value of this investment as at the reporting date remained the same.		
(iii) Government Stock/Bond		
This investment was originally a government bond which under a domestic debt exchange program (DDEP) has been rescheduled in terms of the timing of its repayment to five (5) years. The balance was initially reported at GH¢1,071,401 out of which 50% (GH¢535,701) was paid by the government in 2021 leaving a balance of GH¢535,701 at the reporting date.		

15. OTHER ASSETS

Stationery Stock	47,574	39,649
Insurance Prepaid	110,755	-
Interest in Arrears	573,049	623,407
Sege Branch Fraud Suspense *	975,792	-
Uncleared Effect	398,207	315,242
Commission Accrued	72,966	62,902
Office Account	40,409	256,141
GhanaPay Operations	99,268	-
Inter-Agency	10,000	510,000
	-----	-----
	2,328,020	1,807,341
	=====	=====

Sege Branch Fraud Suspense is the total amount of money discovered as misappropriated by three members of staff at the branch in November 2025. As at the reporting date, a total amount of **GH¢159,842 had been recovered and credited to an account with the same name in Creditors & Accruals (**Note 17**). The matter is under investigation to determine the extent of culpability of each staff member involved.*

16. CUSTOMER DEPOSITS

(a) Analysed by Type of Account

Current accounts	10,618,978	8,017,182
Savings accounts	36,811,767	32,745,060
Time deposit	3,048,594	2,790,271
	-----	-----
	50,479,339	43,552,513
Add: accrued Interest Payable	86,643	96,038
	-----	-----
	50,565,982	43,648,551
	=====	=====

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

	2025	2024
	GH¢	GH¢
(b) Analysed by Type of Customer		
Private Institutions	3,532,506	1,448,446
Public Institutions	776,498	282,374
individuals	36,097,206	33,336,259
others	10,073,129	8,485,435
	-----	-----
	50,565,982	43,552,513
Add: Accrued Interest Payable	86,643	96,038
	-----	-----
	50,565,982	43,648,551
	=====	=====
 17 CREDITORS AND ACCURALS		
Interest Suspense	248,517	265,916
Dividend payable	128,838	128,838
Gh-Link Suspense account	643,976	100,669
Prov. for End of Service Benefits	131,076	50,187
Deposits for Sale of Land	215,026	155,820
Sege Branch Fraud Suspense*	159,842	-
Audit Fees Payable	50,000	45,000
Sundry creditors	236,958	84,821
	-----	-----
	1,814,234	830,851
	=====	=====
 <i>*See Note 15 for details</i>		
 18. TAXATION		
(i) Tax Expense		
Current Tax (see note 18 iv)	-	-
Growth and Sustainability Levy (GSL)	91,896	-
Deferred Tax (see note 18 iii)	882,485	(2,015,459)
	-----	-----
Total to Profit or Loss	974,380	(2,015,459)
	=====	=====

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

	2025 GH¢	2024 GH¢
(ii) Reconciliation of Effective Tax Rate		
Profit before Tax	1,837,910 =====	(516,817) =====
Income tax @ 25% (2023: 25%)	459,478	(129,204)
Tax Effect of Non-deductible Expenses	(219,018)	(52,906)
Tax Effect of Allowance Utilized	(144,408)	(59,181)
Tax Effect on Losses Carried Over	(403,055)	-
	-----	-----
Current Tax Charge in P/L	(307,003) =====	(241,291) =====
Effective Tax Rate	Nil	Nil

(iii) Deferred Tax Account

Balance at January 1	(1,146,395)	869,065
Release during the year	882,485	(2,015,459)
	-----	-----
Balance at December 31	(263,910) =====	(1,146,395) =====

Deferred income tax is determined on temporary differences under the liability method using a principal tax rate of 25%. The movement on the deferred tax account is as indicated above. The position of deferred tax is attributable to the following items.

