



OKOMFO ANOKYE RURAL BANK LIMITED

ANNUAL REPORT FOR THE YEAR ENDED
31ST DECEMBER, 2019

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NOTICE OF THE 32ND ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT THE 34TH ANNUAL GENERAL MEETING (AGM) OF SHAREHOLDERS OF OKOMFO ANOKYE RURAL BANK LIMITED, WIAMOASE ASHANTI WILL BE HELD AT THE NEMARK VILLAGE HOTEL AT AGONA ASHANTI ON FRIDAY, 18TH DECEMBER 2020 AT 10.00AM TO TRANSACT THE ORDINARY BUSINESS OF THE AGM:

AGENDA

- i. To read the Notice convening the 34th Annual General Meeting
- ii. To Confirm the Minutes of the 33rd 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, 2019
- iv. To authorize the Directors to fix the Auditor's Remuneration
- v. To fix Directors' Remuneration
- vi. To elect Directors to replace those retiring on rotation.

RETIRING DIRECTORS

In accordance with Section 325 of the Companies Act 2019 (Act 922) two (2) Directors, Very Rev. Eric Kwame Boakye-Yiadom and Prof Siaw Frimpong, representatives of Wiamoase Zone are due to retire at the end the meeting and are eligible for re-election and they have expressed their willingness to be re-elected.

ELIGIBILITY FOR DIRECTORSHIP

Please note that any shareholder vying for the position of a Director must have been a shareholder of the Bank for not less than **three years** and must possess a minimum of **50,000 shares** as at 31st December, 2019. That shareholder must have expertise in any of the following areas: Agriculture, Education, Finance, Law, Information Technology, Accounting, Building & Construction and any other relevant discipline.

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 922) 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 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 the website at www.okomfoanokyeruralbank.com

NOTE:

1. ONLY SHAREHOLDERS WHO OWNED SHARES ON OR BEFORE 31ST DECEMBER, 2019 WILL BE ELEGIBLE TO VOTE AT THE 34TH AGM.
2. ALL COVID-19 SAFETY PROTOCOLS SHALL BE STRICTLY ADHERED TO.

Dated at Wiamoase, this 20th day of October, 2020.

BY ORDER OF THE BOARD

CORPORATE INFORMATION

YEAR ENDED 31ST DECEMBER, 2019

BOARD MEMBERS

Mr. Kennedy Obiri -Yeboah
Mr. Emmanuel Owusu - Boakye
Dr. Kofi Anokye - Manu
Kwasi Bempa, Esq
Very Rev. Eric Boakye Yiadom
Dr. Siaw Frimpong
Rev. Charles Yeboah

SECRETARY

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

SOLICITORS

Kwasi Bempa ,Esq
Faith Chambers
Kumasi

MANAGEMENT

Mr.Peter Abako Goriya
Mr. Paul Kwabena Oduro
Mr. Joseph Boahen
Aps.Isaiah Ameyaw -Amankwaah
Mr.George Coffie
Mrs Sylvia Achiaa Ababio
Mr.Cliff Kakra Boakye
Mr.George Oti Kwarteng
Mr.Joseph Kofi Cobbinah
Mr.Prince Takyi
Mr. Joseph Addae

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






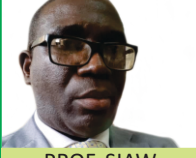
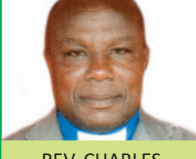
REGISTERED OFFICE

Wiamoase

POSTAL ADDRESS

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

BOARD OF DIRECTORS

| | QUALIFICATION | CONTACT DETAILS | POSITION |
|---|---|--|---|
|  KENNEDY OBIRI-YEBOAH | CA, CEMBA, MBA (Accounting), AIM (Management Practice) | 0244419587 0501333610 | Board Chairman |
|  EMMANUEL OWUSU BOAKYE | M.A. (HRD), B.Ed (Technology) | 024498359 0204344903 | Vice Board Chairman, Chairman, Loans & Advances Committee, Member, Human Resource Committee |
|  DR. KOFI ANOKYE-MANU | PhD (Education Management & Leadership, B.Sc (Admin) PGCE | 0244181642 0208116928 0204344902 | Board Member, Chairman Human Resource & Marketing Research Committees, Member Loans and Advances Committee |
|  LAWYER KWASI BEMPA | LLB; Bachelor of Law | 0208135981 0204344901 | Board Member Bank's Solicitor, Chairman Procurement Committee |
|  VERY REV. ERIC K. BOAKYE YIADOM | B.Com, CIM (Ministry) | 0244214479 0204344907 | Board Member, Member, Loans & Advances Audit & Governance, & Procurement Committees. |
|  PROF. SIAW FRIMPONG | PhD (Finance), M.Bus, Dip. Grad (Fin), B.Com, Dip Ed. | 0244887254 0332137871 0501267206 | Board Member, Chairman, Audit and Governance |
|  REV. CHARLES YEBOAH | M/A Educational Leadership BEd (Accounting) Teachers Cert "A" Special Ministerial Training | 0501585945 0242701607 | Board Member, Member, Loans & Advances Committee, Member Audit & Governance Committee |

EXECUTIVE MANAGEMENT



MBA FINANCE, ICA, ACIB

0501628452

General Manager



Bsc AGRICULTURE, ACIB
CEMBA (GENERAL MANAGEMENT)

0204344993

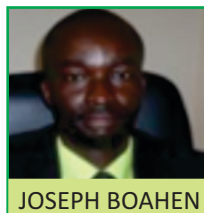
Operations Manager



MBA FINANCE

0204345223

Human Resource Manager



Msc. (INDUSTRIAL FINANCE
AND INVESTMENT)

0204344943

Finance Manager









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 |
|  SYLVIA ACHIAA ABABIO | MBA FINANCE, ACIB | 0203301179 | Marketing 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 |



CHAIRMAN'S REPORT TO SHAREHOLDERS

AT THE 34TH ANNUAL GENERAL MEETING
HELD AT AGONA ON FRIDAY 18TH DECEMBER, 2020.

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 34th Annual General Meeting of Okomfo Anokye Rural Bank Limited and to present to you the Annual Report and Financial Statement of our Bank for the year ended, 31st December, 2019.

ECONOMIC REVIEW

Ghana's economy continued to expand in 2019, with real GDP growth estimated at 7.1%. The growth has been consistent since 2017 and placed Ghana as one of the Africa fastest growing economies.

In 2019, Ghana maintained its moderate fiscal and current account deficits, single-digit inflation, and a relatively stable exchange rate. The fiscal deficit improved marginally from 3.5% of GDP in 2018 to 3.4% in 2019.

The exchange rate between the Ghana cedi and US dollar remained relatively stable ending at GHS5.54 at the end of the year with normal import driven pressure causing the slight depreciation of the cedi.

Increased public debt and shortfalls in domestic revenues pose challenges to further macroeconomic improvements.

The liquidity challenges in some of the financial institutions which started from 2017 continued in 2019 resulting in the closure of Fifty-three (53) Asset Management companies, Sixteen (16) savings and loans, Three hundred and forty-seven (347) microfinance companies, and Seven (7) finance houses. This caused significant loss of confidence in the financial sector and reduction of interest Income for affected Investors.

RURAL BANKING SECTOR

The total Deposit portfolio of Rural banks in Ashanti region grew by 11.77% from GHS1.1 Billion in 2018 to GHS1.3 Billion during the year under review. The slow growth was attributed to the lack of confidence in the banking sector mainly due to lock up funds.

Due to the closure of some Asset management companies, the Profit before tax for the year for Rural banks in Ashanti region declined by 84% from GHS33.4 Million in 2018 to GHS5.3 million in 2019 with more than half of the banks recording losses.

The total Investment portfolio grew by 6.82% from GHS603 Million in 2018 to GHS644 Million in 2019.

CHAIRMAN'S REPORT TO SHAREHOLDERS (CONT'D)

The Loan portfolio also grew by 9.77% from GHS468 Million in 2018 to GHS514 Million in 2019.

These relatively low growth of Rural banks in Ashanti and Ghana during the year was mainly due to lack of confidence in the banking sector as a result of closure of some banks, microfinance and savings and loans companies.

