



OKOMFO ANOKYE **RURAL BANK LTD.**

ANNUAL REPORT FOR THE YEAR ENDED
31ST DECEMBER, 2018

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NOTICE OF THE 32ND ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT THE 33RD ANNUAL GENERAL MEETING (AGM) OF SHAREHOLDERS OF OKOMFO ANOKYE RURAL BANK LIMITED, WIAMOASE ASHANTI WILL BE HELD AT THE SALVATION ARMY HALL, WIAMOASE ASHANTI ON FRIDAY, 22ND NOVEMBER 2019 AT 10.00AM TO TRANSACT THE ORDINARY BUSINESS OF THE ANNUAL GENERAL MEETING:

AGENDA

- i. To read the Notice convening the 33rd Annual General Meeting
- ii. To Confirm the Minutes of the 32nd Annual General Meeting
- iii. To ratify the appointment of Auditors
- iv. To Receive the following reports:
 - a. Chairman's Report
 - b. Board of Directors Report
 - c. External Auditors Report
 - d. The Financial Statements of the Bank for the year ended 31st December, 2018
- v. To authorize the Directors to fix the Auditors' Remuneration
- vi. To fix Directors' Remuneration
- vii. To elect Directors to replace those retiring on rotation.

RETIRING DIRECTORS

In accordance with section 298 of the Companies Act 1963 (Act 179) two(2) Director, Mr. Emmanuel Owusu Boakye and Dr. Kofi Anokye-Manu, representatives of Wiamoase Zone are due to retire at the end of the meeting. Mr. Emmanuel Owusu Boakye is eligible for re-election and has expressed his 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, 2018. That shareholder must have a minimum of Senior High School Certificate, G.C.E. Ordinary/Advanced Level Certificates or Teachers' Certificate. In addition, he/she must have a professional qualification 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 1963 (Act 179) 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 need 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 info@okomfoanokyeruralbank.com or okofokye83@yahoo.com

NOTE: ONLY SHAREHOLDERS WHO OWNED SHARES ON OR BEFORE 31ST DECEMBER, 2018 WILL BE ELEGIBLE TO VOTE AT THE 33RD AGM.

Dated at Wiamoase, this 17th day of October, 2019.

BY ORDER OF THE BOARD

CORPORATE INFORMATION
FOR THE YEAR ENDED 31ST DECEMBER 2018

BOARD MEMBERS

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

SECRETARY

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

SOLICITORS

Mr. Kwasi Bempa, Esq
Faith Chambers
Kumasi

MANAGEMENT

Mr. Peter Abako Goriya
Mr. Paul Kwabena Oduro
Mr. Boahen Joseph
Aps. Isaiah Ameyaw -Amankwaah
Mr. Lawrence Addo
Mr. George Coffie
Mrs Sylvia Achiaa Ababio
Mr. Cliff Kakra Boakye
Mr. Joseph Addai
Mr. Bismark Boamah Frimpong
Mr. Joseph Kofi Cobbinah

AUDITORS

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

BANKERS

UBA
Ecobank Ghana Ltd
ARB APEX Bank

REGISTERED OFFICE

Wiamoase, Ashanti
Okomfo Anokye Rural Bank Limited

POSTAL ADDRESS








P.O.Box 13
Wiamoase -Ashanti









OKOMFO ANOKYE RURAL BANK LIMITED

P.O. Box 13, Wiamease - Ashanti
info@okomfoanokyeruralbank.com







Email: okofokye83@yahoo.com
www.okomfoanokyeruralbank.com

| | 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. |
|  DR. 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

| | QUALIFICATION | CONTACT DETAILS | POSITION |
|---|---|-----------------|--------------------------------------|
|  PETER ABAKO GORIYA | BSC AGRICULTURAL SCIENCE/ACIB | 0204344906 | General Manager |
|  PAUL KWABENA ODURO | MBA FINANCE, ICA, ACIB | 0501628452 | Deputy General Manager |
|  LAWRENCE ADDO | AIB INTERMEDIATE | 0243638682 | Special Assistant to General Manager |
|  ISAIAH AMEYAW AMANKWAH | Bsc AGRICULTURE CEMBA (GENERAL MANAGEMENT) | 0204344993 | Operations Manager |
|  CLIFF KAKRA BOAKYE | MBA FINANCE | 0204345223 | Human Resource Manager |
|  JOSEPH BOAHEN | Msc. (INDUSTRIAL FINANCE AND INVESTMENT) | 0204344943 | Finance Manager |