Explained by:

Property, Plant and Equipment	855,732	739,525
Loans and Advances	(1,119,641)	(1,482,864)
Carry Over of Losses	-	(403,055)
	-----	-----
	(263,910) =====	(1,146,394) =====

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

(iv) 2025 YEAR OF ASSESSMENT (YOA)

	Balance at 1/1/25 GH¢	Charge in P & L A/c GH¢	Tax Audit Adjustment GH¢	Tax Credit/ Payments GH¢	Balance at 31/12/25 GH¢
A. Corporate Tax					
2011-2017	(35,210)	-	-	-	(35,210)
2018	(6,369)	-	-	-	(6,369)
2019	(85,704)	-	-	-	(85,704)
2020	(75,000)	-	-	-	(75,000)
2021	(48,277)	-	-	-	(48,277)
2022	(56,314)	-	-	-	(56,314)
2023	-	-	-	-	-
2024	-	-	-	-	-
2025	-	-	-	(75,000)	(75,000)
Totals (A)	(306,874)	-	-	(75,000)	(381,874)
B. Growth & Sustainability Levy					
2024	-	-	-	-	-
2025	-	91,896	-	(15,000)	76,896
Total (B)	-	91,896	-	(15,000)	76,896
Total (A&B)	(306,874)	150,377	-	(90,000)	(304,978)

Corporate Income Tax is charged at 25% (**2024: 25%**) of Taxable Profits. All tax liabilities and credits are subject to the Agreement of the Domestic Tax Revenue Division of the Ghana Revenue Authority.

Growth and Sustainability Levy

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

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

(v)

2024 YEAR OF ASSESSMENT (YOA)

	Balance at 1/1/24 GH¢	Charge in P & L A/c GH¢	Tax Audit Adjustment GH¢	Tax Credit/ Payments GH¢	Balance at 31/12/24 GH¢
C. Corporate Tax					
2011-2017	(35,210)	-	-	-	(35,210)
2018	(6,369)	-	-	-	(6,369)
2019	(85,704)	-	-	-	(85,704)
2020	(75,000)	-	-	-	(75,000)
2021	(48,277)	-	-	-	(48,277)
2022	(56,314)	-	-	-	(56,314)
2023	-	-	-	-	-
2024	-	-	-	-	-
	-----	-----	-----	-----	-----
Totals (A)	(306,874)	-	-	-	(306,874)
	-----	-----	-----	-----	-----
D. Growth & Sustainability Levy					
2022	-	-	-	-	-
2023	-	-	-	-	-
2024	-	-	-	-	-
	-----	-----	-----	-----	-----
Total (B)	-	-	-	-	-
	-----	-----	-----	-----	-----
	-----	-----	-----	-----	-----
Total (A&B)	(306,874)	-	-	-	(306,874)
	=====	=====	=====	=====	=====

19. INTANGIBLE ASSET

	2025 GH¢	2024 GH¢
Balance as at 1 st January	295,922	295,922
Payment during the year	-	-
	-----	-----
	295,922	295,922
Amortisation		
Balance as at 1 st January	130,400	102,815
Amortised during the year	27,585	27,585
	-----	-----
Balance as at 31st December	157,985	130,400
	-----	-----
Carrying amount	137,937	165,522
	=====	=====

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

20. PROPERTY AND EQUIPMENT

2025	Office Buildings GH¢	Freehold Lands GH¢	Motor Vehicles GH¢	Furniture & Fittings GH¢	Computer & Equip GH¢	Plant Machinery GH¢	Total GH¢
Cost							
At 1/1/25	3,631,358	-	418,149	152,025	1,106,961	172,993	5,481,487
Classification	(295,168)	295,168	-	-	-	-	-
Additions	-	-	28,123	-	247,039	32,702	307,864
	-----	-----	-----	-----	-----	-----	-----
At 31/12/25	3,336,190	295,168	446,272	152,025	1,354,000	205,695	5,789,351
	=====	=====	=====	=====	=====	=====	=====
Depreciation							
At 1/1/25	87,300	-	221,675	53,113	548,069	96,179	1,006,336
Charge for the year	83,405	-	85,505	30,405	243,721	35,689	478,724
	-----	-----	-----	-----	-----	-----	-----
At 31/12/25	170,705	-	307,180	83,517	791,790	131,867	1,485,059
	=====	=====	=====	=====	=====	=====	=====
Net Book Value							
At 31/12/25	3,165,485	295,168	139,092	68,508	562,210	73,828	4,304,292
	=====	=====	=====	=====	=====	=====	=====