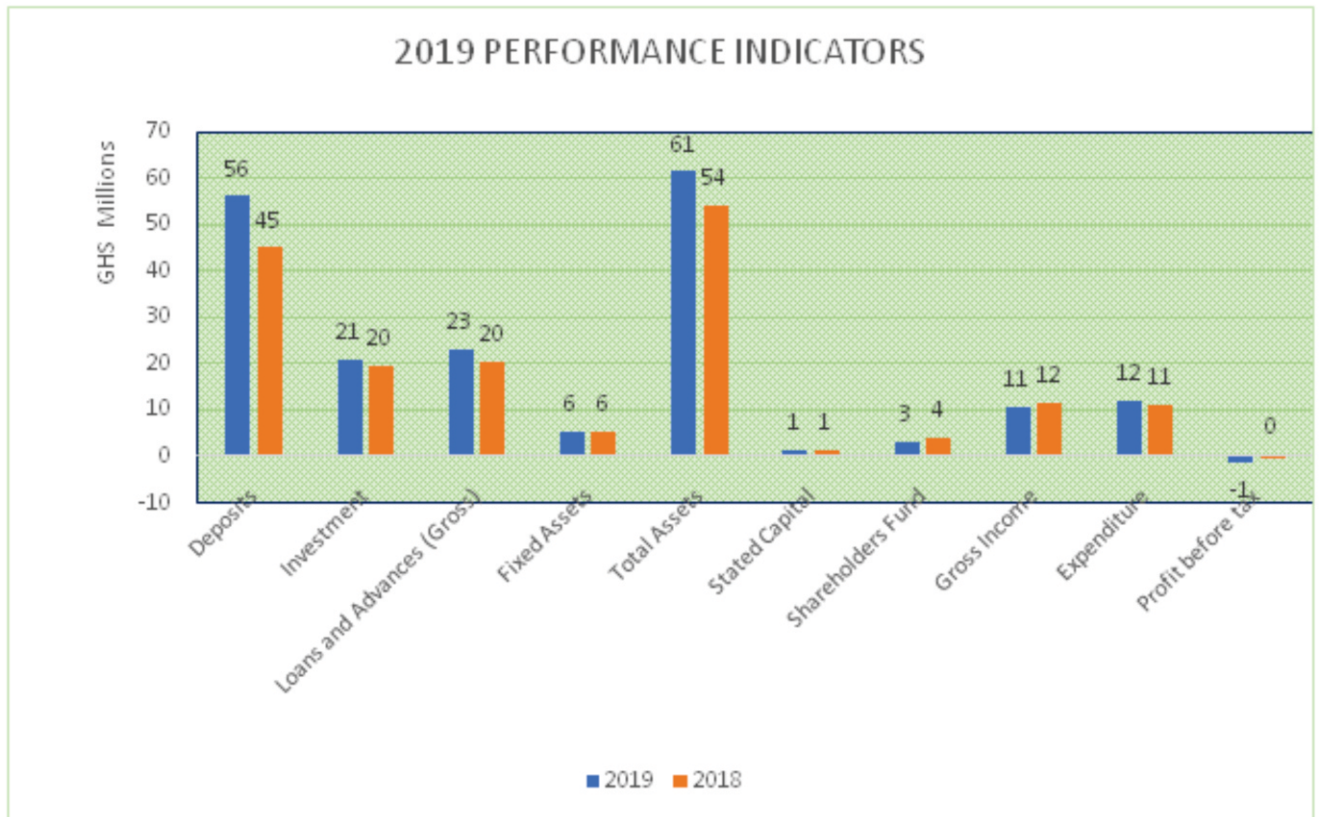
FINANCIAL POSITION OVERVIEW

Nananom, Distinguished Guests, Ladies and Gentlemen, Fellow Shareholders, it is against this backdrop that our performance must be viewed. Notwithstanding the challenges above, your Bank competed favorably against its peers as it continued on the path of growth albeit slower than projected.

Our Performance in 2019 as compared to 2018 is depicted pictorially below:

| ITEMS | 2019 | 2018 | PERCENTAGE CHANGE (%) |
|----------------------------|------------|------------|-----------------------|
| Deposits | 56,124,218 | 45,105,211 | 24.43 |
| Investment | 20,773,000 | 19,793,141 | 4.95 |
| Loans and Advances (Gross) | 23,160,395 | 20,328,248 | 13.93 |
| Fixed Assets | 5,546,192 | 5,505,539 | 0.74 |
| Total Assets | 61,394,476 | 54,058,927 | 13.57 |
| Stated Capital | 1,350,279 | 1,334,662 | 1.17 |
| Shareholders Fund | 3,134,987 | 4,200,473 | -25.37 |
| Gross Income | 10,664,500 | 11,570,740 | -7.83 |
| Expenditure | 11,962,828 | 11,194,235 | 6.87 |
| Profit before tax | -1,298,328 | 376,505 | -444.84 |

CHAIRMAN'S REPORT TO SHAREHOLDERS (CONT'D)



The Bank's Balance Sheet size increased by 13.57% in 2019 to GHS61Million up from Ghs54Million in 2018. Fixed Assets increased slightly by 0.74% to GH¢5.5 million in 2019.

SHAREHOLDERS FUND

Shareholders fund declined from GHS4.2Million in 2018 to GHS3.1Million in 2019. This represents a decrease of 25.37 % during the year under review.

STATED CAPITAL

Fellow shareholders, the stated capital increased by 1.17% from GHS1.334 million in 2018 to GHS1.350 million in 2019. All Stakeholders are encouraged to buy more shares to increase the stated capital.

CUSTOMER DEPOSITS

The growth in the Balance sheet was propelled by 24.43% growth in customer deposits from GHS45 Million in 2018 to GHS56 Million in 2019. 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 collapse of some savings and loans companies that affected the mobilization drive.

CHAIRMAN'S REPORT TO SHAREHOLDERS (CONT'D)

| Type of Deposit | 2019 - GHS | 2018 - GHS | % change |
|-----------------|-------------------|-------------------|--------------|
| Savings Account | 22,433,672 | 19,427,990 | 15.47 |
| Current Account | 8,781,039 | 6,151,419 | 42.75 |
| Fixed Deposit | 9,180,753 | 8,183,349 | 12.19 |
| Susu | 15,728,754 | 11,342,454 | 38.67 |
| TOTAL | 56,124,218 | 45,105,211 | 24.43 |

LOANS AND ADVANCES

Loans and advances to customers was up by 13.93% from GH¢20.3 million in 2018 to GH¢23.1 million in 2019. The sectoral break down were as follows:

| SECTORS | 2019 | % OF TOTAL LOANS | 2018 | % OF TOTAL LOANS |
|------------------|------------|------------------|------------|------------------|
| Agriculture | 989,247 | 4.27 | 965,669 | 4.75 |
| Cottage Industry | 1,286,929 | 5.56 | 1,331,346 | 6.55 |
| Transport | 898,721 | 3.88 | 402,874 | 1.98 |
| Trading | 10,716,739 | 46.27 | 6,959,306 | 34.23 |
| Salary | 9,268,759 | 40.02 | 10,669,053 | 52.48 |
| Total | 23,160,395 | 100 | 20,328,248 | 100 |

MICROFINANCE OPERATIONS

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

| MICRO CREDIT | 2019 - GHS | % OF TOTAL LOANS | 2018-GHS | % OF TOTAL LOANS |
|--------------------|------------------|------------------|------------------|------------------|
| Group credit | 2,978,743 | 45.73 | 2,374,890 | 43.02 |
| Susu credit | 3,535,405 | 54.27 | 3,145,818 | 56.98 |
| TOTAL | 6,514,148 | 100 | 5,520,708 | 100 |
| Total Disbursement | 13,581,216 | | 11,422,300 | |

CHAIRMAN'S REPORT TO SHAREHOLDERS (CONT'D)

INVESTMENT

Investment in treasury bills and other securities increased from GH¢19.7 million in 2018 to GH¢20.7 million in 2019. This represents an increase of 4.95% over the period. Nananom, as we are aware, the securities and Exchange commission together with Bank of Ghana revoked the licenses of some savings and loans, Microfinance companies as well as some fund Management companies. The External Auditors in their report indicated that GHS4.1 Million has to be impaired. However, reference to the press release by the Securities and Exchange Commission dated 28th August 2020, the Government of Ghana has remained consistent with its commitment to repay these locked up funds. We are of the firm belief that those Investments will be recovered in the next foreseeable future hence our position of not impairing them. We have however disclosed in the notes to the financial statements about the situation with those investments.

