



OKOMFO ANOKYE RURAL BANK LIMITED

ANNUAL REPORT FOR THE YEAR ENDED
31ST DECEMBER, 2020

CORPORATE INFORMATION

YEAR ENDED 31ST DECEMBER, 2020

BOARD MEMBERS

Mr. Kennedy Obiri-Yeboah - Chairman
Mr. Emmanuel Owusu - Boakye - Vice Chairman
Kwasi Bempa, Esq - Member
Very Rev. Eric Boakye Yiadom - Member
Prof. Siaw Frimpong - Member

SECRETARY

John Brefo Badu
P.O.Box 13
Wiamoase - Ashanti

SOLICITORS

Kwasi Bempa ,Esq
Faith Chambers
Kumasi

MANAGEMENT

Mr. Paul Kwabena Oduro - General Manager
Mr. Joseph Boahen - Risk & Compliance Manager
Aps.Isaiah Ameyaw -Amankwaah - Operations Manager
Mr.George Coffie - IT Manager
Mr.George Oti Kwarteng - Internal Auditor
Mr.Joseph Kofi Cobbinah - Microfinance Manager
Mr. Prince Takyi - Finance Manager
Mr. Joseph Addae - Credit Manager

AUDITORS

Richard Owusu -Afriyie & Associates
Chartered Accountants & Business Advisors
P.O. Box AH 9139
Ahinsan - Kumasi

BANKERS

UBA
Ecobank Ghana Ltd
ARB APEX Bank
Consolidated Bank Ghana

REGISTERED OFFICE

Wiamoase - Ashanti

POSTAL ADDRESS

Okomfo Anokye Rural Bank Limited
P.O.Box 13
Wiamose - Ashanti

NOTICE OF THE 35TH ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT THE 35TH ANNUAL GENERAL MEETING (AGM) OF SHAREHOLDERS OF THE OKOMFO ANOKYE RURAL BANK LIMITED, WIAMOASE ASHANTI WILL BE HELD AT THE SALVATION ARMY CHURCH HALL ON FRIDAY, 17TH DECEMBER, 2021 AT 10.00AM TO TRANSACT THE ORDINARY BUSINESS OF THE ANNUAL GENERAL MEETING:

AGENDA

- i. To read the Notice convening the 35th Annual General Meeting
- ii. To Confirm the Minutes of the 34th Annual General Meeting
- iii. To Receive the following reports:
 - a. Chairman's Report
 - b. Board of Directors' Report
 - c. External Auditor's Report
 - d. The Financial Statements of the Bank for the year ended 31st December, 2020
- iv. To authorize the Directors to fix the Auditor's Remuneration
- v. To fix Directors' Remuneration
- vi. A resolution to change the Bank's name from Okomfo Anokye Rural Bank Ltd to Okomfo Anokye Rural Bank PLC
- vii. A resolution to elect two (2) Directors
- viii. To elect Directors to replace those retiring on rotation.
- ix. To consider and approve the Revised Bank's Constitution.

RETIRING DIRECTORS

In accordance with Section 325 of the Companies Act 2019 (Act 992) and Bank of Ghana Corporate Governance Directive for RCBs 2021, two (2) Directors, Kennedy Obiri-Yeboah and Kwasi Bempa (Esq), representatives of Bepoase and Boaman/Tetrem Zones respectively are due to retire at the end of the meeting.

ELIGIBILITY FOR DIRECTORSHIP

Please note that any shareholder vying for the position of a Director must be a shareholder of the Bank. That shareholder must have expertise in any of the following areas: Agriculture, Education, Finance, Law, Information Technology, Accounting, Building & Construction and any other relevant disciplines.

The said shareholder must also:

- v **Be a highly public spirited person**
- v **Have a passion for rural banking**

Shareholders are hereby informed that under the Companies Act 2019 (Act 992) they are at liberty to propose any other shareholder of their choice who qualifies to contest to the office of a Director of the Bank.

The proposal shall however be seconded by another shareholder of the Bank. Any shareholder wishing to contest the position of Directorship shall submit his/her application together with a current Curriculum Vitae (CV) to the **General Manager/Secretary not later than fourteen (14) days** before the Annual General Meeting. Such an application shall be seconded by a shareholder qualified to nominate.

A shareholder is entitled to attend and vote at the AGM or appoint a proxy to attend and vote instead of him/her. Such a proxy needs not be a member or shareholder of the Bank.

The instrument appointing such a proxy must be deposited at the Headquarters of the Bank, Wiamoase-Ashanti, not later than **48 (Forty-Eight) hours** before the time for holding the meeting.

Shareholders can access the Annual Reports at the Bank's Branches or at the website: www.okomfoanokyeruralbank.com

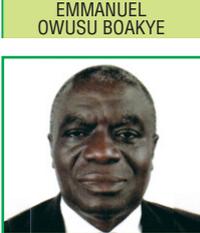
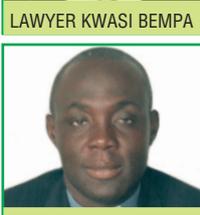
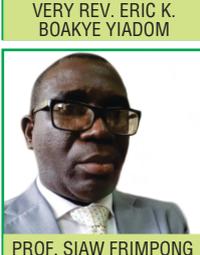
NOTE:

1. ONLY SHAREHOLDERS WHO OWNED SHARES ON OR BEFORE 31ST DECEMBER, 2020 WILL BE ELEGIBLE TO VOTE AT THE 35TH AGM.
2. ALL COVID-19 SAFETY PROTOCOLS WILL BE STRICTLY ADHERED TO.

Dated at Wiamoase, this 24th day of September, 2021.

BY ORDER OF THE BOARD

BOARD OF DIRECTORS

	QUALIFICATION	CONTACT DETAILS	POSITION
KENNEDY OBIRI-YEBOAH	CA, CEMBA, MBA (Accounting), AIM (Management Practice)	0244419587 0501333610	Board Chairman
	M.A. (HRD), B.Ed (Technology)	024498359 0204344903	Vice Board Chairman, Member, Loans & Advances Committee, Chairman, Human Resource Committee
	LLB; Bachelor of Law	0208135981 0204344901	Board Member Bank's Solicitor, Chairman, Loans and Advance Committee, Member, Human Resource Committee
	B.Com, CIM (Ministry)	0244214479 0204344907	Board Member, Chairman, Procurement Committee Member, Audit & Governance Committee
	PhD (Finance), M.Bus, Dip. Grad (Fin), B.Com, Dip Ed.	0244887254 0332137871 0501267206	Board Member, Chairman, Audit and Governance Member, Procurement

EXECUTIVE MANAGEMENT



PAUL KWABENA ODURO

CA, MBA FINANCE, ACIB

0501628452

General Manager



ISAIAH AMEYAW
AMANKWAH

Bsc AGRICULTURE, ACIB
CEMBA (GENERAL MANAGEMENT)

0204344993

Operations Manager



PRINCE TAKYI

MBA ACCOUNTING,
BBA ACCOUNTING

0204344915

Finance Manager



JOSEPH BOAHEN

Msc. (INDUSTRIAL FINANCE
AND INVESTMENT)

0204344943

Risk & Compliance Manager



GEORGE OTI KWARTENG

BSC APPLIED ACCOUNTING, MPHIL
IND. FIN. AND INVESTMENT.
MEMBER OF ASS. OF CHARTERED
CERTIFIED ACCOUNTANTS

0204344995

Internal Auditor

EXECUTIVE MANAGEMENT

	QUALIFICATION	CONTACT DETAILS	POSITION
 BISMARK BOAMAH FRIMPONG	Bsc COMPUTERIZE ACCOUNTING	0204344913	Deputy Operations Manager
 JOSEPH KWAME ADDAE	BACHELOR OF COMMERCE (ACCOUNTING)	0508716877	Credit Manager
 GEORGE COFFIE	Bsc. INFORMATION TECHNOLOGY	0204344997	IT Manager
 JOSEPH KOFI COBBINAH	BSc. BANKING AND FINANCE	0204344996	Microfinance Manager
 JOHN BREFO BADU	GCE 'O' LEVEL-STENOGRAPHER CERT.	0204344923	Company Secretary



KENNEDY OBIRI-YEBOAH
BOARD CHAIRMAN

CHAIRMAN'S REPORT TO SHAREHOLDERS

AT THE 35TH ANNUAL GENERAL MEETING
HELD AT WIAMOASE ON FRIDAY 17TH DECEMBER, 2021.

INTRODUCTION

Nananom, Hon. Member of Parliament, Hon. District Chief Executive, Distinguished Guests from the Bank of Ghana, ARB Apex Bank Limited and Association of Rural Banks, President of the Association of Rural and Community Banks, Ashanti Regional Chapter, Directors and General Managers from Sister Rural and Community Banks, Fellow Shareholders, Friends from the Media Houses, Ladies and Gentlemen, All Protocol observed.

I am highly delighted to welcome you to the 35th Annual General Meeting of Okomfo Anokye Rural Bank Limited and to present to you the Annual Report and Financial Statements of our Bank for the year ended, 31st December, 2020.

ECONOMIC REVIEW

The COVID-19 pandemic significantly curtailed Ghana's economic growth momentum. Real GDP growth was estimated to decelerate from 6.5% in 2019 to **1.7% in 2020**, due to the slump in oil prices and weakened global economic activity. The public debt-to-GDP ratio reached 71% in September 2020 from 63% a year earlier.

Ghana's economy contracted by 3.2% and 1.0% in the second and third quarters of 2020, respectively, pushing the country into a recession for the first time in 38 years.

However, Ghana achieved a modest growth of 1.1% for the full year of 2020, thanks to a strong 4.9% growth in the first quarter of 2020, at the onset of the COVID-19 crisis. The 1.1% GDP growth in 2020 is a steep fall from the pre-COVID-19 levels of 6.5%.

The Government attempted to mitigate the pandemic's impact on households and businesses by enacting the Coronavirus Alleviation Plan (CAP) and the medium-term COVID-19 Alleviation and Revitalization of Enterprises Support (CARES) program in mid-2020. But the low growth in 2020, coupled with high population growth, has pushed real per capita incomes 1% lower than in 2019.

Ghana's economy showed early signs of recovery in the second half of 2020 as business sentiments improved with the ending of lockdowns as the year-on-year performance in the agriculture, manufacturing and tradable services sectors saw some strong recoveries in the third quarter of 2020.