PROPERTY AND EQUIPMENT

2024	Land & Building GH¢	WIP Renovat'n GH¢	Motor Vehicles GH¢	Furniture & Fittings GH¢	Computer & Equip GH¢	Plant Machinery GH¢	Total GH¢
Cost							
At 1/1/24	3,631,358	-	456,277	82,305	1,046,345	172,993	5,389,278
Disposal	-	-	(38,128)	-	-	-	(38,128)
Additions	-	-	-	69,720	60,616	-	130,336
	-----	-----	-----	-----	-----	-----	-----
At 31/12/24	3,631,358	-	418,149	152,025	1,106,961	172,993	5,481,487
	=====	=====	=====	=====	=====	=====	=====
Depreciation							
At 1/1/24	-	-	176,173	27,606	329,525	61,580	594,884
Disposal	-	-	(38,128)	-	-	-	(38,128)
Charge for the year	87,300	-	83,630	25,507	218,544	34,599	449,579
	-----	-----	-----	-----	-----	-----	-----
At 31/12/24	87,300	-	221,675	53,113	548,069	96,179	1,006,336
	=====	=====	=====	=====	=====	=====	=====
Net Book Value							
At 31/12/24	3,544,056	-	196,474	98,913	558,892	76,814	4,475,151
	=====	=====	=====	=====	=====	=====	=====

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

	2025 GH¢	2024 GH¢
21. STATUTORY RESERVE FUND		
At January 1 st	1,317,325	568,004
Transferred from Retained Earnings Account	107,941	749,321
	-----	-----
At December 31 st	1,425,266	1,317,325
	=====	=====

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

During the year, the Bank recorded a profit after tax of **GH¢863,530** and transferred 12.5% thereof amounting to **GH¢107,941** to Statutory Reserve Fund.

22. STATED CAPITAL	2025		2024	
	<u>No. of Shares</u>	<u>Amount</u> GH¢	<u>No. of Shares</u>	<u>Amount</u> GH¢
Authorized:				
Ordinary Shares @ 31 st December	100,000,000	-	100,000,000	-
	-----	----	-----	----
	100,000,000	---	100,000,000	-
	=====	===	=====	===
Issued for:				
Cash Consideration				
At January 1	13,245,701	662,285	12,630,801	631,540
Additions	420,000	21,000	614,900	30,745
	-----	-----	-----	-----
At December 31	13,663,701	683,285	13,245,700	662,285
Other than cash				
Transfer from Income Surplus	7,549,360	377,468	27,549,360	377,468
Transfer from Building Reserve Fund	2,800,000	140,000	2,800,000	140,000
	-----	-----	-----	-----
	24,015,061	1,200,753	23,595,061	1,179,753
	=====	=====	=====	=====

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

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

Capital Adequacy

	2025 Required by Regulation 10%	2024 Required by Regulation 10%
Capital Adequacy Ratio	Actually Achieved (16.60) %	Actually Achieved (23.78%)

**2025
GH¢**

**2024
GH¢**

23. REVALUATION RESERVE

Balance at January 1 st	918,535	918,535
Revaluation Surplus	-	-
	-----	-----
	918,535	918,535
	=====	=====

24. RETAINED EARNINGS

Balance at January 1 st	(7,455,076)	(8,204,397)
Profit for the year	863,530	1,498,642
	-----	-----
Balance before Statutory and Other Transfers	(6,591,546)	(6,705,755)
Transfer to Statutory Reserve (Note 21)	(107,941)	(749,321)
Transfer from Credit Risk Reserve	(760,121)	-
	-----	-----
Balance at December 31st	(7,459,608)	(7,455,076)
	=====	=====