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 Ghs1.2 million as against a profit of Ghs376,505 in 2018. It should be noted that the crisis in the financial sector began in 2018 and it affected our performance greatly in 2018 as well as compared to 2017.

Fellow shareholders, despite the challenges of corona virus pandemic, your bank has returned to the path of profitability this year (2020) and we will continue to work hard to ensure that we compete favorably with our peers and satisfy your expectations.

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. During the year 2019, the bank spent GHS35,194 in social responsibility as against GHS23,400 in 2018. The summary of the various areas are:

| | GHS |
|-----------------------|----------|
| Education | - 5,589 |
| Security | - 4,350 |
| Health | - 2,700 |
| Community Development | - 14,485 |
| Social Intervention | - 5,300 |
| Agriculture | - 2,770 |

CHAIRMAN'S REPORT TO SHAREHOLDERS (CONT'D)

NEW ICT PLATFORM

Nananom, your bank will continue to invest in its Technology and application to make banking easier. we have currently started issuing GH-LINK ATM cards which can be used in all GH-LINK ATM machines across the country.

In addition, we have signed unto the GHIPSS Instant Pay (GIP) which allows you to transfer funds from your account to your mobile money wallet and vice versa popularly known as "Pull and Push". We urge all of you to patronize these products.

BEPOASE MOBILIZATION

Plans are far advanced to make the place a full branch status. We shall commence works on our new building in 2021

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. Work will commence next year.

HEAD OFFICE RENOVATION

Nananom, the bank has embarked on the renovation and extension of our Head office at Wiamoase. This will give the bank a face lift and additional offices for the staff. We hope to complete the project early next year. Kindly bear with us for any inconvenience the project might have caused.

RETIREMENT OF DIRECTORS BY ROTATION

Nananom, as required by regulation, Professor Siaw Frimpong and Very Rev. Eric Boakye Yiadom are due to retire as **Directors** by rotation. However, they have opted for re-election. The Board of Directors have no objection to their re-election.

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 improve upon service to our customers.

It is worth announcing to you at this moment that we will achieve customer deposits of GHS80 million by the end of 2020, up from GHS56million in 2019 and GHS45 million in 2018.

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.

CHAIRMAN'S REPORT TO SHAREHOLDERS (CONT'D)

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 on the state of affairs of the Bank for the year ended 31 December, 2019.

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

| | 2019 GHS | 2018 GHS |
|--|--------------------|----------------|
| Net Interest Income | 7,600,479 | 8,208,248 |
| Profit /(Loss) before tax | (1,298,328) | 376,505 |
| From which is deducted: | | |
| A provision for estimated income tax expense | | |
| Provision for Taxation | - | (190,400) |
| Deferred Tax Credits / (Charges) | 222,239 | 27,894 |
| Making/Leaving a Profit /(Loss) after tax of | (1,076,089) | 213,999 |
| Adjustments: | | |
| Statutory Reserve | - | (53,500) |
| | (1,076,089) | 160,499 |
| which is to be added to the Surplus brought forward of | 896,292 | 762,761 |
| Credit Risk Reserve | (99,468) | 33,319 |
| Prior Year Adjustment | - | (60,287) |
| resulting in a balance to be carried forward on the | - | - |
| Retained Earnings account as of 31st December | (279,265) | 896,292 |

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

REPORT OF THE DIRECTORS (CONT'D)

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 1,334,662 as at the end of the previous year to GHS 1,350,279 resulting in an increase of GHS 15,617 which represents 1.17%. The increase emanates from the sale of shares of 780,850 at GHp 2.00 per share which amounted to GHS 15,617. The number of shares also increased from 76,134,872 to 76,915,756 representing 1.03%.

Dividend

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

Corporate Social Responsibility

There was no amount spent on Corporate Social Responsibility during the year.

Directors

The Bank embarked on social responsibility to the tune of GH¢ 35,194.00 in 2019

| Names of Directors | Designation | Shares Holding |
|---------------------------|-------------|----------------|
| Mr. Kennedy Obiri-Yeboah | Chairman | 830,619 |
| Mr. Emmanuel Owusu-Boakye | Member | 533,467 |
| Dr. Kofi Anokye-Many | Member | 653,353 |
| Mr. Kwasi Bempa Esq | Member | 108,000 |
| Rev. Eric Boakye Yiadom | Member | 748,877 |
| Dr. Siaw Frimpong | Member | 776,465 |
| Rev. Charles Yeboah | Member | 291,093 |

Steps had been taken to build the capacity of directors to discharge their duties.

Audit Fees

The audit fees payable for the year was GHS 26,840

Going Concern

The Directors believe that the company 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 company 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 company. The Bank defaulted on capital adequacy as a result of impaired investments by BoG. But the management believe that this will not affect the going concern because government has made a strong commitment to repaid the locked-up funds.

Events after the Reporting Date

The World Health Organization declared the Coronavirus Disease (COVID-19) a global pandemic on March 11, 2020. The President of the Republic of Ghana instituted a number of measures to curb the spread of the virus on March 15, 2020. These measures were escalated to a partial lockdown of Accra, Tema and Kumasi effective March 30, 2020.

REPORT OF THE DIRECTORS (CONT'D)

Events after the Reporting Date (Cont'd)

In light of the above, OkomfoAnokye Rural Bank Limited has triggered its Business Continuity Plan at affected areas to ensure the bank continues to operate and provide services to clients. The situation will be monitored and the required actions taken in line with the directives issued by Government.

The potential impact of the COVID-19 pandemic on the bank's performance for 2020 will be assessed from time to time based on the development of the pandemic. However, there would be no significant impact on going concern of the bank for the next twelve (12) months.

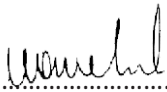
Litigation Statement

The company 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, will continue in office in accordance with Section 139(5) of the Companies Act, 2019 (Act 992).

On behalf of the Board



Director

5TH OCTOBER, 2020



Director

5TH OCTOBER, 2020

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

ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER, 2019

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, 2019, 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, 2019.

The financial statements comprise:

- the statement of comprehensive income for the year then ended;
- the statement of financial position as at 31 December, 2019;
- 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 GHS 20,773,000 shown on the Statement of Financial Position are investments with an amount of GHS 4,118,388 with certain defunct fund management institutions which qualifies for impairment. In our opinion, the bank is unlikely to receive payment in the near future of the investments and impairment should have been made in line with the International Financial Reporting Standards and Bank of Ghana Directives. However, the board is of the opinion that payment would be received.

Accordingly, the non-pledged trading assets should be reduced by GHS 4,118,388 being the minimum impairment whilst net loss for the year should also be increased by the same amount.

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 Company 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.

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 total short-term investments of GHS 4,118,388 being managed by various fund managers have matured but have not yet been received. Repayments from these companies have been of a challenge as at the time of this report and require impairment.

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

ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER, 2019

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 amortized 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 2019 was 5.91% (2018:14.56%). The Bank could not achieve the required minimum of 10%.
- The Bank had a Capital deficit of GHS 2,122,553 (2018: GHS 111,962) as at 31st December, 2019.

How our audit addressed the Key Audit Matter 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.

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

ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER, 2019

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. The results of our testing revealed that the credit impairment charge and provision recognized did not strictly follow the Bank of Ghana guidelines and was under provided.

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 in estimating the expected amount and timing of future cash flows of the matured investments but not yet received to be incompatible with IFRS 9 which requires one hundred percent impairment

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.

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

ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER, 2019

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. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the 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 Requirement *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.