Government financing needs increased substantially during the pandemic, pushing the Government to resort to central bank financing, resulting in sharp increases in debt and debt service cost. Fiscal pressures arose from costly financial sector reforms in 2018-2020 and the Energy Sector Recovery Program (ESRP), started in 2019. The overall fiscal deficit, including energy and financial sector costs, was therefore already elevated at 7.6% of GDP in 2019 and the debt-to-GDP ratio at 63.9%.

In 2020, the COVID-19 crisis led to the suspension of the fiscal rule as the fiscal deficit (including financial and energy sector costs) reached 16.2% of GDP and public debt 76.1% of GDP. While debt remains sustainable, the April 2020 Debt Sustainability Analysis (DSA)

CHAIRMAN'S REPORT TO SHAREHOLDERS

concluded that Ghana remains at high risk of debt distress. Ghana's current account deficit widened to 3% of GDP at the end of 2020 from 2.9% in 2019, reflecting a lower trade surplus and higher services out-flows. However, stronger remittance in-flows and lower net investment income outflows, especially from the extractive sector, helped moderate the impact on reserves.

Source: *The world Bank Report 2020*

RURAL BANKING SECTOR (ASHANTI)

The total Deposit portfolio of Rural banks in Ashanti region grew by 53.85% from GHS1.3 Billion to GHS2 Billion during the year under review. The growth was attributed to the confidence in the rural banking sector after the Financial sector clean up. The Profit before tax for the year for Rural banks in Ashanti region increased by 171.70% from GHS5.3 million in 2019 to GHS14.4 million in 2020.

The total Investment portfolio grew by 70.81% from GHS644 Million in 2019 to GHS1.1Billion in 2020.

The Loan portfolio also grew by 15.37% from GHS514 Million in 2019 to GHS 593 million in 2020. This low growth in loans is attributed to the uncertainty that the COVID -19 posed. The strong performance of Rural banks in Ashanti during the year was mainly due to confidence in the rural banking sector.

FINANCIAL POSITION OVERVIEW

Nananom, Distinguished Guests, Ladies and Gentlemen, Fellow Shareholders, Notwithstanding the challenges above, your Bank competed favorably against its peers as it continued on the path of growth more than projected. Our Performance in 2020 as compared to 2019 is depicted tabularly below:

	2020 GHS	2019 GHS	PERCENTAGE CHANGE (%)
Deposits	81,917,212	56,124,218	45.96
Investment	40,353,812	20,773,000	94.26
Loans and Advances (Gross)	29,912,420	23,160,395	29.15
Fixed Assets (Gross)	6,114,406	5,546,192	10.25
Total Assets	88,439,280	61,394,476	44.05
Stated Capital	1,483,759	1,350,279	9.89
Shareholders Fund	2,980,414	3,134,987	(4.93)
Gross Income	12,763,052	10,664,500	19.68
Expenditure	12,917,372	11,962,828	7.98
Profit before tax	(154,320)	(1,298,328)	111.89

CHAIRMAN'S REPORT TO SHAREHOLDERS (Cont'd)

The size of the Bank's Balance Sheet increased by 44.05% in 2020 as against 13.57% in 2019 from GHS61 Million to Ghs 88.4 million.

SHAREHOLDERS FUND

Shareholders' fund declined from GHS3.1Million in 2019 to GHS 2.9 million in 2020. This represents a decrease of 4.93% during the year under review.

STATED CAPITAL

Fellow shareholders, the stated capital increased by 9.89% fromGHS1.350 million in 2019 to GHS1.483 million in 2020. All Stakeholders are encouraged to buy more shares to increase the stated capital.

CUSTOMER DEPOSITS

The year witnessed an unprecedented growth in Customer deposits. This indicates the confidence that the clients and the general public have in the bank. The deposit grew by 45.96% from GHS56Million in 2019 to Ghs81.9 Million in 2020.

The achievement was as a result of hard work and dedication of management and staff of the Bank as various deposit mobilization strategies were embarked upon during the year despite the COVID- 19 which restricted movements thereby affecting the mobilization drive. Currently customer deposit have reached Ghs 90m.

Type of Deposit	2020 - GHS	2019 - GHS	% change
Savings Account	30,934,669	22,433,672	37.89
Current Account	14,885,018	8,781,039	69.51
Fixed Deposit	12,955,320	9,180,753	41.11
Susu	23,142,205	15,728,754	47.13
TOTAL	81,917,212	56,124,218	45.96

CHAIRMAN'S REPORT TO SHAREHOLDERS (Cont'd)

LOANS AND ADVANCES

Loans and advances to customers was up by 29.15% from GH¢23.1 million in 2019 to GHS29.9 million in 2020. It is worth noting that the total disbursement for the year amounted to GHS37.4 Million. The sectoral break down were as follows:

SECTORS	2020	% OF TOTAL LOANS	2019	% OF TOTAL LOANS
Agriculture	571,248	1.91	989,247	4.27
Cottage Industry	826,398	2.76	1,286,929	5.56
Transport	527,726	1.76	898,721	3.88
Trading	15,417,598	51.54	10,716,739	46.27
Salary	12,569,450	42.02	9,268,759	40.02
Total	29,912,419	100	23,160,395	100

MICROFINANCE OPERATIONS

Nananom, fellow shareholders, ladies and gentlemen, the bank continues to intensify its activities in the Microfinance sector by recruiting more field officers. This has resulted in the expansion of groups and increasing financial assistance to the traders in our catchment area.

MICRO CREDIT	2020 - GHS	% OF TOTAL LOANS	2019-GHS	% OF TOTAL LOANS
Group credit	4,896,227	55.92	2,978,743	45.73
Susu credit	3,858,662	44.07	3,535,405	54.27
TOTAL	8,754,889	100	6,514,148	100
Total Disbursement	19,153,950		13,581,216	

INVESTMENT

Investment in Treasury bills and other securities increased from GHS 20.7 million in 2019 to GHS40.3 Million during the year under review. This represents an increase of 94.26% over the period. Nananom, as we are aware, the securities and Exchange commission (SEC) together with Bank of Ghana revoked the licenses of some Banks, savings and loans, and Microfinance companies as well as some fund Management companies. We have so far recovered the funds from Utrak Capital Management Services of GHS 1.64 Million and Frontline Capital Advisor of GHS 1.02 Million.

CHAIRMAN'S REPORT TO SHAREHOLDERS

We have also completed partial bailout of Gold Coast Securities awaiting full bailout by Government of Ghana. The Government of Ghana has remained consistent with its commitment to repay these locked up funds. We are of the firm belief that the remaining Investments in the sum of GHS 1.3 Million will be recovered in the next foreseeable future.

OPERATIONAL PERFORMANCE

Nananom, Distinguished Guests, Fellow Shareholders, Ladies and Gentlemen, Due to the challenges highlighted earlier in this report, your Bank made a Loss of Ghs154,320 as against a Loss of GHS1.29 Million in 2019. It should be noted that the crisis in the financial sector heightened in 2019 which affected our performance greatly in 2020 due to non-recognition of income from locked up funds coupled with Covid-19 related expenditures.

Fellow shareholders, despite the challenges of the corona virus pandemic, your bank has returned to the path of profitability this year (2021) and we will continue to work hard to ensure that we compete favorably with our peers and satisfy your expectations. We expect to end 2021 with a profit of more than GHS1.0 Million.

DECLARATION OF DIVIDEND

Nananom, Distinguished Guests, Ladies and Gentlemen, Fellow Shareholders, the Directors could not recommend dividend this year due to the loss that we posted.

Also, by reference to Bank of Ghana Notice No. BG/GOV/SEC/2020/03 with the heading: SUSPENSION OF DISTRIBUTION OF DIVIDENDS FOR THE FINANCIAL YEARS 2019 AND 2020 the Regulator directed that;

“...and to further ensure that banks SDIs are better able to support their customers throughout the COVID-19 pandemic, to absorb any potential operational losses for banks and SDIs from the COVID-19 pandemic, the Bank of Ghana now directs that all banks and SDIs desist from declaring or paying any dividends or distributing reserves to shareholders, and from making any irrevocable commitments regarding the declaration or payment of dividends to shareholders, until further notice”.

SOCIAL RESPONSIBILITY

Nananom, fellow shareholders, your bank continues to support the various sectors of the economy through our social intervention programs. The covid-19 pandemic brought additional cost as social intervention. During the year 2020, the bank spent GHS53,867.66 as against GHS35,194 in 2019. The summary of the various areas are:

		GHS
COVID 19 Donations	-	33,748
Health	-	7,738
Education	-	5,845
Community Development	-	2,236
Agriculture	-	2,300
Security	-	2,000
Total		53,876

CHAIRMAN'S REPORT TO SHAREHOLDERS

Branch Expansion

TAFO

Nananom, Fellow Shareholders, your bank will continue to expand its network of branches to bring accessibility of our services to our clients. As communicated at the last meeting, Tafo branch which is located at opposite the Wesley Girls Senior High school is operational.

AGONA BRANCH RELOCATION

The Agonal Traditional Council has allocated a piece of land to the Bank to build a branch office befitting the name of Okomfo Anokye. We have received the building permit to commence work. We are currently waiting for the occupants to vacate the land to allow the works to commence.

HEAD OFFICE RENOVATION

Nananom, the bank has embarked on the renovation and extension of our Head office at Wiamoase. This was to give the bank a facelift and additional offices for the staff. The project has stalled due to lack of approvals from Bank of Ghana. We hope to get the necessary approvals to enable the completion of the projects.

RETIREMENT OF DIRECTORS BY ROTATION

This year, two (2) Directors retire finally from the Board. Myself, Kennedy Obiri- Yeboah and Lawyer Kwasi Bempa. These Directors have served the bank diligently for the past 18 years and have served as Chairman of the Board.

In line with Bank of Ghana Corporate Governance Directive for Rural and Community Banks, 2021 published in May this year, the retiring directors are no longer eligible to seek re-election since they have

each served for more than the nine (9) years maximum tenure.

We humbly appeal to shareholders to approve for the Board to give them a befitting end of service award and send off ceremonies.

ELECTION OF NEW DIRECTORS

The Board sub-committee on appointments upon receipt of applications have recommended some individuals to be elected as Directors of the bank to take effect upon approval from the Bank of Ghana.

APPOINTMENT OF BUSINESS DEVELOPMENT AND RESEARCH MANAGER

Fellow shareholders, the Bank has restructured the Marketing Department into a Business Development and Research Department. Their role has been expanded tremendously to respond to emerging markets in the banking industry and the use of social media in marketing. A manager has been appointment by the Board in the person of MR SAMUEL YAW ESSEL.