25. EARNINGS PER SHARE

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

Profit/ (loss)attributable to Ordinary Shareholders	863,530	1,498,642
	=====	=====
Number of Ordinary Shares	17,077,377	16,944,461
	=====	=====
Basic Earnings per Share (in Ghana Cedis)	0.050	0.088
	=====	=====

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

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

26. ANALYSIS OF FINANCIAL ASSETS AND LIABILITIES (2025)

	Designated At Fair Value Through P & L GH¢	Held to Maturity Inv'mt GH¢	Available for Sale Fin. Asset GH¢	Loans and Receivable GH¢	Total Amount GH¢
Financial Assets					
Loans and Advances	-	-	-	5,278,221	5,278,221
Money Market Investments	-	30,778,537	-	-	30,778,537
Cash and Bank Balances	1,987,603	-	-	-	1,987,603
Deposit Reserve	2,555,991	-	-	-	2,555,991
Equity Investments	175,910	-	175,910	-	-
Total Financial Assets	4,543,594	30,778,537	175,910	5,278,221	40,776,262
	=====	=====	=====	=====	=====
Total Non-Financial Assets					8,655,658
Total Assets					49,431,920
					=====
Financial Liabilities					
Term Borrowings					39,445
Managed Funds					166,091
Creditors and Accruals					1,814,234
Taxation					-
Customer Deposits					50,565,982
Total Financial Liabilities					52,585,653
Total Non-Financial Liabilities					-
Shareholders Fund					(3,153,733)
Total Liabilities and Shareholders' Fund					49,431,920
					=====

	2025 GH¢	2024 GH¢
27. DEFERRED INCOME		
At January 1 st	63,514	-
Commitment Fees Accrued during the year	174,737	63,514
	-----	-----
	238,251	63,514
Transferred to Income (Note 5)	(165,694)	-
	-----	-----
At December 31st	72,557	63,514
	=====	=====

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

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

28. FINANCIAL RISK MANAGEMENT

Overview

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

- credit risk
- liquidity risk
- market risks

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

Risk management framework

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

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

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

(i) Credit risk

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

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

Receivables from Investment Portfolios and Advances to Customers

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



NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

Allowances for impairment

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

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

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

Exposure to credit risks

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

	2025 GH¢	2024 GH¢
Investments with Gold Coast Securities	308,277	333,134
Government Stock/Bond	535,701	535,701
182 Day Brook Asset Management	414,266	414,266
	-----	-----
Total Investment Risk Exposure	1,258,244	1,283,101
Other Assets	2,328,020	1,807,341
Loans and Advances to Customers	5,278,221	3,265,087
	-----	-----
Total Company Credit Risk Exposure	8,864,485	6,355,529
Total Risk-Free Investments (In Government Securities)	30,778,537	25,208,635
	-----	-----
	39,643,022	31,564,164
	=====	=====

The total balance of **GH¢30,778,537 (2024:25,208,635)** as part of the investment portfolio is risk free which are basically in Treasury Bills and Government of Ghana bonds.

Impairment losses

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

	2025 Gross GH¢	Impairm't GH¢	2024 Net GH¢	Gross GH¢	Impairm't GH¢	Net GH¢
Current (less than 365 days)	30,778,537		30,778,537	25,208,635	-	25,208,635
Impaired (above 365 days)	1,258,244		1,258,244	1,283,101	-	1,283,101
	-----	-----	-----	-----	-----	-----
	32,036,781		32,036,781	26,491,736	-	26,491,736
	=====	=====	=====	=====	=====	=====

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

(ii) Liquidity risk

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

Contractual cash flows

	Carrying Amount GH¢	Total GH¢	6 months or less GH¢	6 – 12 months GH¢	Above 1 Yr GH¢
31st December 2025					
Savings Account	36,811,767	36,811,767	36,811,767	-	-
Current Account	10,618,978	10,618,978	10,618,978	-	-
Time Deposits	3,048,594	3,048,594	3,048,594	-	-
Accounts Payable	1,814,234	1,814,234	1,814,234	-	-
	-----	-----	-----	-----	-----
	52,293,573	52,293,573	52,293,573	-	-
	=====	=====	=====	=====	=====

(iii) Market risk

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

Foreign currency risk

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

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

Interest rate risk

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

(iv) Operational risk

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

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

(v) Capital Management

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

29. CAPITAL COMMITMENTS

There were no capital commitments provided for in the Financial Statement at the reporting dates.