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

ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER, 2019

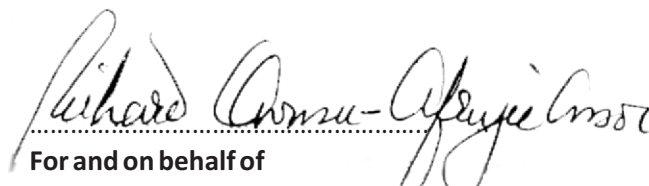
Banks and Specialised Deposit-Taking Act, 2016 (Act 930)

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



For and on behalf of
**RICHARD OWUSU-AFRIYIE & ASSOCIATES:
(ICAG/F/2020/084)**

**Chartered Accountants
House of Grace, Adum, Kumasi**

6th October, 2020

STATEMENT OF COMPREHENSIVE INCOME

YEAR ENDED 31ST DECEMBER, 2019

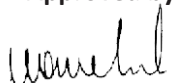
| | (NOTES) | 2019 GHS | 2018 GHS |
|---|----------|--------------------|----------------|
| Interest Income | (7) | 9,237,204 | 10,104,075 |
| Interest Expense | (8) | (1,636,725) | (1,895,827) |
| Net Interest Income | | 7,600,479 | 8,208,248 |
| Commissions and Fees | (9) | 726,848 | 780,679 |
| Other Operating Income | (10) | 700,448 | 685,986 |
| Total Income | | 9,027,775 | 9,674,913 |
| Impairment charge on loans and advances | | (231,604) | (207,147) |
| Operating Expenses | (11) | (10,094,499) | (9,091,261) |
| Net Operating Profit/(Loss) Before Taxation | | (1,298,328) | 376,505 |
| Income Tax Expense | (12 iii) | - | (190,400) |
| Deferred Tax Credit | (12 i) | 222,239 | 27,894 |
| Profit /(Loss) for the year | | (1,076,089) | 213,999 |
| Other Comprehensive Income | | - | - |
| Total Comprehensive Income / (Loss) for the Year | | (1,076,089) | 213,999 |
| Basic and diluted earnings per share | | (0.014) | 0.003 |

STATEMENT OF FINANCIAL POSITION

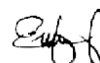
AS AT 31 ST DECEMBER 2019

| | (NOTES) | 2019 GHS | 2018 GHS |
|---|----------|-------------------|-------------------|
| ASSETS | | | |
| Cash and Balances with ARB Apex Bank | (13) | 6,460,908 | 4,368,457 |
| Due from Other Banks | (14) | 1,771,424 | 1,621,727 |
| Investments - (Short Term) | (15) | 20,773,000 | 19,793,141 |
| Loans and Advances | (16) | 21,816,078 | 19,215,535 |
| Investments - (Long Term) | (17) | 61,971 | 61,971 |
| Other Assets Accounts | (18) | 6,683,579 | 5,129,017 |
| Intangible Assets | (19) | 34,825 | 36,603 |
| Property & Equipment | (20) | 3,412,503 | 3,528,524 |
| Deferred Tax Asset | (12 v) | 380,188 | 303,952 |
| TOTAL ASSETS | | 61,394,476 | 54,058,927 |
| LIABILITIES | | | |
| Deposits and Current Accounts | (21) | 56,124,218 | 45,105,211 |
| Loans from Other Financial Institutions | (22) | 747,362 | 1,685,746 |
| Interest Payable and Other Liabilities | (23) | 1,197,050 | 2,711,885 |
| Current Corporate Tax Liabilities | (12 iii) | 21,201 | 39,951 |
| Deferred Tax Liability | (12 v) | 169,645 | 315,648 |
| Other Liabilities | | 13 | 13 |
| TOTAL LIABILITIES | | 58,259,489 | 49,858,454 |
| SHAREHOLDERS FUNDS | | | |
| Stated Capital | (24) | 1,350,279 | 1,334,662 |
| Retained Earnings | (25) | (279,265) | 896,292 |
| Capital Surplus | (26) | 265,281 | 265,281 |
| Statutory Reserve Fund | (27) | 1,008,951 | 1,008,951 |
| Credit Risk Reserve | (28) | 504,863 | 405,395 |
| Dividend Fund | (29) | 284,592 | 289,606 |
| Social Responsibility Fund | (30) | 286 | 286 |
| TOTAL SHAREHOLDERS FUNDS | | 3,134,987 | 4,200,473 |
| TOTAL SHAREHOLDERS FUNDS AND LIABILITIES | | 61,394,476 | 54,058,927 |

Approved by the Board on: 5th October, 2020



.....
DIRECTOR



.....
DIRECTOR

STATEMENT OF CHANGES IN EQUITY
YEAR ENDED 31 DECEMBER 2019

| | 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 |
| 2019 | | | | | | | | | |
| Balance as at 1 Jan | 1,334,662 | 265,281 | 1,008,951 | 896,292 | 405,395 | - | 286 | 289,606 | 4,200,473 |
| Loss for the Year | - | - | - | (1,076,089) | - | - | - | - | (1,076,089) |
| Share Purchases | 15,617 | - | - | - | - | - | - | - | 15,617 |
| Transfer to: | | | | | | | | | |
| Statutory Reserve | - | - | - | - | - | - | - | - | - |
| Credit Risk Reserve | - | - | - | (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 |
| 2018 | | | | | | | | | |
| Balance as at 1 Jan | 1,263,087 | 265,281 | 955,451 | 762,771 | 438,714 | 94,781 | 14,586 | 442,702 | 4,237,373 |
| Profit for the Year | - | - | - | 213,999 | - | - | - | - | 213,999 |
| Share Purchases | 71,575 | - | - | - | - | - | - | - | 71,575 |
| Prior Year Adjustment | - | - | - | (60,297) | - | - | - | - | (60,297) |
| Credit Risk Movement | - | - | - | - | - | - | - | - | - |
| Transfer to: | | | | | | | | | |
| Stated Capital | - | - | - | - | - | - | - | - | - |
| Statutory Reserve | - | - | 53,500 | (53,500) | - | - | - | - | - |
| Credit Risk Movement | - | - | - | 33,319 | (33,319) | - | - | - | - |
| Dividends Paid | - | - | - | - | - | - | - | (153,096) | (153,096) |
| Fund Applied | - | - | - | - | - | (94,781) | (14,300) | - | (109,081) |
| Balance as at 31 Dec | 1,334,662 | 265,281 | 1,008,951 | 896,292 | 405,395 | - | 286 | 289,606 | 4,200,473 |

STATEMENT OF CASH FLOWS

YEAR ENDED 31ST DECEMBER, 2019

CASH INFLOWS FROM OPERATING ACTIVITIES

| | |
|---------------------------------------|--|
| Net (Loss) / Profit Before Taxation | |
| Depreciation Charge | |
| Amortisation | |
| Impairment Charge on Loans & Advances | |
| Profit on Disposal | |
| Fund Utilisation | |
| WHT Surcharge | |

Profit before Changes in Working Capital

CHANGES IN OPERATING ASSETS AND LIABILITIES

| | |
|---|--|
| Changes in Loans & Advances to Customers | |
| Changes in Other Assets Accounts | |
| Changes in Customers Deposits | |
| Changes in Interest Payable and Other Liabilities | |

Tax Paid

Net cash from Operating Activities

CASH FLOWS FROM INVESTING ACTIVITIES

| | |
|---|--|
| Purchase of Property and Equipment | |
| Purchase of Intangible Asset | |
| Proceeds from Sale of Property and Equipment | |
| Increase in Capital Work -in-Progress Expenditure | |
| Dividend Paid | |

Net cash used in Investing Activities

CASH FLOWS FROM FINANCING ACTIVITIES

| | |
|---------------------------|--|
| Issue of Shares | |
| Changes in Borrowed Funds | |

Net cash Used in Financing Activities

Net Increase in Cash and Cash Equivalents

Cash and Cash Equivalents at Start

Cash and Cash Equivalents at Close

ANALYSIS OF CASH AND CASH EQUIVALENTS

| | |
|---|--|
| Cash on Hand | |
| Cash and Balances with ARB Apex Bank-5% Deposit | |
| -Current | |
| Balances with Other Banks | |
| ACCOD | |
| Short Term Investments | |

| | 2019 GHS | 2018 GHS |
|--|-------------|-------------|
| | (1,298,328) | 376,505 |
| | 308,350 | 306,429 |
| | 35,314 | 22,605 |
| | 231,604 | 207,147 |
| | (26,662) | (19,225) |
| | - | (109,081) |
| | - | (20,697) |
| | (749,722) | 763,683 |
| | (2,832,147) | (38,729) |
| | (1,554,562) | (1,501,716) |
| | 11,019,007 | 7,712,743 |
| | (1,514,835) | 863,527 |
| | 4,367,742 | 7,799,508 |
| | (18,750) | (131,250) |
| | 4,348,992 | 7,668,258 |
| | (495,925) | (482,855) |
| | (33,536) | (20,819) |
| | 470,742 | 20,000 |
| | (140,485) | (98,547) |
| | (5,014) | (153,096) |
| | (204,218) | (735,317) |
| | 15,618 | 71,575 |
| | (938,385) | 1,025,829 |
| | (922,767) | 1,097,404 |
| | 3,222,007 | 8,030,345 |
| | 25,783,325 | 17,752,980 |
| | 29,005,332 | 25,783,325 |
| | 2,308,322 | 1,604,370 |
| | 2,600,524 | 2,156,234 |
| | 252,062 | 307,853 |
| | 1,771,424 | 1,621,727 |
| | 1,300,000 | 300,000 |
| | 20,773,000 | 19,793,141 |
| | 29,005,332 | 25,783,325 |

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31ST DECEMBER, 2019

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 liability if 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, 2019

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.