I hereby introduce to you MR SAMUEL YAW ESSEL as the new BUSINESS DEVELOPMENT AND REASERCH MANAGER. Mr. Essel, until his appointment was the Branch Manager at our Pankrono branch

THE WAY FORWARD

The Board and Management will continue to seek ways of strengthening and developing the Banks' operations to maintain the confidence that our numerous customers and shareholders have in the Bank. We will also intensify loan recovery, deposit mobilization, internal controls and maintain quality assets to increase profitability. We will also take advantage of various e-banking products that are actively being rolled out by ARB Apex Bank to

CHAIRMAN'S REPORT TO SHAREHOLDERS

improve upon service to our customers. Investments will be diversified to ensure safety and to utilize returns on assets and shareholders' funds. Despite the competition in the banking industry with its numerous challenges facing the bank, your Bank will continue to support its customers within the catchment areas to improve upon their living conditions.

APPRECIATION

On behalf of the Board of Directors, I wish to express our profound gratitude and thanks to the Management and Staff of the Bank for their contribution to the successful results achieved all these years. Our appreciation also goes to our shareholders, cherished customers and development partners including Bank of Ghana, ARB Apex Bank and Association of Rural Banks who are part of our success story for their continued support and cooperation.

CONCLUSION

Finally, Nananom, Distinguished Guests, Fellow Shareholders, Ladies and Gentlemen with the total commitment of the Board, Management and Staff and the strong support and patronage of our customers, your Bank will continue to make great achievements in the subsequent years and contribute strongly to the economic growth and social conditions of the people within our communities.

Thank you and May God bless you all.

REPORT OF THE DIRECTORS

In accordance with the requirements of Section 136 of the Companies Act 2019 (Act 992), we the Directors of Okomfo Anokye Rural Bank Limited submit herewith the Annual Report of the state of affairs of the Bank for the year ended 31 December, 2020.

The Directors Report as follows:

Statement of Directors Responsibilities

The Directors are responsible for preparing financial statements for each financial year to give a true and fair view of the state of affairs of the Bank and of its profit and loss for the period. In preparing those financial statements, the directors are required to:

- Select suitable accounting policies and then apply them consistently
- Make judgements and estimates that are reasonable and prudent
- State whether the applicable accounting standards have been followed
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the bank will continue in business

The Directors are responsible for ensuring that the bank keeps accounting records which disclose with reasonable accuracy the financial position of the bank and which enable them to ensure that the financial statements comply with International Financial Reporting Standards. They are responsible for taking such steps as are reasonably open to them to safeguard the assets of the bank, and to prevent and detect fraud and other irregularities.

Financial Statements

Net Interest Income

Loss before tax

From which is deducted:

A provision for estimated income tax expense

Provision for Taxation

Under Provision of Tax

Deferred Tax Credits / (Charges)

Making/Leaving a Profit /(Loss) after tax of

Adjustments:

Statutory Reserve

which is to be added to the Surplus brought forward of

Credit Risk Reserve

resulting in a balance to be carried forward on the

Retained Earnings account as of 31st December

	2020 GHS	2019 GHS
	8,978,361	7,600,479
Loss before tax	(154,320)	(1,298,328)
From which is deducted:		
A provision for estimated income tax expense		
Provision for Taxation	-	-
Under Provision of Tax	(11,172)	-
Deferred Tax Credits / (Charges)	(120,991)	222,239
Making/Leaving a Profit /(Loss) after tax of	(286,483)	(1,076,089)
Adjustments:		
Statutory Reserve	-	-
	(286,483)	(1,076,089)
which is to be added to the Surplus brought forward of	(279,265)	896,292
Credit Risk Reserve	330,406	(99,468)
resulting in a balance to be carried forward on the	-	-
Retained Earnings account as of 31st December	(235,342)	(279,265)

The full results of the year are set out in the attached financial statements.

REPORT OF THE DIRECTORS

Nature of Business

The principal activity of the Bank is to provide full Banking Services as a banking financial institution. There was no change in the nature of the business during the year.

Stated Capital

The Bank's Stated Capital increased from GHS 1,350,279 as at the end of the previous year to GHS 1,483,759 resulting in an increase of GHS 133,480 which represents 9.89%. The increase emanates from the sale of shares of 6,674,000 at GHp 2.00 per share which amounted to GHS 133,480. The number of shares also increased from 76,915,756 to 83,589,756 representing 8.68%.

Dividend

The Directors do not recommend the payment of dividends for the current year.

Corporate Social Responsibility

The Bank spent an amount of GHS 21,119 on Corporate Social Responsibility during the year.

Directors

The Directors who held office during the year were as follows:

Names of Directors	Designation	Shares Holding
Mr. Kennedy Obiri-Yeboah	Chairman	905,691
Mr. Emmanuel Owusu-Boakye	Member	633,467
Mr. Kwasi Bempa Esq	Member	483,885
Very Rev. Eric Boakye Yiadom	Member	858,877
Prof. Siaw Frimpong	Member	841,465

Steps have been taken to build the capacity of Directors to discharge their duties.

Audit Fees

The audit fees payable for the year was GHS 30,866

Going Concern

The Directors believe that the Bank has adequate financial resources to continue in operation for the foreseeable future and accordingly the annual financial statements have been prepared on a going concern basis. The Directors have satisfied themselves that the Bank is in a sound financial position and that revenue from the assets under management would be enough to meet its foreseeable cash requirements. The Directors are not aware of any new material changes that may adversely impact the Bank. The Directors are also not aware of any material non-compliance with statutory or regulatory requirements or of any pending changes to legislation which may affect the Bank.

Events after the Reporting Date

Events subsequent to the Statement of Financial Position date are reflected in the financial statements only to the extent that they relate to the period under review and the effect is material. There were no subsequent events at the reporting date, 31st December 2020.

REPORT OF THE DIRECTORS

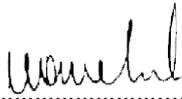
Litigation Statement

The Bank is not currently involved in any such claims or lawsuits, which individually or in the aggregate, are expected to have a material adverse effect on the business or its assets.

Auditors

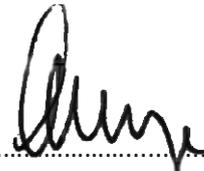
The Auditors, Richard Owusu-Afriyie & Associates, propose to continue in office in accordance with Section 139(5) of the Companies Act, 2019 (Act 992).

On behalf of the Board



.....
Mr. Kennedy Obiri - Yeboah

29th April, 2021



.....
Kwasi Bempa, Esq

29th April, 2021

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF OKOMFO ANOKYE RURAL BANK LIMITED

Qualified Opinion

In our opinion, except for the effects of the matter described in the Basis for Qualified Opinion section of our report, the accompanying financial statements give a true and fair view of the financial position of the Bank as at 31st December, 2020, and of its financial performance, changes in equity and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) and in the manner required by the Companies Act 2019 (Act 992) and the Banks and Specialized Deposit-Taking Institutions Act, 2016 Act 930.

What we have audited

We have audited the financial statements of Okomfo Anokye Rural Bank Limited for the year ended 31 December, 2020.

The financial statements comprise:

- the statement of comprehensive income for the year then ended;
- the statement of financial position as at 31 December, 2020;
- the statement of changes in equity for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes to the financial statement, which include a summary of significant accounting policies.

Basis for Qualified Opinion

Included in the non-pledged trading assets of GHS40,353,812 shown on the Statement of Financial Position are short-term investments of GHS1,345,793 with Gold Coast Securities fund management which qualify for impairment. However no impairment was made by management because of their belief that the repayment would soon be received. In our opinion, it is not certain when the bank could redeem the matured investments and as such impairment should have been made in line with IFRS 9.

The effect of this non impairment is the understatement of the loss in the statement of comprehensive income and the over valuation of the short term investment in the statement of financial position.

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report.

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

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

Emphasis of Matter

We draw attention to Note 14 of the financial statements which indicates that the bank has investments in deposits of GHS 2,984,611 with certain defunct fund management institutions. Repayment has been a challenge, however there is an assurance from the official liquidator that the amount of GHS 1,638,819 with UTRAK Capital Fund management institution will be repaid and as such no impairment charge has been provided.

Key Audit Matters

This section of our auditor's report is intended to describe the matters selected from those communicated with the directors that, in our professional judgment, were of most significance in our audit of the financial statements. The matters were addressed in the context of our audit of the financial statements as a whole and in forming our opinion thereon, and we do not provide a separate opinion on these matters

Impairment of Short Term Investments

The Bank continues to make short-term investments with various fund managers. Some of these investments have matured but have not yet been received. Repayments from these companies have been of a challenge as at the time of this report.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF OKOMFO ANOKYE RURAL BANK LIMITED (Cont'd)

Due to the significant judgment that is applied by management in determining whether an impairment loss has occurred and in estimating the expected amount and timing of future cash flows, we considered this to be a key audit matter.

Impairment of Loans and advances to customers

The Bank continues to adopt IFRS 9—'Financial instruments', which requires the measurement of expected credit loss allowance for financial assets measured at amortised cost and fair value through other comprehensive income. The Bank reviews its loans and advances for impairment at the end of each reporting period. There are significant judgements made in the areas in applying IFRS 9—Financial Instruments. These include:

- Determining the stage of the financial assets and establishing groups of similar financial assets;
- Determining criteria for significant increase in credit risk;
- Determining the Probability of Default (PD) and Loss Given Default (LGD) and Expected Credit Loss (ECL) for each type of loan.

Due to the significant judgments that are applied by management in determining whether an impairment loss has occurred, we considered this to be a key audit matter.

The Bank is required to compute loan provision in accordance with Bank of Ghana (BOG) prudential guidelines. There is the risk of inappropriate classification of loans and advances in accordance with BOG's guidelines that results in inaccurate loan impairment computations. The bank is also required to make transfers from retained earnings to regulatory credit risk reserve based on the excess of BOG provision over IFRS impairment. The disclosures relating to impairment of loans and advances to customers are considered important to users of the financial statements given the level of judgement and estimation involved.

Solvency – (Capital and Reserves)

- The Capital Adequacy ratio as at 31st December 2020 was 5.03% (2019:5.91%). The Bank could not achieve the required minimum of 10%.
- The Bank had a Capital deficit of GHS 2,885,770 (2019: GHS 2,122,553) as at 31st December, 2020.

How our audit addressed the Key Audit Matters Loan and Advances

We evaluated the design and tested the implementation of operating effectiveness of the key controls over the computation of impairment loss provisions. In evaluating the design, of controls, we considered the appropriateness of the controls considering the nature and significance of the risk, competence and authority of person(s) performing the control, frequency and consistency with which the control is performed. In performing operating effectiveness of controls, we selected a sample of transactions based on the control frequency to determine whether the control operated throughout the year.