30. EXCHANGE CONTROL

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

31. CONTINGENT LIABILITIES

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

32. RELATED PARTY TRANSACTIONS

Transactions with key management personnel

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

a. Remuneration of Key Management Personnel

	2025 GH¢	2024 GH¢
Salaries and other short-term benefits	594,936	731,359
Social Security	77,342	53,760
	-----	-----
	672,278	785,119
	=====	=====

b. Loans to key Staff

Balance at January 1 st	1,034,635	1,131,850
Net Movement	(241,135)	(97,215)
	-----	-----
Balance at December 31st	973,500	1,034,635
	=====	=====

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

33. SHAREHOLDING STRUCTURE

(i) Number of Shares Outstanding

Earnings and dividend per share are based on **24,051,061 (2024: 17,709,959)** ordinary shares outstanding.

(ii) Directors Shareholding:

The Directors named below held the following number of shares in the Bank as at 31st December 2025.

	No. of Shares	% of Issued Capital
Bosumprah Bernard Katernor	898,225	3.74%
Amartey-Vondee Ernest	228,730	0.95%
Nsiah Evelyn Akweley	200,000	0.83%
Abayateye NmloteyTelford	200,000	0.83%
Nene Alhaji Shamsudeen Ayisah Adjovu I	195,437	0.81%
Appiah Prince Seth	100,000	0.42%
Assem Michael Kweku	100,000	0.42%
	-----	-----
TOTAL	1,922,392	8.00%
	=====	=====

(iii) Number of Shareholders

The Bank had 1,720 shareholders as at 31st December 2025 distributed as follows:

Holding	No. of Members	Total Holding of Shares	Percentage Held
1 – 1,000	467	226,668	0.95%
1,001 – 5000	688	1,679,460	6.99%
5,001 – 10,000	277	1,795,765	7.48%
Exceeding 10,000	288	20,313,168	84.58%
	-----	-----	-----
	1,720	24,015,061	100%
	=====	=====	=====

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

(iv) List of Twenty Largest Shareholders as at 31st December 2025
% of

		No. of Shares	Issued Capital
1.	Dadzie Samuel	1,332,456	5.55
2.	Keed Investments Ltd	1,056,591	4.40
3.	Bosumprah Bernard Katernor	898,225	3.74
4.	Acquaye Reginald	720,226	3.00
5.	Fayorsey Archie Kabu	504,074	2.10
6.	Maccarthy Theophilus Ofori	447,635	1.86
7.	Ada Rural Bank Trust A/C	338,500	1.41
8.	Akakpo Tenmote	324,284	1.35
9.	Aggrey Evelyn	320,000	1.33
10.	Sabbah David Narh	277,199	1.15
11.	Debrah Nicholina	269,830	1.12
12.	Sottie Stephen Teye Crosby	246,783	1.03
13.	Zogblah Emmanuel Ofori	244,079	1.02
14.	Amoah Samuel Tetteh	229,787	0.96
15.	Amartey-Vondee Ernest	228,730	0.95
16.	Nsiah Evelyn Akweley	200,000	0.83
17.	Abayateye Nmlotey Telford	200,000	0.83
18.	Dunyo Eric Agidi	200,000	0.83
19.	Teye-Ali Gabriel Nomotsu	200,000	0.83
20.	Nene Alhaji Shamsudeen Ayisah Adjovu I	195,437	0.81
		-----	-----
		8,433,836	35.12
		=====	=====