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.

a) 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.

b) Other income

Other incomes are recognised as and when they are earned.

a) 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, 2019

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, 2019

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 the liability is less than one year, discounting is omitted.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31ST DECEMBER, 2019

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 that at the time of the transaction affects either

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31ST DECEMBER, 2019

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.

3.16 Foreign currency translation

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the profit or loss for the year.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents, unless they are capitalised, are presented net in the statement of profit or loss within finance costs and finance income respectively.

4. Quantitative Disclosures

| | 2019 | 2018 |
|----------------------------|--------|--------|
| Capital Adequacy Ratio | 5.91% | 14.56% |
| Non-Performing Loans Ratio | 2.96% | 6.84% |
| Loan Loss Provision Ratio | 5.80% | 5.47% |
| Liquid Ratio | 47.24% | 47.69% |

5. MNew and revised standards, amendments and interpretations

The standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Bank's financial statements are disclosed below. The Bank intends to adopt these standards, if applicable, when they become effective.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31ST DECEMBER, 2019

Initial application of new amendments to the existing Standards effective for current financial period

The following new amendments to the existing standards issued by the International Accounting Standards Board are effective for current financial period:

Amendments to IFRS 10 “Consolidated Financial Statements” and IAS 28 “Investments in Associates and Joint Ventures” - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture and further amendments (effective date was deferred indefinitely until the research project on the equity method has been concluded),

Amendments to various standards “Improvements to IFRSs (cycle 2012-2014)” resulting from the annual improvement project of IFRS (IFRS 5, IFRS 7, IAS 19 and IAS 34) primarily with a view to removing inconsistencies and clarifying wording (amendments are to be applied for annual periods beginning on or after 1 January, 2016)

New Standards and amendments to existing standards in issue not yet adopted

At the date of authorisation of these financial statements the following new standards and amendments to existing standards were in issue, but not yet effective:

- **IFRS 11 “Joint Arrangement”** amendments (effective for annual periods beginning on or after 1 January 2019),
- **IFRS 17 “Insurance Contract”** (effective for annual periods beginning on or after 1 January 2021),

The Bank has elected not to adopt these new standards and amendments to existing standards in advance of their effective dates.

The Bank anticipates that the adoption of these standards and amendments to existing standards will have no material impact on the financial statements of the Bank in the period of initial application.

6. Critical accounting judgements 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.

6.1 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.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31ST DECEMBER, 2019

The notes set out on pages 26 to 34 form an integral part of these financial statements

(a) 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.

6.2 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, 2019

| | 2019 GHS | 2018 GHS |
|-----------------------------------|-------------------|-------------------|
| 7. INTEREST INCOME | | |
| Interest on Loans and Advances | 6,942,876 | 6,720,499 |
| Interest on Investments | 2,294,328 | 3,383,576 |
| | 9,237,204 | 10,104,075 |
| 8. INTEREST EXPENSE | | |
| Interest on Time & Other Deposits | 1,491,883 | 1,728,883 |
| Interest on Borrowings | 144,842 | 166,944 |
| | 1,636,725 | 1,895,827 |
| 9. COMMISSIONS AND FEES | | |
| Commitment Fees | 629,486 | 582,064 |
| Commissions Received | 97,362 | 198,615 |
| | 726,848 | 780,679 |
| 10. OTHER OPERATING INCOME | | |
| Western Union | 28,485 | 19,965 |
| Salary Service Charge | 185,456 | 131,662 |
| Sundry Income | 486,507 | 534,359 |
| | 700,448 | 685,986 |
| 11. OPERATING EXPENSES | | |
| Staff Cost | 6,553,351 | 5,629,723 |
| Occupancy Cost | 651,027 | 601,479 |
| General & Administrative Expenses | 2,890,121 | 2,860,060 |
| | 10,094,499 | 9,091,261 |
| 11a. STAFF COST | | |
| Salaries and Wages | 3,865,716 | 3,028,307 |
| Social Security Contribution | 491,262 | 384,227 |
| Provident Fund Contribution | 261,994 | 223,817 |
| Medical Expenses | 16,168 | 17,000 |
| Staff Allowance | 366,492 | 386,929 |
| Long Service Award | 12,395 | 15,697 |
| Staff Training Expenses | 43,468 | 63,769 |
| Annual Bonus | 302,145 | 354,667 |
| Other Staff Cost | 809,148 | 859,950 |
| Clothing Allowance | 384,563 | 295,360 |
| | 6,553,351 | 5,629,723 |
| 11b. DIRECTOR EMOLUMENTS | | |
| Sitting Allowance | 185,213 | 212,771 |
| Retiring Benefits | 98,115 | 122,030 |
| Fees | 22,650 | 2,690 |
| Directors Training | 34,200 | 34,200 |
| | 30,248 | 53,851 |

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31ST DECEMBER, 2019

| | 2019 GHS | 2018 GHS | | | |
|---|----------------------------|--|---------------------------------|-------------------------------|-----------------------------|
| 11c. GENERAL & ADMINISTRATIVE EXPENSES: include | | | | | |
| Auditors Remuneration /Fees | 31,327 | 24,024 | | | |
| Fees | 26,840 | 22,000 | | | |
| Audit Expenses | 4,487 | 2,024 | | | |
| Depreciation | 308,350 | 306,429 | | | |
| Amortisation | 35,314 | 22,605 | | | |
| 12. Income Tax | | | | | |
| 12 i. Income tax expense | | | | | |
| The major tax expense components of income tax expense for the years ended 31 December 2019 and 2018 are: | | | | | |
| Statement of profit or loss | | | | | |
| Current income charge | - | 190,400 | | | |
| | - | 190,400 | | | |
| Deferred tax charge / (credit) | (222,239) | (27,894) | | | |
| Income tax reported in the statement of profit or loss | (222,239) | 162,506 | | | |
| 12 ii. Reconciliation of Effective Tax | | | | | |
| The tax on the Company'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 | (1,298,328) | 376,505 | | | |
| Statutory income tax rate of 25% | (324,582) | 94,126 | | | |
| Non- deductible expenses for tax purposes | 219,358 | 210,492 | | | |
| Effect on non-chargeable income | (7,037) | (5,415) | | | |
| Effect on capital allowance utilised | 112,261 | (108,803) | | | |
| Change in recognised temporary differences | (222,239) | (27,894) | | | |
| Income tax reported in the statement of profit or loss | (222,239) | 162,506 | | | |
| Effective tax rate | 17.12 | 43.16 | | | |
| 12 iii. CURRENT CORPORATE TAX LIABILITIES | | | | | |
| Year of Assessment | Balance as at Jan 1 | (Over)/Under Prov. In Prior Years | Payments During the Year | Provision for the Year | Balance as at Dec 31 |
| | GHS | GHS | GHS | GHS | GHS |
| 2017 | - | - | (262,305) | 243,106 | (19,199) |
| 2018 | (19,199) | - | (131,250) | 190,400 | 39,951 |
| 2019 | 39,951 | | (18,750) | - | 21,201 |

The tax computation (Charge for the year) is subject to agreement with the Domestic Tax Revenue Division of GRA.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31ST DECEMBER, 2019

12 iv. The movement on the deferred tax account is as follows:

Balance at January 1

Origination / reversal of temporary differences:

recognised in the statement of profit or loss (Note 12 i)

Balance at December 31

12 v. Recognised deferred tax liabilities and assets are as follows:

Deferred Tax Assets

Deferred Tax Liability

Net Deferred Tax (Assets)/Liability

13. CASH & BALANCES WITH ARB APEX BANK

Cash on Hand

Balances with ARB Apex Bank - 5% Apex Deposit

- Current

ACCOD

14. BALANCES WITH OTHER BANKS

UBA and others

15. INVESTMENTS (SHORT-TERM)

These are made up of:

Government Securities

Money Placement With Discount Houses

16. LOANS AND ADVANCES

(a) Analysis by type of Product

Loans

Overdraft

Less: Impairment charge

(b) Analysis by Business Segment

Agriculture

Trading

Cottage

Transport

Others

Less: Impairment charge

| | 2019 GHS | 2018 GHS |
|---|-------------------|-------------|
| Balance at January 1 | 11,696 | 39,590 |
| Origination / reversal of temporary differences: | | |
| recognised in the statement of profit or loss (Note 12 i) | (222,239) | (27,894) |
| Balance at December 31 | (210,543) | 11,696 |
| 12 v. Recognised deferred tax liabilities and assets are as follows: | | |
| Deferred Tax Assets | (380,188) | (303,952) |
| Deferred Tax Liability | 169,645 | 315,648 |
| Net Deferred Tax (Assets)/Liability | (210,543) | 11,696 |
| 13. CASH & BALANCES WITH ARB APEX BANK | | |
| Cash on Hand | 2,308,322 | 1,604,370 |
| Balances with ARB Apex Bank - 5% Apex Deposit | 2,600,524 | 2,156,234 |
| - Current | 252,062 | 307,853 |
| ACCOD | 1,300,000 | 300,000 |
| | 6,460,908 | 4,368,457 |
| 14. BALANCES WITH OTHER BANKS | | |
| UBA and others | 1,771,424 | 1,621,727 |
| | 1,771,424 | 1,621,727 |
| 15. INVESTMENTS (SHORT-TERM) | | |
| These are made up of: | | |
| Government Securities | 4,430,000 | 3,150,000 |
| Money Placement With Discount Houses | 16,343,000 | 16,643,141 |
| | 20,773,000 | 19,793,141 |
| 16. LOANS AND ADVANCES | | |
| (a) Analysis by type of Product | | |
| Loans | 18,547,802 | 16,505,112 |
| Overdraft | 4,612,593 | 3,823,136 |
| | 23,160,395 | 20,328,248 |
| Less: Impairment charge | (1,344,317) | (1,112,713) |
| | 21,816,078 | 19,215,535 |
| (b) Analysis by Business Segment | | |
| Agriculture | 989,247 | 965,669 |
| Trading | 10,716,739 | 6,959,306 |
| Cottage | 1,286,929 | - |
| Transport | 898,721 | - |
| Others | 9,268,759 | 12,403,273 |
| | 23,160,395 | 20,328,248 |
| Less: Impairment charge | (1,344,317) | (1,112,713) |
| | 21,816,078 | 19,215,535 |

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31ST DECEMBER, 2019

(c) Analysis by Type of Customer

| | 2019 GHS | 2018 GHS |
|-------------------------|--------------------|--------------------|
| Individual | 15,209,597 | 14,961,170 |
| Private Enterprises | 838,309 | 259,958 |
| Public Enterprises | 594,636 | 261,131 |
| Others | 6,517,853 | 4,845,989 |
| | 23,160,395 | 20,328,248 |
| Less: Impairment charge | (1,344,317) | (1,112,713) |
| | 21,816,078 | 19,215,535 |

17. INVESTMENTS (LONG-TERM)

This is made up of:

| | | |
|------------------------------|---------------|---------------|
| Shares in ARB APEX Bank Ltd. | 61,971 | 61,971 |
| | 61,971 | 61,971 |

18. OTHER ASSET ACCOUNTS

| | | |
|------------------------------------|------------------|------------------|
| Interest and Commission Receivable | 2,427,220 | 1,764,336 |
| Insurance Prepaid | 70,226 | 26,542 |
| Stationary Stock | 192,104 | 162,886 |
| Rent Prepaid | 2,404,968 | 2,098,103 |
| Office Account | 1,528,452 | 1,019,877 |
| Inter Agency Transfers | 60,609 | 57,273 |
| | 6,683,579 | 5,129,017 |

19. INTANGIBLE ASSETS

Software

COST

| | | |
|-----------------------------|----------------|----------------|
| Balance as at 1 Jan | 201,890 | 181,071 |
| Additions during the year | 33,536 | 20,819 |
| Balance as at 31 Dec | 235,426 | 201,890 |

AMORTISATION

| | | |
|-----------------------------|----------------|----------------|
| Balance as at 1 Jan | 165,287 | 142,682 |
| Amortisation for the year | 35,314 | 22,605 |
| Balance as at 31 Dec | 200,601 | 165,287 |

| | | |
|------------------------------|---------------|---------------|
| Net Book Value-31 Dec | 34,825 | 36,603 |
|------------------------------|---------------|---------------|

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31ST DECEMBER, 2019

20 . PROPERTY & EQUIPMENT

| 2019 COST | 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 1/1/19 | 113,640 | 525,641 | 979,662 | 624,060 | 942,899 | 341,516 | 259,979 | 855,097 | 863,045 | 5,505,539 |
| Additions during the year | 46,250 | - | 140,485 | 53,493 | 121,124 | 218,252 | 57,656 | - | - | 637,260 |
| Disposal/Transfers | (19,206) | - | - | - | (57,924) | (91,119) | (8,163) | (420,195) | - | (596,607) |
| Balance as at 31/12/19 | 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 1/1/19 | - | 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 31/12/19 | - | 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 |
| 2018 | | | | | | | | | | |
| COST | | | | | | | | | | |
| Balance as at 1/1/2018 | 83,244 | 525,641 | 881,115 | 618,024 | 792,564 | 120,985 | 192,166 | 855,097 | 863,045 | 4,931,881 |
| Addition during the year | 30,396 | - | 98,547 | 6,036 | 150,335 | 228,276 | 67,813 | - | - | 581,403 |
| Disposal / Transfer during the year | - | - | - | - | - | (7,745) | - | - | - | (7,745) |
| Fully Depreciated | - | - | - | - | - | - | - | - | - | - |
| Balance as at 31/12/2018 | 113,640 | 525,641 | 979,662 | 624,060 | 942,899 | 341,516 | 259,979 | 855,097 | 863,045 | 5,505,539 |
| DEPRECIATION | | | | | | | | | | |
| Balance as at 1/1/2018 | - | 81,688 | - | 257,166 | 393,597 | 26,097 | 55,963 | - | 863,045 | 1,677,556 |
| Charge for the year | - | 10,513 | - | 62,406 | 134,265 | 68,303 | 30,942 | - | - | 306,429 |
| Disposal/ Transfer during the year | - | - | - | - | - | (6,970) | - | - | - | (6,970) |
| Balance as at 31/12/2018 | - | 92,201 | - | 319,572 | 527,862 | 87,430 | 86,905 | - | 863,045 | 1,977,015 |
| NET BOOK VALUE-31/12/18 | 113,640 | 433,440 | 979,662 | 304,488 | 415,037 | 254,086 | 173,074 | 855,097 | - | 3,528,524 |

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31ST DECEMBER, 2019

21. DEPOSITS AND CURRENT ACCOUNTS

(a) Analysis by Type of Deposits

Current Accounts
Savings Accounts
Time Deposits
Susu Deposits

| 2019 GHS | 2018 GHS |
|-------------------|-------------------|
| 8,781,039 | 6,151,419 |
| 22,433,672 | 19,427,990 |
| 9,180,753 | 8,183,349 |
| 15,728,754 | 11,342,453 |
| 56,124,218 | 45,105,211 |

(b) Analysis by Type of Customer

Individuals
Other Private Enterprise
Other Deposit Susu

| | |
|-------------------|-------------------|
| 37,834,805 | 33,229,900 |
| 2,560,659 | 532,858 |
| 15,728,754 | 11,342,453 |
| 56,124,218 | 45,105,211 |