We performed an evaluation of management's key assumptions over the expected credit loss model (ECL), including the probability of default (PD) and the loss given default (LGD). We challenged the management's staging of financial assets in the ECL module and tested facilities to ensure they have been included in the correct stage. We tested the underlying data behind the determination of the probability of default by agreeing same to underlying supporting documentation. We found that the assumptions used by management were comparable with historical performance and have been assessed as reasonable.

We further tested the disclosures to ensure that the required disclosures under IFRS 9 have been appropriately disclosed.

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

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF OKOMFO ANOKYE RURAL BANK LIMITED (Cont'd)

Short-term investments

We challenged the management's staging of the impaired short-term investment assets in the ECL module and tested facilities to ensure they have been included in the correct stage. We found that the assumptions used by management were comparable with historical performance and have been assessed as reasonable.

Other Information

The directors are responsible for the other information. The other information comprises the Report of the Directors and the Chairman's Statement but does not include the bank's Financial statement and our report thereon, which we obtained prior to the date of this auditor's report and the Chairman's Statement which are expected to be made available to us after that date.

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

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

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, 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.

When we read the Chairman's Statement, if we conclude that there is material misstatement therein, we are expected to communicate with those charged with governance.

Responsibilities of the Directors for the Financial Statements

The directors are responsible for the preparation and fair presentation of the financial statements that give a true and fair view in accordance with International Financial Reporting Standards (IFRSs) and in the manner required by the Companies Act, 2019 (Act 992) and the Banks and Specialized Deposit Taking Institutions Act, 2016, (Act 930), and for such internal control as the directors 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 Bank's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Bank or to cease operations, or have no realistic alternative but to do so. The directors are responsible for overseeing the Bank's financial reporting process

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in 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.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF OKOMFO ANOKYE RURAL BANK LIMITED (Cont'd)

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 controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Bank's internal control;
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by directors;
- Conclude on the appropriateness of directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Bank's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Bank to cease to continue as a going concern;
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation; and

We communicate with The Board of 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 on Other Legal and Regulatory Requirements

Companies Act, 2019 (Act 992)

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

- i) 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.
- ii) In our opinion proper books of accounts have been kept by the Bank so far as appears from our examination of those books, and
- iii) The Statement of Financial Position and Statement of Comprehensive Income of the Bank are in agreement with the books of accounts.

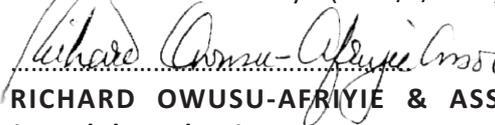
Banks and Specialized Deposit-Taking Institution Act, 2016 (Act 930)

The Banks and Specialized Deposit Taking Institutions Act, 2016, Act 930, require that we state certain matters in our report.

We hereby state that:

- i) The financial statements give a true and fair view of the state of affairs of the Bank and its results for the year under review.
 - ii) We were able to obtain all the information and explanation required for the efficient performance of our duties as auditors.
 - iii) The Bank's transactions are within its powers.
- The engagement partner on the audit resulting in this independent auditor's opinion is

Dr. Richard Owusu – Afriyie (ICAG/P/1144).



RICHARD OWUSU-AFRIYIE & ASSOCIATES:
(ICAG/F/2021/084)

Chartered Accountants

House of Grace, Adum, Kumasi

29th April, 2021

STATEMENT OF COMPREHENSIVE INCOME

YEAR ENDED 31ST DECEMBER, 2020

	(NOTES)	2020 GHS	2019 GHS
Interest Income	(6)	10,572,180	9,237,204
Interest Expense	(7)	(1,593,819)	(1,636,725)
Net Interest Income		8,978,361	7,600,479
Commissions and Fees	(8)	1,188,150	726,848
Other Operating Income	(9)	1,002,722	700,448
Total Income		11,169,233	9,027,775
Impairment charge on loans and advances		(184,475)	(231,604)
Operating Expenses	(10)	(11,139,078)	(10,094,499)
Net Operating Loss Before Taxation		(154,320)	(1,298,328)
Income Tax Expense	(11 iii)	-	-
Deferred Tax Credit/(Charges)	(11 i)	(120,991)	222,239
Loss for the year		(275,311)	(1,076,089)
Other Comprehensive Income		-	-
Under Provision of Tax		(11,172)	-
Total Comprehensive Income/(Loss) for the Year		(286,483)	(1,076,089)
Basic and diluted earnings per share		(0.003)	(0.014)

STATEMENT OF FINANCIAL POSITION

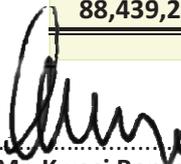
AS AT 31 ST DECEMBER 2020

	(NOTES)	2020 GHS	2019 GHS
ASSETS			
Cash and Balances with ARB Apex Bank	(12)	6,485,252	6,460,908
Due from Other Banks	(13)	3,411,230	1,771,424
Investments - (Short Term)	(14)	40,353,812	20,773,000
Loans and Advances	(15)	28,383,628	21,816,078
Investments - (Long Term)	(16)	61,971	61,971
Other Assets Accounts	(17)	5,119,376	6,683,579
Intangible Assets	(18)	496,142	34,825
Property & Equipment	(19)	3,593,440	3,412,503
Current Corporate Tax Credit	(11 iii)	106,055	-
Deferred Tax Asset	(11 v)	428,374	380,188
TOTAL ASSETS		88,439,280	61,394,476
LIABILITIES			
Deposits and Current Accounts	(20)	81,917,212	56,124,218
Loans from Other Financial Institutions	(21)	24,000	747,362
Interest Payable and Other Liabilities	(22)	3,178,819	1,197,050
Current Corporate Tax Liabilities	(11 iii)	-	21,201
Deferred Tax Liability	(11 v)	338,822	169,645
Other Liabilities		13	13
TOTAL LIABILITIES		85,458,866	58,259,489
SHAREHOLDERS FUNDS			
Stated Capital	(23)	1,483,759	1,350,279
Retained Earnings	(24)	(235,342)	(279,265)
Capital Surplus	(25)	265,281	265,281
Statutory Reserve Fund	(26)	1,008,951	1,008,951
Credit Risk Reserve	(27)	174,457	504,863
Dividend Fund	(28)	283,022	284,592
Social Responsibility Fund	(29)	286	286
TOTAL SHAREHOLDERS FUNDS		2,980,414	3,134,987
TOTAL SHAREHOLDERS FUNDS AND LIABILITIES		88,439,280	61,394,475



Mr. Kennedy Obiri - Yeboah
DIRECTOR

DATE 29th April, 2021



Mr. Kwasi Bempa Esq
DIRECTOR

DATE 29th April, 2021

STATEMENT OF EQUITY CHANGES
YEAR ENDED 31ST DECEMBER 2020

	STATED CAPITAL	CAPITAL SURPLUS	STATUTORY RESERVE FUND	RETAINED EARNINGS	CREDIT RISK RESERVE	General Reserve	Social Resp Fund	Dividend Fund	TOTAL
	GHS	GHS	GHS	GHS	GHS	GHS	GHS	GHS	GHS
2020									
Balance as at 1 Jan	1,350,279	265,281	1,008,951	(279,265)	504,863	-	286	284,592	3,134,987
Loss for the Year	-	-	-	(286,483)	-	-	-	-	(286,483)
Share Purchases	133,480	-	-	-	-	-	-	-	133,480
Transfer to:									
Statutory Reserve	-	-	-	-	-	-	-	-	-
Credit Risk Reserve	-	-	-	330,406	(330,406)	-	-	-	-
Fund Applied	-	-	-	-	-	-	-	(1,570)	(1,570)
Balance as at 31 Dec	1,483,759	265,281	1,008,951	(235,342)	174,457	-	286	283,022	2,980,414
2019									
Balance as at 1 Jan	1,334,662	265,281	1,008,951	896,292	405,395	-	286	289,606	4,200,473
Profit for the Year	-	-	-	(1,076,089)	-	-	-	-	(1,076,089)
Share Purchases	15,617	-	-	-	-	-	-	-	15,617
Transfer to:									
Stated Capital	-	-	-	-	-	-	-	-	-
Credit Risk Movement	-	-	-	(99,468)	99,468	-	-	-	-
Fund Applied	-	-	-	-	-	-	-	(5,014)	(5,014)
Balance as at 31 Dec	1,350,279	265,281	1,008,951	(279,265)	504,863	-	286	284,592	3,134,987

STATEMENT OF CASH FLOWS

YEAR ENDED 31ST DECEMBER, 2020

	2020 GHS	2019 GHS
CASH INFLOWS FROM OPERATING ACTIVITIES		
Loss Before Taxation	(154,320)	(1,298,328)
Depreciation Charge	392,240	308,350
Amortisation	87,327	35,314
Impairment Charge on Loans & Advances	184,475	231,604
Profit on Disposal	(10,910)	(26,662)
Profit before Changes in Working Capital	498,812	(749,722)
CHANGES IN OPERATING ASSETS AND LIABILITIES		
Changes in Loans & Advances to Customers	(6,752,025)	(2,832,147)
Changes in Other Assets Accounts	1,564,203	(1,554,562)
Changes in Customers Deposits	25,792,994	11,019,007
Changes in Interest Payable and Other Liabilities	1,981,768	(1,514,835)
Tax Paid	(138,428)	(18,750)
Net cash from Operating Activities	22,947,324	4,348,992
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Property and Equipment	(599,396)	(495,925)
Purchase of Intangible Asset	(548,644)	(33,536)
Proceeds from Sale of Property and Equipment	56,500	470,742
Increase in Capital Work -in-Progress Expenditure	(19,371)	(140,485)
Dividend Paid	(1,570)	(5,014)
Net cash used in Investing Activities	(1,112,481)	(204,218)
CASH FLOWS FROM FINANCING ACTIVITIES		
Issue of Shares	133,480	15,618
Changes in Borrowed Funds	(723,362)	(938,385)
Net cash Used in Financing Activities	(589,882)	(922,767)
Net Increase in Cash and Cash Equivalents	21,244,962	3,222,007
Cash and Cash Equivalents at Start	29,005,332	25,783,325
Cash and Cash Equivalents at Close	50,250,294	29,005,332
ANALYSIS OF CASH AND CASH EQUIVALENTS		
Cash on Hand	2,503,778	2,308,322
Cash and Balances with ARB Apex Bank-5% Deposit	3,843,904	2,600,524
-Current	137,570	252,062
Balances with Other Banks	3,411,230	1,771,424
ACCOD	-	1,300,000
Short Term Investments	40,353,812	20,773,000
	50,250,294	29,005,332

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31ST DECEMBER, 2020

1. General information

Okomfo Anokye Rural Bank Limited ("the Bank") is a limited liability Bank incorporated under the Companies Act, 1963, Act 179 (now repealed and replaced by the Companies Act, 2019, Act 992) on 24th August, 2015 and domiciled in Ghana. The Bank is licensed by the Bank of Ghana (BOG) to receive deposits from and grant loans to customers and also provide any other service ancillary to financial services allowed by the regulator.