EXECUTIVE MANAGEMENT

| QUALIFICATION | CONTACT DETAILS | POSITION | |
|---|-----------------------------------|------------|----------------------|
|  BISMARK BOAMAH FRIMPONG | Bsc COMPUTERIZE ACCOUNTING | 0204344913 | Internal Auditor |
|  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 |

REPORT OF THE DIRECTORS

In accordance with the requirements of Section 128 of the Companies Act, 1963 (Act 179), 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 31st December, 2018.

The Directors report as follows:

| | 2018 GHS | 2017 GHS |
|--|------------------|-------------|
| Net Interest Income | 8,208,248 | 7,872,543 |
| Profit before tax | 376,505 | 972,423 |
| From which is added / (deducted): | | |
| A provision for estimated income tax expense | (190,400) | (243,106) |
| Deferred Tax (Charge) / Credit | 27,894 | - |
| Making a Profit after tax of | 213,999 | 729,317 |
| Adjustment | - | - |
| Transfer to : Statutory Reserves | (53,500) | (182,329) |
| Dividend Fund | - | - |
| Social Responsibility Fund | - | (14,586) |
| Development Fund | - | - |
| General Reserve | - | - |
| Stated Capital | - | - |
| WHT on Income Surplus transfer to Stated Capital | - | - |
| Dividend Paid | - | (243,106) |
| | 160,499 | 289,296 |
| which is to be added to the surplus brought forward of | 762,759 | 912,177 |
| as revised with; | | |
| Credit Risk Reserve | 33,319 | (438,714) |
| Prior Year Adjustment | (60,287) | - |
| resulting in a balance to be carried forward on the | | |
| income surplus account as at 31st December | 896,290 | 762,759 |

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.

Capital

The Bank's Stated Capital increased from GHS 1,263,100 as at the end of the previous year to GHS 1,334,662 resulting in an increase of GHS 71,575 which represents 5.7%. The increase emanates from the sale of 357,875 shares at GHp 20.00 per share.

REPORT OF THE DIRECTORS

Dividend

The Directors do not recommend payment of dividends for 2018.(2017: GHS243,106).

Financial statements

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

Directors

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

| Names of Directors | Designation |
|---------------------------------|---------------|
| Kennedy Obiri-Yeboah | Chairman |
| Emmanuel Owusu Boakye | Vice Chairman |
| Dr. Kofi Anokye-Manu | Member |
| Lawyer Kwasi Bempa | Member |
| Very Rev. Eric K. Boakye Yiadom | Member |
| Dr. Siaw Frimpong | Member |
| Rev. Charles Yeboah | Member |

Events after the reporting date

The Directors confirm that no matters have arisen since 31st December, 2018, that materially affect the financial statements as presented.

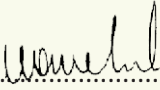
Auditors

In accordance with Section 81(4) of the Banks and Specialized Deposit-Taking Institutions Act, 2016 (Act 930), our current auditors, Messrs Richard Owusu – Afriyie & Associates are proposed to continue in office.


Going Concern

The Directors have reviewed the going concern of the Bank as at 31 December, 2018. From the basis of this review and the current year's Financial Position, we have the guarantee that the Bank will continue operations into the foreseeable future.

On behalf of the Board


.....
Director

17th June, 2019


.....
Director

17th June, 2019

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 that disclose with reasonable accuracy the financial position of the bank and that 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.



CHAIRMAN'S REPORT TO SHAREHOLDERS

The Chairman's Report to Shareholders on the occasion of the 33rd Annual General Meeting (AGM) of Okomfo Anokye Rural Bank on Friday 22nd November, 2019 at the Salvation Army Hall, Wiamoase-Ashanti.