SCHEDULE I

	2025 GH¢	2024 GH¢
<u>General and Administrative Expenses</u>		
Bank charges	21,550	12,845
Audit expense	42,644	27,872
AGM expenses	33,822	34,780
Periodicals & subscription	76,664	66,260
Business Promotion/Advertising	69,633	33,283
Repairs & Maintenance	48,135	73,386
Rent & Property rates	46,377	155,091
Vehicle running expenses	107,504	106,741
Office expenses & consumables	46,693	60,000
Postage & telephone Expenses	36,676	34,016
Cleaning & sanitation	49,643	38,276
Printing & stationery	110,318	147,077
Insurance	234,495	214,937
Electricity and Water	188,106	177,677
Legal expenses	49,679	7,410
Board meeting expenses	278,691	259,146
Travelling & transport	92,873	69,815
End of Year Gathering	-	52,320
Police guard expenses	255,388	227,772
Mobilization expenses	122,670	109,868
Funeral Grant	6,390	2,975
Entertainment	1,140	600
Specie Expenses	19,945	13,137
Computerisation Expenses	480,820	495,091
Generator Running Expenses	47,967	65,830
Loan Recovery Expenses	210	295,162
Motor Vehicle Repairs & Maintenance	53,303	99,458
Teller Efficiency	2,925	1,551
Cash Overs and Shortages	54,894	42,230
Cheque Clearing	5,172	16,470
Sundry Expenses	104,856	132,686
Unreconciled Balances Witten off	-	735,907
Consultancy Services	-	4,000
	-----	-----
	2,689,184	3,813,659
	=====	=====

SCHEDULE 2**TAX COMPUTATION****YEAR OF ASSESSMENT 2025****BASIS PERIOD (1/1/25 - 31/12/25)**

(1)		2025	2024
	GH¢ <u>Corporate Tax</u>	GH¢	GH¢
	Net Profit/(Loss) before Tax	1,837,910	(516,817)
	Add/(Less):		
	Provision for Credit Losses	(1,461,939)	(697,433)
	Depreciation	478,724	449,579
	Amortisation	27,585	27,585
	Excess repairs	67,189	-
	Donations	10,700	8,645
	Penalties	1,670	-
		(876,071)	(211,624)
		-----	-----
	Assessable Income	961,840	(728,441)
	Less: Capital Allowances Utilized	(577,634)	(236,722)
		-----	-----
		384,206	(965,163)
	Unrelieved Loss Utilised	(1,612,219)	(965,163)
		-----	-----
	Chargeable (Loss)/ Income	(1,228,013)	(965,163)
	Tax Thereon @25% (2024: 25%)	-	-
		=====	=====
	Unrelieved Losses	2025	2024
	Balance as at January 1 st	(1,612,219)	(647,056)
	Utilised		
	Released during the Year	1,612,219	(965,163)
		-----	-----
	Balance as at 31 st December	-	(1,612,219)
		=====	=====

SCHEDULE 3**CAPITAL ALLOWANCE COMPUTATION**

YEAR OF ASSESSMENT 2025
BASIS PERIOD (1/1/25-31/12/25)

WDV	Depreciation		WDV	Additions	Excess Repairs	Capital	
31/12/25	Allow. Rate		1/1/25		&Main.	Total	Allowance
	GH¢	GH¢	GH¢	GH¢	GH¢	GH¢	GH¢
POOL OF ASSET							
Pool 1 Computers	40%	89,263	181,073	-	270,336	(108,134)	162,202
Pool 2 Motor Vehicles	30%	20,484	28,122	51,602	100,208	(30,062)	70,146
Pool 3 Fixture /Equip't	20%	323,021	98,668	15,587	437,276	(87,455)	349,821
Pool 4 Building	10%	605,489	-	-	605,489	(333,619)	271,870
Pool 5 Intangibles	10%	183,628	-	-	183,628	(18,363)	165,265
TOTAL		1,221,885	307,863	67,189	1,596,936	(577,634)	1,019,302
		=====	=====	=====	=====	=====	=====

CAPITAL ALLOWANCE COMPUTATION

YEAR OF ASSESSMENT 2024
BASIS PERIOD (1/1/24-31/12/24)