The address of its registered office is Wiamoase, opposite the Market, Okomfo Anokye, and a Postal Address of P.O. Box 13, Wiamoase, Ashanti Region, Ghana.

The Bank provides a wide range of services to a substantial and diversified client base that includes other financial institutions, businesses, government and public corporations and individuals.

2. Basis of Preparation of Financial Statements

2.1 Statement of Compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and in the manner required by the Companies Act, 2019, (Act 992) and the Banks and Specialized Deposit Taking Institutions Act, 2016, (Act 930).

2.2 Basis of Measurement

The financial statements have been prepared on a historical cost convention, except for the measurement of available-for-sale financial assets that are measured at fair value.

Historical cost is generally based on the fair value of consideration given in exchange for goods and services.

Fair value is the price that will be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair

value of an asset or liability, the Bank takes into account the characteristics of the asset or market participants will take those characteristics into account when pricing the asset or liability at the measurement date.

2.3 Functional and presentation currency

The financial statements are presented in Ghana cedi which is the Bank's functional and presentation currency. Except otherwise indicated, the financial information presented has been rounded off to the nearest one Ghana cedi.

2.4 Use of estimates and Judgement

The preparation of financial statements in conformity with IFRS required management to make judgement, estimates and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be under reasonable circumstances, the results of which form the basis of making the judgement about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Changes in assumptions may have a significant impact on the financial statements in the period the assumptions changed. Management believes that the underlying assumptions are appropriate. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 6.

2.5 Income and Statement of cash flows

The Bank has elected to present a single statement of profit or loss and other comprehensive income and presents its expenses by function of expense method.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31ST DECEMBER, 2020 (Cont'd)

The Bank reports cash flows from operating activities using the indirect method. Interest received is presented within operating cash flows; interest paid is presented within operating cash flows.

3. Significant Accounting Policies

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

3.1 Revenue Recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Bank and the revenue can be reliably measured. The following specific recognition criteria apply in revenue recognition.

Revenue includes interest income, commissions and fees, gain on disposal of securities and financial advisory fees.

a) Interest Income and Expenses

Interest income and expense are recognised within "finance income" and "finance costs" in profit or loss using the effective interest rate method, except for borrowing costs relating to qualifying assets, which are capitalised as part of the cost of that asset.

The Bank has chosen to capitalise borrowing costs on all qualifying assets irrespective of whether they are measured at fair value or not.

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts throughout the expected life of the financial instrument, or a shorter period where appropriate, to the net carrying amount of the financial asset or financial liability. When calculating the effective interest rate, the Bank estimates cash flows considering all contractual terms of the financial instrument (for example, pre-payment options) but does not consider future credit losses.

instrument (for example, pre-payment options) but does not consider future credit losses. The calculation includes all fees and points paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums or discounts.

b) Fees and Commission

Fees and commission are generally recognized on accrual basis. Fees and commission fee including advisory fees, transfer commission, facility and processing fees and syndication fees are recognised as the related services are performed. Fees and commission arising from negotiating or participating in a transaction on behalf of a third party are recognised upon completion of the underlying transaction.

c) Other income

Other incomes are recognised as and when they are earned.

d) Dividends income

Revenue is recognised when the bank's right to receive the payment is established (provided that it is probable that the economic benefits will flow to the Bank and the amount of income can be measured reliably)

3.2 General and administrative expenses

Expenses include legal, accounting, auditing and other fees. They are recognised in profit or loss in the period in which they are incurred (on an accruals basis).

3.3 Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short term highly liquid investments with original maturities of three months or less, and bank overdrafts.

3.4 Intangible Assets

a) Initial recognition

Intangible assets that are acquired by the Bank and have finite useful lives are measured at cost less accumulated amortization and accumulated impairment charges.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31ST DECEMBER, 2020 (Cont'd)

b) Subsequent measurement

Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including internally generated goodwill, is written off in profit or loss as incurred.

c) Amortisation

Intangible assets are amortised on a straight-line basis in profit or loss over their estimated useful lives, from the date they are available for use.

The annual amortization rate for the current and comparative years is as follows:

- Computer Software licenses : 25%

3.5 Property, plant and equipment

All property, plant and equipment (PPE) is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items and where applicable borrowing costs.

Cost of an item of PPE includes its purchase price and any direct attributable costs. Cost includes the cost of replacing part of an existing PPE at the time that cost is incurred if the recognition criteria are met; and excludes the costs of day-to-day servicing of an item of PPE.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Bank and the cost of the item can be measured reliably. The carrying amount of those parts that are replaced is derecognized. All other repairs and maintenance are charged to the statement of profit or loss during the financial period in which they are incurred.

Depreciation

Depreciation, based on a component approach, is calculated using the straight-line method to allocate the cost over the assets' estimated useful lives, as follows:

Assets	Rate (%)
Building	2
Office Furniture and Equipment	15
Motor Vehicles	20
Computers and Accessories	25
Leasehold Improvement	10

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at least at each financial year end.

An asset's carrying amount is written down immediately to its recoverable amount if its carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with carrying amount and are included in the statement of profit or loss.

3.6 Impairment of non-financial assets

Assets that have an indefinite useful life - for example, goodwill - are not subject to amortisation and are tested annually for impairment. Assets that are subject to depreciation or amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at each reporting date. Impairment losses on goodwill are not reversed.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31ST DECEMBER, 2020 (Cont'd)

3.7 Financial instruments

(a) Financial assets

Financial assets are classified as financial assets at fair value through profit or loss, loans and receivables, held-to-maturity financial assets and available-for-sale financial assets, as appropriate. The Bank determines the classification of its financial assets at initial recognition.

When financial assets are recognised initially, they are measured at fair value, plus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs.

Financial assets are derecognised only when the contractual rights to the cash flows from the financial asset expire or the Bank transfers substantially all risks and rewards of ownership.

The Bank's financial assets consist of loans and receivables and available-for-sale financial assets.

Financial assets recognised in the statement of financial position as trade and other receivables are classified as loans and receivables. They are recognised initially at fair value and subsequently measured at amortised cost less provision for impairment.

Cash and cash equivalents are also classified as loans and receivables. They are subsequently measured at amortised cost. Cash and cash equivalents includes cash in hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less.

The Bank assesses at each financial position date whether there is objective evidence that a financial asset or group of financial assets is impaired. If there is objective evidence (such as significant financial difficulty of the obligor, breach of contract, or it becomes probable that the debtor will enter bankruptcy), the asset is tested for impairment. The amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have

not been incurred) discounted at the financial asset's original effective interest rate (that is, the effective interest rate computed at initial recognition). The carrying amount of the asset is reduced through use of an allowance account. The amount of the loss is recognised in statement of profit or loss.

In relation to Loans and receivables, a provision for impairment is made when there is objective evidence (such as the probability of insolvency or significant financial difficulties of the debtor) that the Bank will not be able to collect all of the amounts due under the original terms of the invoice. Impaired debts are derecognised when they are assessed as uncollectible.

If in a subsequent period the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed, to the extent that the carrying value of the asset does not exceed its amortised cost at the reversal date. Any subsequent reversal of an impairment loss is recognised in statement of profit or loss.

(b) Financial liabilities

Liabilities within the scope of IFRS 9 are classified as financial liabilities at fair value through profit or loss or other liabilities, as appropriate

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

All loans and borrowings are classified as other liabilities. Initial recognition is at fair value less directly attributable transaction costs. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method.

Financial liabilities included in Loan and Receivables and other payables are recognised initially at fair value and subsequently amortised cost. The fair value of a non-interest bearing liability is its discounted repayment amount. If the due date of

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31ST DECEMBER, 2020 (Cont'd)

liability is less than one year, discounting is omitted.

3.8 Pre-payment

Pre-payments are carried at cost less any accumulated impairment losses.

3.9 Stated capital

Shares are classified as equity when there is no obligation to transfer cash or other assets. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

3.10 Dividend Distribution

Dividend distribution to the Bank's shareholders is recognized as a liability in the Bank's financial statements in the period in which the dividends are approved

3.11 Creditors and Accruals

Creditors and accruals payables are recognized initially at fair value and subsequently measured at amortised cost using the effective interest method.

3.12 Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised as finance cost over the period of the borrowings using the effective interest method.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs.

To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are classified as current liabilities unless the Bank has an unconditional right to defer settlement of the liability for at least 12 months after

the date of the statement of financial position.

1.1 Borrowing costs

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation. All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

The Bank capitalises borrowing costs on qualifying investment properties, Property, Plant and Equipment and inventories.

1.2 Current and deferred income tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in the statement of profit or loss, except to the extent that it relates to items recognised directly in other comprehensive income or equity - in which case, the tax is also recognised in other comprehensive income or equity.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the date of the statement of financial position in Ghana where the Bank operates. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation, and establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31ST DECEMBER, 2020 (Cont'd)

combination that at the time of the transaction affects either accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the date of the statement of financial position and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognized to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. The carrying value of the Bank's investment property is assumed to be realised by sale at the end of use.

The capital gains tax rate applied is that which would apply on a direct sale of the property recorded in the statement of financial position regardless of whether the Bank would structure the sale via the disposal of the subsidiary holding the asset, to which a different tax rate may apply. The deferred tax is then calculated based on the respective temporary differences and tax consequences arising from recovery through sale.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries, except where the timing of the reversal of the temporary difference is controlled by the Bank and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

3.15 Provisions

Provisions for legal claims are recognised when:

- The Bank has a present legal or constructive obligation as a result of past events;
- It is probable that an outflow of resources will be required to settle the obligation; and
- The amount can be reliably estimated.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as finance cost.

Where the Bank, as lessee, is contractually required to restore a leased property to an agreed condition prior to release by a lessor, provision is made for such costs as they are identified.