22. LOANS FROM OTHER FINANCIAL INSTITUTION

ARB Apex Bank
GN Long Term Loan
Other Financial Institutions-SIF
Other Financial Institutions-Danida
Other Financial Institutions-REP

| | |
|----------------|------------------|
| 60,000 | 129,550 |
| 300,000 | 300,000 |
| 194,622 | 700,673 |
| 24,540 | 32,723 |
| 168,200 | 522,800 |
| 747,362 | 1,685,746 |

23. INTEREST PAYABLE AND OTHER LIABILITIES

Interest and Bills Payable
Sundry Creditors
Office Account
Accrued Charges

| | |
|------------------|------------------|
| 478,468 | 1,112,955 |
| 522,708 | 1,319,079 |
| 160,169 | 250,863 |
| 35,705 | 28,988 |
| 1,197,050 | 2,711,885 |

24. STATED CAPITAL

- i) Authorised Ordinary Shares of No Par Value
- ii) Issued Preference Shares of No Par Value
- iii) Issued Ordinary Shares of No Par Value
- iv) Proceeds Issued for Cash-Ordinary Shares
- v) There is no unpaid Liability on any share and there is no share in Treasury

| Number | Number |
|------------------|------------------|
| 5,000,000,000 | 5,000,000,000 |
| 125,000 | 125,000 |
| 76,915,756 | 76,134,872 |
| GHS | GHS |
| 1,350,279 | 1,334,662 |
| 1,350,279 | 1,334,662 |

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31ST DECEMBER, 2019

25. RETAINED EARNINGS

Balance as at 1 January

Prior Year Adjustment

Profit/(Loss) for the year

Transfers to:

Statutory Reserve Fund

Credit Risk Reserve

Balance as at 31st December

Per Statement of Financial Position

26. CAPITAL SURPLUS

This represents Bonus Share issue from ARB Apex Bank

27. STATUTORY RESERVE FUND

Balance at 1 January

Add: Transfer from Retained Earnings

Balance as at 31 December

28. CREDIT RISK RESERVE

Balance at 1 January

Movement for the Year

Balance as at 31 December

29. Dividend Fund

Balance at 1 January

Add: Transfer from Retained Earnings

Less: Fund Applied

Balance as at 31 December

30. Social Responsibility Fund

Balance at 1 January

Add: Transfer from Retained Earnings

Less: Amount Utilized during the year

Balance as at 31 December

| | 2019 GHS | 2018 GHS |
|--|--------------------|-------------|
| | 896,292 | 762,761 |
| | - | (60,287) |
| | 896,292 | 702,474 |
| | (1,076,089) | 213,999 |
| | (179,797) | 916,473 |
| | - | (53,500) |
| | (99,468) | 33,319 |
| | (279,265) | 896,292 |
| | 265,281 | 265,281 |
| | 1,008,951 | 955,451 |
| | - | 53,500 |
| | 1,008,951 | 1,008,951 |
| | 405,395 | 438,714 |
| | 99,468 | (33,319) |
| | 504,863 | 405,395 |
| | 289,606 | 442,702 |
| | - | - |
| | (5,014) | (153,096) |
| | 284,592 | 289,606 |
| | 286 | 14,586 |
| | - | - |
| | 286 | 14,586 |
| | - | (14,300) |
| | 286 | 286 |

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31ST DECEMBER, 2019

31. 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%

32. 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.

33. Gross Non – Performing Loan Ratio

The percentage of gross non - performing loans and advances to total credit portfolio (gross) was 2.96% (2018-6.84%).

34. Social Responsibility Obligation

The amount spent on fulfilling social responsibility obligation was GH¢ 35,194.00

35. Commitments

There were no capital commitments at 31 December 2019, (2018: Nil).

36. Contingent liabilities

There were no contingent liabilities at 31 December 2019, (2018: Nil).

37. 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

| | 2019 GHS | 2018 GHS |
|--------------------|-------------|-------------|
| Fees | 34,200 | 34,200 |
| Sitting Allowances | 98,115 | 122,030 |
| Retiring Benefits | 22,650 | 2,690 |
| Directors Training | 30,248 | 53,851 |

b. Loans to Directors and connected persons

| | 2019 GHS | 2018 GHS |
|----------------------------------|-----------------|-----------------|
| Loans outstanding as at 1 Jan | 115,462 | 75,417 |
| Loans granted during the year | - | 68,332 |
| Loans repayment during the year | <u>(22,413)</u> | <u>(28,287)</u> |
| Loans outstanding as at 31st Dec | <u>93,049</u> | <u>115,462</u> |

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31ST DECEMBER, 2019

a. Loans to Key Management Staff and connected persons

| | 2019 | 2018 |
|----------------------------------|------------------|-----------------|
| | GH S | GH S |
| Loans outstanding as at 1 Jan | 403,154 | 303,203 |
| Loans granted during the year | 205,000 | 141,978 |
| Loans repayment during the year | <u>(109,616)</u> | <u>(42,027)</u> |
| Loans outstanding as at 31st Dec | <u>498,538</u> | <u>403,154</u> |

b. Key Management Personnel Emoluments

| | 2019 | 2018 |
|-------------------------|---------|-----------|
| | GHS | GHS |
| Directors Emoluments | 34,200 | 34,200 |
| Key Management Salaries | 781,347 | 1,721,952 |

32. 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.

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.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31ST DECEMBER, 2019

(a) Credit risk 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, 2019

Impairment losses

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

| | | 2019 | | 2018 | |
|--------------|----------------|-------------------|------------------|-------------------|------------------|
| | | Gross Amt | Impairment | Gross Amt | Impairment |
| | | GHS | GHS | GHS | GHS |
| Current | 0-30 days | 20,698,712 | 417,314 | 18,399,246 | 250,857 |
| Olem | 31- 91days | 944,337 | 94,431.70 | 539,194 | 53,919 |
| Sub-Standard | 91- 180 days | 536,898 | 134,225 | 378,351 | 94,588 |
| Doubtful | 181 - 360 days | 564,202 | 282,101 | 596,218 | 298,109 |
| Loss | > 360 days | 416,246 | 416,246 | 415,239 | 415,239 |
| | | 23,160,395 | 1,344,317 | 20,328,248 | 1,112,713 |

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:

| | 2019 | 2018 |
|------------------------------------|--------------------------|--------------------------|
| | GHS | GHS |
| Cash and Balances with Other Banks | 8,232,332 | 5,990,184 |
| Short-term Investment | 20,773,000 | 19,793,141 |
| Loans and Advances | 21,816,078 | 19,215,535 |
| Other Assets | <u>6,683,579</u> | <u>5,129,017</u> |
| | <u>57,504,989</u> | <u>50,127,877</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

(b) 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.systems or from external events.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31ST DECEMBER, 2019

(b) 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.

(b) 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.

(c) 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.

31. 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.

Financial assets

Cash and Balances with Other Banks
Short-term investments
Loans and advances
Other assets

Total

Financial Liabilities

Current Accounts
Savings Accounts
Time Deposits
Susu
Loans From Other Financial Institutions
Interest and Other Liabilities

Total

| | Dec. 31 2019 GHS | Dec. 31 2018 GHS | Dec. 31 2019 GHS | Dec. 31 2018 GHS |
|---|------------------------|------------------------|------------------------|------------------------|
| Cash and Balances with Other Banks | 8,232,332 | 5,990,184 | 8,232,332 | 5,990,184 |
| Short-term investments | 20,773,000 | 19,793,141 | 20,773,000 | 19,793,141 |
| Loans and advances | 21,816,078 | 19,215,535 | 21,816,078 | 19,215,535 |
| Other assets | 6,683,579 | 5,129,017 | 6,683,579 | 5,129,017 |
| Total | 57,504,989 | 50,127,877 | 57,504,989 | 50,127,877 |
| Current Accounts | 8,781,039 | 6,151,419 | 8,781,039 | 6,151,419 |
| Savings Accounts | 22,433,672 | 19,427,990 | 22,433,672 | 19,427,990 |
| Time Deposits | 9,180,753 | 8,183,349 | 9,180,753 | 8,183,349 |
| Susu | 15,728,754 | 11,342,453 | 15,728,754 | 11,342,453 |
| Loans From Other Financial Institutions | 747,362 | 1,685,746 | 747,362 | 1,685,746 |
| Interest and Other Liabilities | 1,197,050 | 2,711,885 | 1,197,050 | 2,711,885 |
| Total | 58,068,630 | 49,502,842 | 58,068,630 | 49,502,842 |

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31ST DECEMBER, 2019

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, 2019, the carrying amounts of such receivables, net of allowances, were not materially different from their calculated fair values.