1.0 Salutation

Nana....., Nananom, Representatives of Bank of Ghana, ARB Apex Bank and Association of Rural Banks National Chapter, President of the Association of Rural Banks, Ashanti Chapter, Directors and Managers of Sister Rural Banks, other invited guests, shareholders, representatives of the media, ladies and gentlemen. All other protocol observed.

On behalf of the Board of Directors and on my own behalf, I warmly welcome you to the 33rd Annual General Meeting of Okomfo Anokye Rural Bank.

As a duty required by the Companies Act, 1963 (Act 179), the Board has to render accounts of its stewardship for the 2018 financial year to its shareholders. I therefore present to you the Bank's Annual Report and Audited Financial statements for the Year Ended 31st December, 2018.

2.0 Overview of the Economic Conditions in 2018

Ghana's economic conditions in 2018 remained favorable with macro-economic indicators generally trending downwards. Bank lending and deposit rates, in response, also trended downwards.

The liquidity challenges in the financial sector that became evident in 2017 continued, resulting in additional Bank collapse causing the lock up of investments and associated contagion effect further exacerbated the situation as non-performing loans and associated impairment of investments increased. This caused significant loss of confidence in the financial sector. Banks under such conditions focused rather on ensuring sustainability and survival of their respective businesses.

CHAIRMAN'S REPORT TO SHAREHOLDERS

Your Bank in spite of this produced the following results:

3.0 Operational performance for Financial Year Ended 2018

Table 1 -Performance of Key Financial Indicators as at 31stDecember 2018

| Item(GH¢) | 2018 GHS | 2017 GHS | % Change |
|--------------------------|-------------|-------------|-------------|
| Deposits | 45,105,211 | 37,392,468 | 20.6 |
| Investments (Short term) | 19,793,141 | 13,385,196 | 47.9 |
| Total Assets | 54,058,927 | 44,381,222 | 21.8 |
| Loans and advances (net) | 19,215,535 | 19,383,953 | -0.9 |
| Share Capital | 1,334,662 | 1,263,100 | 5.7 |
| Income | 11,570,740 | 11,073,340 | 4.5 |
| Expenditure | 11,194,235 | 10,100,917 | 10.8 |
| Profit before Tax | 376,505 | 972,423 | -61.3 |
| Profit after Tax | 213,999 | 729,317 | -70.7 |
| Net worth | 4,200,473 | 4,237,375 | -0.9 |