4. Quantitative Disclosure

	2020	2019
Capital Adequacy Ratio	5.03%	5.91%
Non-Performing Loans Ratio	6.35%	6.55%
Loan Loss Provision Ratio	5.11%	5.80%
Liquidity Ratio	56.82%	47.24%

5. Critical accounting judgments and key sources of estimation uncertainties

Estimates and judgements are continually evaluated and are based on historical experience as adjusted for current market conditions and other factors. Estimates and assumptions are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31ST DECEMBER, 2020 (Cont'd)

5.1 Critical accounting estimates and assumptions

Management makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates, assumptions and management judgements that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are outlined below.

(a) Income taxes

Uncertainties exist with respect to the interpretation of complex tax regulations, changes in tax laws, and the amount and timing of future taxable income. Given the wide range of business relationships and the long-term nature and complexity of existing contractual agreements, differences arising between the actual results and the assumptions made, or future changes to such assumptions, could necessitate future adjustments to tax income and expense already recorded. The Bank establishes provisions, based on reasonable estimates, for possible consequences of audits by the tax authorities. The amount of such provisions is based on various factors, such as experience of previous tax audits and differing interpretations of tax regulations by the Bank and the tax authority.

Deferred tax assets are recognised for all unutilised capital allowances to the extent that it is probable that taxable profit will be available against which the capital allowances can be utilised. Significant management judgment is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits together with future tax planning strategies.

(b) Fair value of non-derivatives and other financial instruments

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. The Bank uses its judgement to select a variety of methods and make assumptions that are mainly based on market conditions existing at the end of each reporting period.

5.2 Critical judgements in applying the Bank's accounting policies

In the process of applying the Bank's accounting policies, management has made the following judgments, which have the most significant effect on the amounts recognised in the financial statements:

Useful economic life of property, plant and equipment

To a large extent, the bank financial statements are based on estimates, judgements and models rather than exact depictions of reality. Providing relevant information about the Bank's Property, plant and equipment requires estimates and other judgements. This includes measuring the cost of an item of property, plant and equipment, including those that are self-constructed. The subsequent allocation of depreciation involves further judgements and estimates including:

- allocating the cost of the asset to particular major components;
- determining the most appropriate depreciation method;
- estimating useful life; and estimating residual value.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31ST DECEMBER, 2020 (Cont'd)

	2020 GHS	2019 GHS
6. INTEREST INCOME		
Interest on Loans and Advances	7,904,984	6,942,876
Interest on Investments	2,667,196	2,294,328
	10,572,180	9,237,204
7. INTEREST EXPENSE		
Interest on Time & Other Deposits	1,571,022	1,491,883
Interest on Borrowings	22,797	144,842
	1,593,819	1,636,725
8. COMMISSIONS AND FEES		
Commitment Fees	1,125,762	629,486
Commissions Received	62,388	97,362
	1,188,150	726,848
9. OTHER OPERATING INCOME		
Western Union	24,452	28,485
Salary Service Charge	282,338	185,456
Sundry Income	695,932	486,507
	1,002,722	700,448
10. OPERATING EXPENSES		
Staff Cost	6,978,572	6,553,351
Occupancy Cost	707,329	651,027
General & Administrative Expenses	3,453,177	2,890,121
	11,139,078	10,094,499
10a. STAFF COST		
Salaries and Wages	3,915,779	3,865,716
Social Security Contribution	497,521	491,262
Provident Fund Contribution	254,346	261,994
Medical Expenses	21,482	16,168
Staff Allowance	387,280	366,492
Long Service Award	36,730	12,395
Staff Training Expenses	58,770	43,468
Annual Bonus	541,756	302,145
Other Staff Cost	893,479	809,148
Clothing Allowance	371,429	384,563
	6,978,572	6,553,351

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31ST DECEMBER, 2020 (Cont'd)

	2020 GHS	2019 GHS
10b. DIRECTOR EMOLUMENTS	257,867	185,213
Sitting Allowance	121,664	98,115
Retiring Benefits	69,600	22,650
Fees	25,000	34,200
Directors Training	41,603	30,248
10c. GENERAL & ADMINISTRATIVE EXPENSES: include		
Auditors Remuneration /Fees	38,189	31,327
Fees	30,866	26,840
Audit Expenses	7,323	4,487
Depreciation	392,240	308,350
Amortisation	87,327	35,314

11. Income Tax

11 i. Income tax expense

The major tax expense components of income tax expense for the years ended 31 December 2020 and 2019 are:

Statement of profit or loss

Current income charge	-	-
Deferred tax charge / (credit)	120,991	(222,239)
Income tax reported in the statement of profit or loss	120,991	(222,239)

11 ii. Reconciliation of Effective Tax

The tax on the Bank's profit before tax differs from the theoretical amount that would arise using the statutory tax rate on the applicable profit as follows:

Accounting profit before income tax	(154,320)	(1,298,328)
Statutory income tax rate of 25%	(38,580)	(324,582)
Non- deductible expenses for tax purposes	260,640	219,358
Effect on non-chargeable income	(15,498)	(7,037)
Effect on capital allowance utilised	(206,562)	112,261
Change in recognised temporary differences	120,991	(222,239)
Income tax reported in the statement of profit or loss	120,991	(222,239)
Effective tax rate	(78.40)	17.12

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31ST DECEMBER, 2020 (Cont'd)

14. INVESTMENTS (SHORT-TERM)

These are made up of:

Government Securities

Money Placement With Discount Houses

2020 GHS	2019 GHS
25,220,000	4,430,000
15,133,812	16,343,000
40,353,812	20,773,000

15. LOANS AND ADVANCES

(a) Analysis by type of Product

Loans

Overdraft

Less: Impairment charge

24,103,025	18,547,802
5,809,395	4,612,593
29,912,420	23,160,395
(1,528,792)	(1,344,317)
28,383,628	21,816,078

(b) Analysis by Business Segment

Agriculture

Trading

Cottage

Transport

Others

Less: Impairment charge

571,249	989,247
15,417,598	10,716,739
826,399	1,286,929
527,727	898,721
12,569,447	9,268,759
29,912,420	23,160,395
(1,528,792)	(1,344,317)
28,383,628	21,816,078

(c) Analysis by Type of Customer

Individual

Private Enterprises

Public Enterprises

Others

Less: Impairment charge

20,519,115	15,209,597
963,121	838,309
901,748	594,636
7,528,436	6,517,853
29,912,420	23,160,395
(1,528,792)	(1,344,317)
28,383,628	21,816,078

16. INVESTMENTS (LONG-TERM)

This is made up of:

Shares in ARB APEX Bank Ltd.

61,971	61,971
61,971	61,971

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31ST DECEMBER, 2020 (Cont'd)

17. OTHER ASSET ACCOUNTS

	2020 GHS	2019 GHS
Interest and Commission Receivable	2,167,358	2,427,220
Insurance Prepaid	4,983	70,226
Stationary Stock	173,859	192,104
Rent Prepaid	2,151,107	2,404,968
Office Account	622,069	1,528,452
Inter Agency Transfers	-	60,609
	5,119,376	6,683,579

18. INTANGIBLE ASSETS

Software

COST

Balance as at 1 Jan	235,426	201,890
Additions during the year	548,644	33,536
Balance as at 31 Dec	784,070	235,426

AMORTISATION

Balance as at 1 Jan	200,601	165,287
Amortisation for the year	87,327	35,314
Balance as at 31 Dec	287,928	200,601

Net Book Value-31 Dec

496,142	34,825
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NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31ST DECEMBER, 2020 (Cont'd)

19 . PROPERTY & EQUIPMENT

2020	Land	Building	Capital Work in Progress	Leasehold Improvement	Equipment, Furniture & Fittings	Motor Vehicle	Computers & Accessories	Investment Property	Fully Depreciated Assets	Total
	GHS	GHS	GHS	GHS	GHS	GHS	GHS	GHS	GHS	GHS
Balance as at 1/1/20	140,684	525,641	1,120,147	677,553	1,006,099	468,649	309,472	434,902	863,045	5,546,192
Additions during the year	46,000	-	19,371	19,796	422,103	600	110,897	-	-	618,767
Disposal	-	(33,826)	-	-	(227)	-	-	(16,500)	-	(50,553)
Disposal/Transfers	(43,000)	590,801	(1,139,518)	442,938	148,779	-	-	-	-	-
Balance as at 31/12/20	143,684	1,082,616	-	1,140,287	1,576,754	469,249	420,369	418,402	863,045	6,114,406
DEPRECIATION										
Balance as at 1/1/20	-	100,936	-	368,341	557,270	77,506	166,591	-	863,045	2,133,689
Charge for the year	-	20,310	-	77,194	152,951	78,340	63,444	-	-	392,240
Disposal/Transfer during the year	-	(4,736)	-	-	(227)	-	-	-	-	(4,963)
Balance as at 31/12/20	-	116,510	-	445,535	709,994	155,846	230,035	-	863,045	2,520,966
NET BOOK VALUE-31/12/20	143,684	966,106	-	694,752	866,760	313,403	190,334	418,402	-	3,593,440
2019										
COST										
Balance as at 1/1/2019	113,640	525,641	979,662	624,060	942,899	341,516	259,979	855,097	863,045	5,505,539
Addition during the year	46,250	-	140,485	53,493	121,124	218,252	57,656	-	-	637,260
Disposal / Transfer during the year	(19,206)	-	-	-	(57,924)	(91,119)	(8,163)	(420,195)	-	(596,607)
Balance as at 31/12/2019	140,684	525,641	1,120,147	677,553	1,006,099	468,649	309,472	434,902	863,045	5,546,192
DEPRECIATION										
Balance as at 1/1/2019	-	92,201	-	319,572	527,862	87,430	86,905	-	863,045	1,977,015
Charge for the year	-	8,735	-	48,769	87,332	75,665	87,849	-	-	308,350
Disposal/ Transfer during the year	-	-	-	-	(57,924)	(85,589)	(8,163)	-	-	(151,676)
Balance as at 31/12/2019	-	100,936	-	368,341	557,270	77,506	166,591	-	863,045	2,133,689
NET BOOK VALUE-31/12/19	140,684	424,705	1,120,147	309,212	448,829	391,143	142,881	434,902	-	3,412,503

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31ST DECEMBER, 2020 (Cont'd)

20. DEPOSITS AND CURRENT ACCOUNTS

(a) Analysis by Type of Deposits

	2020 GHS	2019 GHS
Current Accounts	14,885,018	8,781,039
Savings Accounts	30,934,669	22,433,672
Time Deposits	12,955,320	9,180,753
Susu Deposits	23,142,205	15,728,754
	81,917,212	56,124,218