31. Fair Value hierarchy

32. Fair value

As at 31 December 2019, 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

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 2019, the company held the following financial instruments measured at fair value:

2019

Financial assets

Cash and Balances with Other Banks
Short-term investments
Loans and advances
Other assets

Total

Financial Liabilities

Current Accounts
Savings Accounts
Time Deposits
Susu Deposits
Loans From Other Financial Institutions
Interest and Other Liabilities

Total

| | Total GHS | Level 1 GHS | Level 2 GHS | Level 3 GHS |
|---|-------------------|----------------|-------------------|----------------|
| 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 | | | | |
| Current Accounts | 8,781,039 | - | 8,781,039 | - |
| Savings Accounts | 22,433,672 | - | 22,433,672 | - |
| Time Deposits | 9,180,753 | - | 9,180,753 | - |
| Susu Deposits | 15,728,754 | - | 15,728,754 | - |
| Loans From Other Financial Institutions | 747,362 | - | 747,362 | - |
| Interest and Other Liabilities | 1,197,050 | - | 1,197,050 | - |
| Total | 58,068,630 | - | 58,068,630 | - |

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

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31ST DECEMBER, 2019

2018

Financial assets

| | Total GHS | Level 1 GHS | Level 2 GHS | Level 3 GHS |
|------------------------------------|----------------------|------------------------|------------------------|------------------------|
| Cash and Balances with Other Banks | 5,990,184 | - | 5,990,184 | - |
| Short-term investments | 19,793,141 | - | 19,793,141 | - |
| Loans and advances | 19,215,535 | - | 19,215,535 | - |
| Other assets | 5,129,017 | - | 5,129,017 | - |
| Total | 50,127,877 | - | 50,127,877 | - |

Financial Liabilities

| | | | | |
|--|------------|---|------------|---|
| Current Accounts | 6,151,419 | - | 6,151,419 | - |
| Savings Accounts | 19,427,990 | - | 19,427,990 | - |
| Time Deposits | 8,183,349 | - | 8,183,349 | - |
| Susu Deposits | 11,342,453 | - | 11,342,453 | - |
| Loans from other Financial Institution | 1,685,746 | - | 1,685,746 | - |
| Interest and Other Liabilities | 2,711,885 | - | 2,711,885 | - |

During the reporting period 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, 2019

43. Value Added Statement

| | 2019 GHS | 2018 GHS |
|--|------------------|------------------|
| Interest earned and other operating income | 10,664,500 | 11,570,740 |
| Direct cost service | (4,800,009) | (4,994,131) |
| Value added by banking services | 5,864,491 | 6,576,609 |
| Non-banking services | 222,239 | 27,894 |
| Impairments on Financial Assets | (231,604) | (207,147) |
| Value added | 5,855,126 | 6,397,356 |
| Distributed as follows: | | |
| To Employees: | | |
| Directors (without executives) | 34,200 | 34,200 |
| Executive directors | | |
| Other employees | 6,553,351 | 5,629,723 |
| To Government: | | |
| Income Tax | - | 190,400 |
| To providers of capital | | |
| Dividends to shareholders | - | - |
| To expansion and growth | | |
| Depreciation | 308,350 | 306,429 |
| Amortisation | 35,314 | 22,605 |
| Retained earnings | (1,076,089) | 213,999 |
| | 5,855,126 | 6,397,356 |

SCHEDULE TO STATEMENT OF COMPREHENSIVE INCOME

YEAR ENDED 31ST DECEMBER, 2019

| | 2019 GHS | 2018 GHS |
|--|------------------|------------------|
| STAFF COST | | |
| Salaries and Wages | 3,865,716 | 3,028,307 |
| Social Security Contribution | 491,262 | 384,227 |
| Provident Fund Contribution | 261,994 | 223,817 |
| Staff Training Expenses | 43,468 | 63,769 |
| Annual Bonus | 302,145 | 354,667 |
| Other Staff Cost | 809,148 | 859,950 |
| Staff Allowances | 366,492 | 386,929 |
| Long Service Award | 12,395 | 15,697 |
| Medical Expenses | 16,168 | 17,000 |
| Staff Clothing Allowance | 384,563 | 295,360 |
| | 6,553,351 | 5,629,724 |
| OCCUPANCY COST | | |
| Repairs and Maintenance | 82,388 | 76,211 |
| Rent and Rate | 220,087 | 108,461 |
| Cleaning & Sanitation | 39,179 | 51,981 |
| Generator running expenses | 79,137 | 79,381 |
| Electricity and Water | 230,236 | 285,445 |
| | 651,027 | 601,479 |
| GENERAL & ADMINISTRATION EXPENSES | | |
| Travelling and Transport | 895,288 | 852,676 |
| Printing and Stationery | 124,820 | 165,072 |
| Hospitality to Guest & Protocol Expenses | 200,334 | 7,156 |
| Board Meeting Expenses | | |
| - Sitting allowance | 98,115 | 122,030 |
| - Retiring Benefits | 22,650 | 2,690 |
| - Fees | 34,200 | 34,200 |
| Directors Training | 30,248 | 53,851 |
| Specie Movement Expenses | 11,695 | 22,526 |
| Management & Staff Meetings | 27,369 | 35,309 |
| Auditing & Supervision Expenses | 4,487 | 2,024 |
| | 1,449,206 | 1,297,535 |

SCHEDULE TO STATEMENT OF COMPREHENSIVE INCOME

YEAR ENDED 31ST DECEMBER, 2019

| | 2019 | 2018 |
|---|-------------------|------------------|
| | GHS | GHS |
| Balance Forward | 1,449,206 | 1,297,535 |
| Audit Fees | 26,840 | 22,000 |
| VAT on Audit fees | 4,865 | 3,988 |
| Business Promotion | 16,340 | 169,146 |
| Insurance | 69,921 | 58,178 |
| Postages and Telecommunications | 58,273 | 56,697 |
| Depreciation | 308,350 | 306,429 |
| Amortisation | 35,314 | 22,605 |
| Software Maintenance | 201,916 | 127,334 |
| Hotel Accommodation | 14,990 | 13,334 |
| Motor Vehicle Running Expenses | 172,612 | 170,934 |
| Legal Expenses | 11,000 | 13,545 |
| Newspapers, Subscriptions and Periodicals | 137,987 | 124,807 |
| Advertising and Publicity | 16,172 | 28,562 |
| Annual General Meeting Expenses | 80,621 | 77,951 |
| Donation | 42,300 | 54,655 |
| Computer Expenses | 16,518 | 27,380 |
| Security Guard Expenses | 73,671 | 104,188 |
| Police Guard | 30,215 | 30,290 |
| Loan Recovery Expenses | 28,261 | 13,080 |
| Sundry Expenses | 34,936 | 86,978 |
| Cashiers Efficiency | 10,400 | 5,277 |
| Tax Consultancy | 4,000 | 3,000 |
| Bank Charges | 45,413 | 42,166 |
| | 2,890,121 | 2,860,060 |
| TOTAL OPERATING EXPENSES | 10,094,499 | 9,091,261 |

**ANNUAL GENERAL MEETING OF SHAREHOLDERS
HELD ON FRIDAY 18TH DECEMBER, 2020 AT NEMARK VILLAGE HOTEL, AGONA
AT 10:00 AM**

PROGRAMME OUTLINE

1. Opening Prayer -
2. Introduction of Chairman & Other Board Members & MCs -Ms. Sylvia Achiaa Ababio
3. Chairman's Response -
4. Introduction of Invited Guests/Dignitaries - MC – Mr. Godfred Opoku
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. Election of Director(s) to replace those retiring - District Electoral Officer
15. Chairman's Closing Remarks
16. Vote of Thanks - Ms. Mavis Opoku Agyemang
17. Closing Prayer - Rev. Eric Boakye-Yiadom