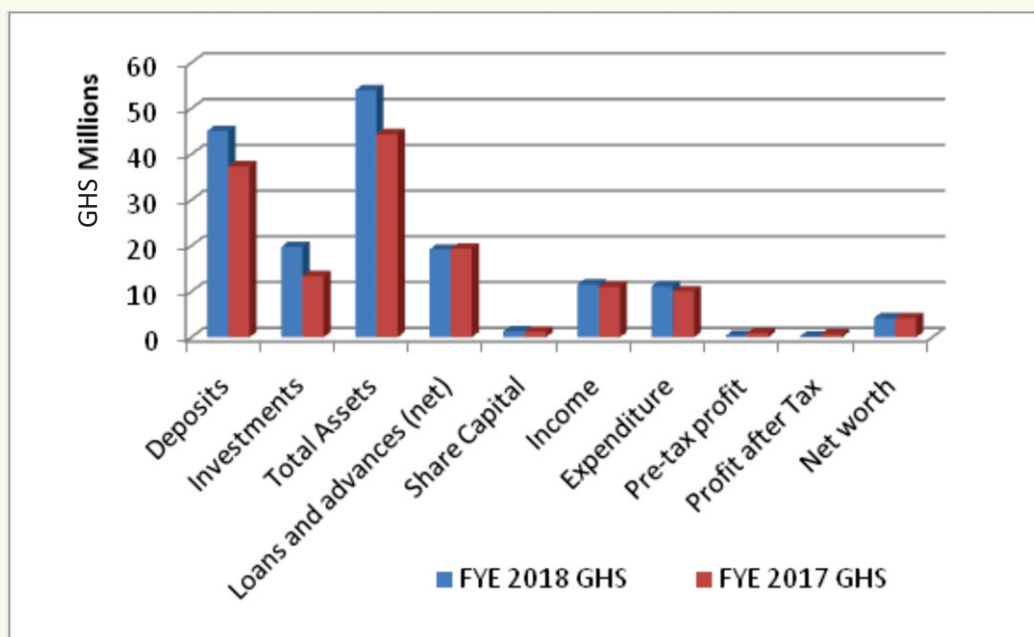


Figure 1 - Performance of Key Financial Indicators as at 31st December 2018

Break Down of some of the Key Indicators as at 31stDecember 2018

Table 2 - Deposits

| Type of Deposit | 2018 GHS | 2017 GHS | % Change |
|------------------|-------------------|-------------------|-------------|
| Savings Accounts | 19,427,990 | 16,526,158 | 17.7 |
| Current Accounts | 6,151,419 | 5,074,533 | 21.2 |
| Fixed Deposits | 8,183,349 | 7,226,058 | 13.2 |
| Susu | 11,342,454 | 9,393,734 | 20.7 |
| Total | 45,105,211 | 37,392,468 | 20.6 |

CHAIRMAN'S REPORT TO SHAREHOLDERS

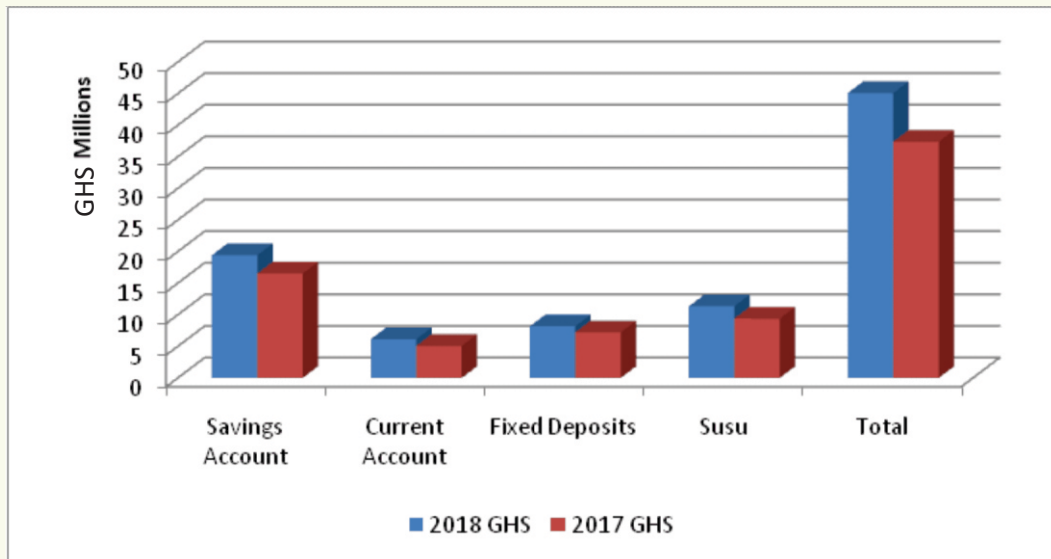


Figure 2– Deposits as at 31st December, 2018

Table 3 –Loans (Gross)

| Type of Loan | 2018 GHS | 2017 GHS | % Change |
|-----------------------|------------|------------|----------|
| Agriculture | 965,669 | 967,266 | -0.17 |
| Cottage Industry | 1,331,346 | 1,571,808 | -15.3 |
| Transport | 402,874 | 336,528 | 19.7 |
| Trading | 6,959,306 | 7,657,526 | -9.1 |
| Others (Salary Loans) | 10,530,917 | 9,618,256 | 9.5 |
| Total | 20,190,112 | 20,151,384 | 0.2 |