(b) Analysis by Type of Customer

Individuals	50,989,680	37,834,805
Other Private Enterprise	7,785,327	2,560,659
Other Deposit Susu	23,142,205	15,728,754
	81,917,212	56,124,218

21. LOANS FROM OTHER FINANCIAL INSTITUTION

ARB Apex Bank	24,000	60,000
GN Long Term Loan	-	300,000
Other Financial Institutions-SIF	-	194,622
Other Financial Institutions-Danida	-	24,540
Other Financial Institutions-REP	-	168,200
	24,000	747,362

22. INTEREST PAYABLE AND OTHER LIABILITIES

Interest and Bills Payable	1,517,942	478,468
Sundry Creditors	1,581,991	522,708
Office Account	38,426	160,169
Accrued Charges	40,460	35,705
	3,178,819	1,197,050

23. STATED CAPITAL

	Number	Number
i) Authorised Ordinary Shares of No Par Value	5,000,000,000	5,000,000,000
ii) Issued Preference Shares of No Par Value	125,000	125,000
iii) Issued Ordinary Shares of No Par Value	83,589,756	76,915,756
iv) Proceeds Issued for Cash-Ordinary Shares	1,207,998	1,074,518
v) Proceeds from Bonus Issues	275,761	275,761
	1,483,759	1,350,279

vi) There is no unpaid Liability on any share and there is no share in Treasury

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31ST DECEMBER, 2020 (Cont'd)

	2020 GHS	2019 GHS
24. RETAINED EARNINGS		
Balance as at 1 January	(279,265)	896,292
Loss for the year	(286,483)	(1,076,089)
	(565,748)	(179,797)
Transfers to:		
Statutory Reserve Fund	-	-
Credit Risk Reserve	330,406	(99,468)
Balance as at 31st December		
Per Statement of Financial Position	(235,342)	(279,265)
25. CAPITAL SURPLUS		
This represents Bonus Share issue from ARB Apex Bank	265,281	265,281
26. STATUTORY RESERVE FUND		
Balance at 1 January	1,008,951	1,008,951
Add: Transfer from Retained Earnings	-	-
Balance as at 31 December	1,008,951	1,008,951
27. CREDIT RISK RESERVE		
Balance at 1 January	504,863	405,395
Movement for the Year	(330,406)	99,468
Balance as at 31 December	174,457	504,863
28. Dividend Fund		
Balance at 1 January	284,592	289,606
Add: Transfer from Retained Earnings	-	-
Less: Fund Applied	(1,570)	(5,014)
Balance as at 31 December	283,022	284,592
29. Social Responsibility Fund		
Balance at 1 January	286	286
Add: Transfer from Retained Earnings	-	-
	286	286
Less: Amount Utilized during the year	-	-
Balance as at 31 December	286	286

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31ST DECEMBER, 2020 (Cont'd)

30. Provident Fund

There is a defined Contribution Provident Fund Scheme for all employees. Employees contribute 5% of their basic fund whilst the bank contributes 7.5%

31. Post Statements of financial position events

Events subsequent to the statement of financial position date are reflected in the financial statements only to the extent that they relate to the year under consideration and the effect material.

32. Gross Non – Performing Loan Ratio

The percentage of gross non - performing loans and advances to total credit portfolio (gross) was 6.35% (2019-6.55%).

33. Social Responsibility Obligation

The amount spent on fulfilling social responsibility obligation was GHS 0 (2019 – GHS 0).

34. Commitments

There were no capital commitments at 31 December 2020, (2019: Nil).

35. Contingent liabilities

There were no contingent liabilities at 31 December 2020, (2019: Nil).

36. Related party transactions and balances

A number of transactions are entered into with related parties in the normal course of business. These normally include loans advanced to related persons. The disbursements and related outstanding balances at the year-end are as follows:

a. Emoluments of the Directors

	2020 GHS	2019 GHS
Fees	25,000	34,200
Sitting Allowances	121,664	98,115
Retiring Benefits	69,600	22,650
Directors Training	41,603	30,248

b. Loans to Directors and connected persons

	2020 GHS	2019 GHS
Loans outstanding as at 1 Jan	93,049	115,462
Loans granted during the year	130,000	-
Loans repayment during the year	<u>(168,946)</u>	<u>(22,413)</u>
Loans outstanding as at 31st Dec	<u>54,103</u>	<u>93,049</u>

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31ST DECEMBER, 2020 (Cont'd)

c. Loans to Key Management Staff and connected persons

	2020 GHS	2019 GHS
Loans outstanding as at 1 Jan	498,538	403,154
Loans granted during the year	192,000	205,000
Loans repayment during the year	<u>(101,366)</u>	<u>(109,616)</u>
Loans outstanding as at 31 st Dec	<u>589,172</u>	<u>498,538</u>

d. Key Management Personnel Emoluments

	2020 GHS	2019 GHS
Directors Emoluments	25,000	34,200
Key Management Salaries	440,851	781,347

37. Financial risk management

Introduction and overview

An organization may be exposed to different types of financial risks depending on the size and complexity of business activities. Okomfo Anokye Rural Bank Limited, however, is generally exposed to:

- | | |
|----------------------|-----------------------|
| (a) Credit risk | (e) Compliance risk |
| (b) Liquidity risk | (f) Legal risk |
| (c) Market risk | (g) Reputational risk |
| (d) Operational risk | (h) Capital risk |

The Bank's risk management framework, objectives, policies, procedures and processes for identifying, measuring, monitoring and controlling these risks, and regulatory capital management is presented below:

Risk Management Framework

The Board of Directors and Senior Management have developed and established policies and procedures to facilitate effective risk management. These policies and procedures provide guidance on risk appetite/tolerance limit, risk identification, monitoring and control and adherence to set risk limits.

The risk management policies and procedures are continually reviewed to reflect changes in economic and financial landscape as well as products and services offered.

The Board of Directors has the overall responsibility for the establishment and oversight of the Bank's risk management framework. The responsibilities of the Board of Directors include; setting out the Bank's overall risk appetite/tolerance limit, ensuring that the Bank's overall risk exposure is maintained at prudent levels and consistent with available capital. They also include ensuring that Management as well as individuals responsible for Risk Management possess sound expertise and knowledge to accomplish the risk management function and that appropriate policies and procedures for risk management are in place.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31ST DECEMBER, 2020 (Cont'd)

The Board's Sub-Committees on Investment and the Management as a whole oversee the implementation of the broad risk management policies and objectives of the Bank.

(a) Credit risk management

Credit risk represents the loss which the Bank would suffer if a customer or counter-party to financial instruments failed to meet its contractual obligations.

Credit Risk stems from outright default due to inability or unwillingness of a client or counterpart to meet commitments in relation to lending, trading settlement and other financial transaction. Resultant losses may result in reduction in receivables portfolio value due to the actual or perceived deterioration in those receivables portfolio quality.

The Bank has established credit policies under which new customers are assessed for credit worthiness before credit is extended to them.

The Investment Committee is responsible for implementing the credit risk policy/strategy, monitoring credit risk on a bank-wide basis and ensuring compliance with credit limits to be approved by the Board.

Business strategies, policies and procedures for managing credit are determined bank-wide with specific policies and procedures being adopted for corporate and small and medium-sized enterprises.

Managing problems of Loans and Advances

The Recoveries Unit within the Credit Department manages delinquent facilities including outright recoveries or nursing of such problem Loans back to health.

At delinquent and past due stages, where recovery efforts are unsuccessful, the Bank refers the client to the Bank's Solicitors for legal action to be initiated.

Provisioning for loans and advances

Credit losses are anticipated and charged in the statement of profit or loss on a monthly basis. The balance in the impairment allowance account is always equal to at least the required provisions based on the Bank's current risk rating profile. If the status of the loan worsens, the balance of the provision account is increased by an additional charge against earnings.

In conformity with Bank of Ghana's directives, the minimum provision that are held are as follows;

Credit Risk Rating	Days Past Due	Minimum Prov. Required (%)
Current	Less than 30	1%
OLEM	30 - 90	10%
Sub-standard	91 – 180	25%
Doubtful	181 – 360	50%
Loss	Over 360	100%

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31ST DECEMBER, 2020 (Cont'd)

Impairment losses

The ageing of Loan and Advances at the reporting date was:

		2020		2019	
		Gross Amt	Impairment	Gross Amt	Impairment
		GHS	GHS	GHS	GHS
Current	0-30 days	27,382,875	253,632	20,698,712	417,314
Olem	31- 91days	629,417	62,942	944,337	94,431
Sub-Standard	91- 180 days	383,392	95,848	536,898	134,225
Doubtful	181 - 360 days	800,732	400,366	564,202	282,101
Loss	> 360 days	716,004	716,004	416,246	416,246
		29,912,420	1,528,792	23,160,395	1,344,317

Exposure to credit risk

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

The maximum exposure to credit risk at the reporting date was as follows:

	2020	2019
	GHS	GHS
Cash and Balances with Other Banks	9,896,482	8,232,332
Short-term Investment	40,353,812	20,773,000
Loans and Advances	28,383,628	21,816,078
Other Assets	<u>5,119,376</u>	<u>6,683,579</u>
	<u>83,753,298</u>	<u>57,504,989</u>

All receivables that are neither past due nor impaired are within their approved credit limits, and no receivables have had their terms renegotiated.

(b) Liquidity Risk

Liquidity risk is the risk that the Bank will not be able to meet its financial obligations as they fall due. Prudent liquidity risk management includes maintaining sufficient cash balances, and the availability of funding from an adequate amount of committed credit facilities.

The Bank's liquidity management systems comprise two main processes;

- assessment of the Bank's financing requirements on the basis of budgets and forecasts in order to plan appropriate funding sources and ;
- an analysis of daily cash report to monitor daily cash flow position

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31ST DECEMBER, 2020 (Cont'd)

(c) Market risk

Interest rate risk

Interest rate risk represents the risk exposures the Bank has in relation to instruments whose value vary with the level of interest rates. These include investments, debt securities, and borrowings.

The bank's exposure to the risk of changes in market interest rates relates primarily to its long-term borrowings with floating interest rates. All of its borrowings are at floating interest rates.

(d) Operational risk

Operational risk is the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events.

It is the risk of loss arising from the potential that inadequate information systems, breaches of internal controls, fraud, technological

failure and unforeseen catastrophes may result in unexpected loss or reputational problems.