WDV	Depreciation		WDV	Additions	Excess Repairs	Capital	
31/12/24	Allow. Rate		1/1/24		&Main.	Total	Allowance
	GH¢	GH¢	GH¢	GH¢	GH¢	GH¢	GH¢
POOL OF ASSET							
Pool 1 Computers	40%	89,263	181,073	-	148,772	(59,509)	89,263
Pool 2 Motor Vehicles	30%	29,263	-	-	29,263	(8,779)	20,484
Pool 3 Fixture /Equip't	20%	325,106	78,670	-	403,776	(80,755)	323,021
Pool 4 Building	10%	672,765	-	-	672,765	(67,277)	605,489
Pool 5 Intangibles	10%	204,031	-	-	204,031	(20,402)	183,628
TOTAL		1,328,271	130,336	-	1,458,607	236,722	1,221,885
		=====	=====	=====	=====	=====	=====

ADA RURAL BANK PLC

NOW

**ADA COMMUNITY
BANK PLC**



***Building a stronger and more
reliable bank for our community***

DIRECTED BY THE BANK OF GHANA





ADA RURAL BANK PLC

ADA RURAL BANK PLC

PROXY FORM

FOR USE AT THE 41ST ANNUAL GENERAL MEETING

I/We

(Block letters please)

being a member/members of ADA RURAL BANK PLC hereby appoint
..... of as my/our
proxy to vote for me/us and on my/our behalf at the Annual General Meeting of the company to be
held on 24th October, 2026.

Signed this day of 2026



.....
Shareholder's signature

Company or Institution Seal/Stamp

No.	Resolution	For	Against
Ordinary Resolutions			
1	To receive and consider the Chairman's Report, and the Financial Statements for the year ended 31 st December, 2025 along with the Directors' and Auditors' reports thereon		
2	To authorize the Directors to fix Remuneration of the Auditors		
3	a) To re-elect Nene Alhaji Shamsudeen Ayisah Adjovu I as Director for a third term		
	b) To re-elect Mr. Michael Kweku Assem as Director for a second term		
	c) To elect one Director to fill a vacancy		
4	To fix the remuneration of the Directors		
Special Resolutions			
1	To approve the change of name of the Bank from Ada Rural Bank PLC to Ada Community Bank PLC inline with the directive from the Bank of Ghana.		
2	To authorize the Directors to increase the Authorised Shares of the Bank from 100,000,000 (one hundred million) ordinary shares to 500,000,000 (five hundred million) ordinary shares to enable the issuance of additional shares to meet the regulatory requirements under the Microfinance Sector Reform by the Bank of Ghana.		
	3. Raising of Additional Equity Capital: To authorise the Directors to raise additional equity capital of an amount not less than GH¢15,000,000.00 (Fifteen Million Ghana Cedis) through the issue and allotment of new shares to existing shareholders and/or new shareholders and investors, for the purpose of meeting the applicable minimum capital requirement under the Bank of Ghana's Microfinance Sector Reform and strengthening the capital base of the Bank.		

NOTES

- 1) Please indicate with an "X" in the appropriate column how you wish your votes to be cast on the resolutions set out above. Unless otherwise the instructed, proxy will vote or abstain from voting at his/her discretion.
- 2) A member is entitled to attend and vote at the meeting or to appoint a proxy to attend and vote in his or her stead. A proxy need not be a member of the Bank. To be valid for the meeting, completed proxy forms must be deposited at the Registered Office of the Bank, or submitted electronically via email to info@adaruralbank.com, not less than 48 hours before the time set for the meeting.



BUY Shares TODAY

Become a part-owner of
your community bank

WHY BUY SHARES

- ✓ Earn dividends when the bank grows
- ✓ Support your local bank to grow stronger
- ✓ Help us give more loans to businesses
- ✓ Be part of the bank's success

HOW TO BUY SHARES (SIMPLE STEPS)

1. Visit any of Ada Community Bank branch
2. Request a share subscription form
3. Fill the form and make payment
4. Receive confirmation of your investment



**ADA
COMMUNITY
BANK PLC**



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