Over the years the Bank has developed a thorough and consistent framework of policies, procedures and tools to identify, measure, monitor, control and actively manage its operational risks in a timely and effective manner.

(e) Compliance and regulatory risk

In order to strengthen the Bank's compliance with regulatory requirements, the Bank organises series of dedicated training on a regular basis to equip staff with compliance and regulatory issues in order to minimise risk emanating therefrom.

(f) Legal risk

The Bank's activities are undertaken in a manner which adequately reduces the risks which may arise out of material litigation to be initiated against it (the Bank).

(g) Reputational risk

The Bank conducts its business in a responsible, professional and transparent manner. The Bank safeguards the interest of its clients as well as its reputation. This is aimed at demonstrating our commitment and fostering a long term relationship with our clients and the public at large. We manage our image and reputation in a professional manner.

(h) Capital risk management

The primary objectives of the Bank's capital management are to ensure that the Bank complies with externally imposed capital requirement by Bank of Ghana and that the Bank maintains strong credit ratings and healthy capital ratios in order to support its business and maximize shareholders' value. In order to maintain the desired level of capital, the Bank may vary its dividend policy or issue new shares. The Bank did not comply with all externally imposed capital requirement throughout the period.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31ST DECEMBER, 2020 (Cont'd)

38. Financial assets and financial liabilities

Fair values

Set out below is a comparison by class of the carrying amounts and fair values of the Bank's financial instruments that are carried in the financial statements.

	Dec. 31 2020 GHS	Dec. 31 2019 GHS	Dec. 31 2020 GHS	Dec. 31 2019 GHS
Financial assets				
Cash and Balances with Other Banks	9,896,482	8,232,332	9,896,482	8,232,332
Short-term investments	40,353,812	20,773,000	40,353,812	20,773,000
Loans and advances	28,383,628	21,816,078	28,383,628	21,816,078
Other assets	5,119,376	6,683,579	5,119,376	6,683,579
Total	83,753,298	57,504,989	83,753,298	57,504,989
Financial Liabilities				
Current Accounts	14,885,018	8,781,039	14,885,018	8,781,039
Savings Accounts	30,934,669	22,433,672	30,934,669	22,433,672
Time Deposits	12,955,320	9,180,753	12,955,320	9,180,753
Susu Deposits	23,142,205	15,728,754	23,142,205	15,728,754
Loans From Other Financial Institutions	24,000	747,362	24,000	747,362
Interest and Other Liabilities	3,178,819	1,197,050	3,178,819	1,197,050
Total	85,120,031	58,068,630	85,120,031	58,068,630

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

The following methods and assumptions were used to estimate the fair values:

- Cash and short-term deposits, loans and advances, deposits and current accounts and other current liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.
- Long-term fixed-rate and variable-rate receivables/borrowings are evaluated by the Bank based on parameters such as interest rates. Based on this evaluation, allowances are taken to account for the expected losses of these receivables. As at December 31, 2020, the carrying amounts of such receivables, net of allowances, were not materially different from their calculated fair values.

39. Fair Value hierarchy

As at 31 December 2020, the Bank held the following financial instruments carried at fair value on the statement of financial position: The bank uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities

Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31ST DECEMBER, 2020 (Cont'd)

Level 3: techniques which use inputs that have a significant effect on the recorded fair value that are not based on observable market data

As at 31 December 2020, the company held the following financial instruments measured at fair value:

2020	Total GHS	Level 1 GHS	Level 2 GHS	Level 3 GHS
Financial assets				
Cash and Balances with Other Banks	9,896,482	-	9,896,482	-
Short-term investments	40,353,812	-	40,353,812	-
Loans and advances	28,383,628	-	28,383,628	-
Other assets	5,119,376	-	5,119,376	-
Total	83,753,298	-	83,753,298	-
Financial Liabilities				
At Amortised Cost				
Current Accounts	14,885,018	-	14,885,018	-
Savings Accounts	30,934,669	-	30,934,669	-
Time Deposits	12,955,320	-	12,955,320	-
Susu Deposits	23,142,205	-	23,142,205	-
Loans From Other Financial Institutions	24,000	-	1,685,746	-
Interest and Other Liabilities	3,178,819	-	3,178,819	-
Total	85,120,031	-	86,781,777	-

The bank carries unquoted equity shares as available-for-sale financial instruments classified as Level 3 within the fair value hierarchy.

	GHS	GHS	GHS	GHS
Financial assets				
Cash and Balances with Other Banks	8,232,332	-	8,232,332	-
Short-term investments	20,773,000	-	20,773,000	-
Loans and advances	21,816,078	-	21,816,078	-
Other assets	6,683,579	-	6,683,579	-
Total	57,504,989	-	57,504,989	-
Financial Liabilities				
At Amortised Cost				
Current Accounts	8,781,039	-	8,781,039	-
Savings Accounts	22,433,672	-	22,433,672	-
Time Deposits	9,180,753	-	9,180,753	-
Loans From Other Financial Institutions	747,362	-	747,362	-
Susu Deposits	15,728,754	-	15,728,754	-
Interest and Other Liabilities	1,197,050	-	1,197,050	-
Total	58,068,630	-	58,068,630	-

During the reporting period ending 31 December 2019, there were transfers between Level 1 and Level 3 fair value measurements. No other transfers were made.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31ST DECEMBER, 2020 (Cont'd)

43. Value Added Statement

	2020 GHS	2019 GHS
Interest earned and other operating income	12,763,052	10,664,500
Direct cost service	(5,249,758)	(4,800,009)
Value added by banking services	7,513,294	5,864,491
Non-banking services	(120,991)	222,239
Impairments on Financial Assets	(184,475)	(231,604)
Value added	7,207,828	5,855,126
Distributed as follows:		
To Employees:		
Directors (without executives)	25,000	34,200
Executive directors		
Other employees	6,978,572	6,553,351
To Government:		
Income Tax	-	-
Under Provision	11,172	
To providers of capital		
Dividends to shareholders	-	-
To expansion and growth		
Depreciation	392,240	308,350
Amortisation	87,327	35,314
Retained earnings	(286,483)	(1,076,089)
	7,207,828	5,855,126

SCHEDULE TO STATEMENT OF COMPREHENSIVE INCOME

YEAR ENDED 31ST DECEMBER, 2020

	2020 GHS	2019 GHS
STAFF COST		
Salaries and Wages	3,915,779	3,865,716
Social Security Contribution	497,521	491,262
Provident Fund Contribution	254,346	261,994
Staff Training Expenses	58,770	43,468
Annual Bonus	541,756	302,145
Other Staff Cost	893,479	809,148
Staff Allowances	387,280	366,492
Long Service Award	36,730	12,395
Medical Expenses	21,482	16,168
Staff Clothing Allowance	371,429	384,563
	6,978,572	6,553,351
OCCUPANCY COST		
Repairs and Maintenance	71,296	82,388
Rent and Rate	253,178	220,087
Cleaning & Sanitation	66,852	39,179
Generator running expenses	71,694	79,137
Electricity and Water	244,309	230,236
	707,329	651,027
GENERAL & ADMINISTRATION EXPENSES		
Travelling and Transport	864,531	895,288
Printing and Stationery	163,294	124,820
Hospitality to Guest & Protocol Expenses	135,111	200,334
Board Meeting Expenses		
- Sitting allowance	121,664	98,115
- Retiring Benefits	69,600	22,650
- Fees	25,000	34,200
Directors Training	41,603	30,248
Specie Movement Expenses	9,640	11,695
Management & Staff Meetings	19,529	27,369
Auditing & Supervision Expenses	7,323	4,487
	1,457,296	1,449,206

SCHEDULE TO STATEMENT OF COMPREHENSIVE INCOME

YEAR ENDED 31ST DECEMBER, 2020

	2020	2019
	GHS	GHS
Balance Forward	1,457,296	1,449,206
Audit Fees	30,866	26,840
VAT on Audit fees	5,594	4,865
Business Promotion	29,642	16,340
Insurance	100,131	69,921
Postages and Telecommunications	55,675	58,273
Depreciation	392,240	308,350
Amortisation	87,327	35,314
Software Maintenance	197,749	201,916
Hotel Accommodation	-	14,990
Motor Vehicle Running Expenses	188,778	172,612
Legal Expenses	11,000	11,000
Newspapers, Subscriptions and Periodicals	286,644	137,987
Advertising and Publicity	27,100	16,172
Annual General Meeting Expenses	40,619	80,621
Donation	38,403	42,300
Computer Expenses	62,168	16,518
Security Guard Expenses	147,789	73,671
Police Guard	27,110	30,215
Loan Recovery Expenses	31,748	28,261
Tax Surcharge	114,448	-
Sundry Expenses	38,906	34,936
Cashiers Efficiency	11,560	10,400
Tax Consultancy	4,000	4,000
Bank Charges	66,385	45,413
	3,453,177	2,890,121
TOTAL OPERATING EXPENSES	11,139,078	10,094,499

ANNUAL GENERAL MEETING OF SHAREHOLDERS
HELD ON FRIDAY 17TH DECEMBER, 2021 AT THE SALVATION ARMY HALL, WIAMOASE
AT 10:00 AM

PROGRAMME OUTLINE

1. Opening Prayer -
2. Introduction of Chairman & Other Board Members & MCs -
3. Chairman's Response -
4. Introduction of Invited Guests/Dignitaries - MC
5. Reading of Notice convening the meeting - MC
6. Confirmation of Previous Minutes -
7. To consider the following Reports:
 - a. Chairman's Report - Mr. Kennedy Obiri-Yeboah
 - b. Directors' Report - Mr. Emmanuel Owusu Boakye
 - c. Auditor's Report - Richard Owusu Afriyie & Associates
8. Acceptance and Discussion of Reports
9. Declaration of Dividend
10. Authorization of Directors to fix Auditors' fees
11. Fixing of Directors' Remuneration
12. SPEECHES:
 - a. Ashanti Chapter President, Association of Rural Banks
 - b. Managing Director, ARB Apex Bank
 - c. Bank of Ghana Representative
 - d. Members of Parliament / District Chief Executives
 - e. Nana Wiamoasehene
 - f. Nana Dr. Anokye Ababio, Agonamanhene
13. Presentation of Awards
14. Resolution to change the Bank's name to Okomfo Anokye Rural Bank PLC
15. Election of Director(s) to replace those retiring - District Electoral Officer
16. Review of the Bank's Constitution
17. Chairman's Closing Remarks
18. Vote of Thanks - Ms. Mavis Opoku Agyemang
19. Closing Prayer - Rev. Eric Boakye-Yiadom