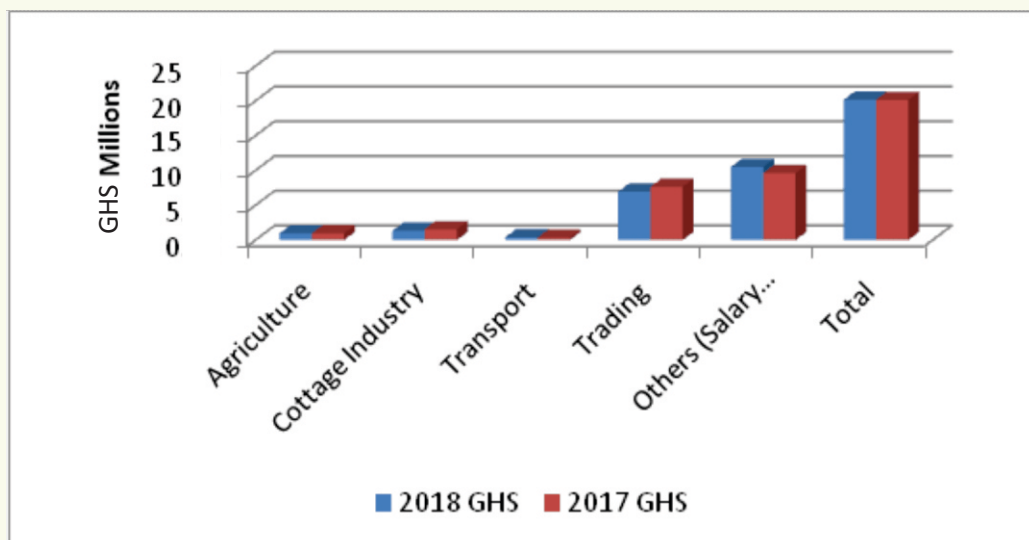


Figure 3 – Deposit as at 31st December, 2018

CHAIRMAN'S REPORT TO SHAREHOLDERS

The key financial indicators apart from income and net profit show a relatively improved growth in the year under review. Income performance was limited as income growth was adversely affected by mainly the collapse of several banks leading to liquidity challenges in the financial sector. This affected our ability to recognize income from investments.

3.1 Income and Expenditure

Total income, made up of interest income, commissions and fees and other operating incomes increased marginally by 4.5% from GHS11,073,340 in 2017 to GHS11,570,740 in 2018.

Total expenditure, including interest charge on deposits, operating expenses and loan loss provision, increased by 10.80% from GHS10,100,917 in 2017 to GHS11,194,235 in 2018 resulting in a pre-tax profit of GHS376,505 being a decrease of 61.3% against the 2017 pre-tax profit of GHS972,423.

Profit after Tax also decreased by 70.7% from GHS729,317 in 2017 to GHS213,999 in 2018.

3.2 Assets and Net worth Performance

Total assets increased by 21.8% from GHS44,381,222 in 2017 to close the year at GHS54,058,927 driven largely by growth in deposits which was leveraged to create assets. The net worth decreased by 0.90% from GHS4,237,374 in 2017 to close the year at GHS4,200,473 largely due to reduction of profit.

3.2.1 Stated Capital

The stated capital increased by 5.7% from GHS1,263,100 in 2017 to GHS1,334,662 in 2018. We encourage shareholders to purchase more shares as the Bank has a history of paying handsome dividends.

4.0 Microfinance Operations

The Bank has plans to intensify the introduction of financial products that will facilitate financial inclusion in all the Bank's catchments area. Group loans, susu loans, susu deposits, mobile money transfer and ezwich cards are some of the products that the Bank is intensifying effort to expand.

4.1 Microfinance loan portfolio growth

Table 4 – Microfinance Loans

| Type of Loan | 2018 (GHS) | 2017 (GHS) | % Change |
|--------------------|------------|------------|----------|
| Group Loans | 2,374,890 | 1,723,798 | 37.7 |
| Susu Loans | 3,145,818 | 3,956,179 | -20.5 |
| Total Disbursement | 11,422,300 | 11,445,581 | -0.2 |

CHAIRMAN'S REPORT TO SHAREHOLDERS

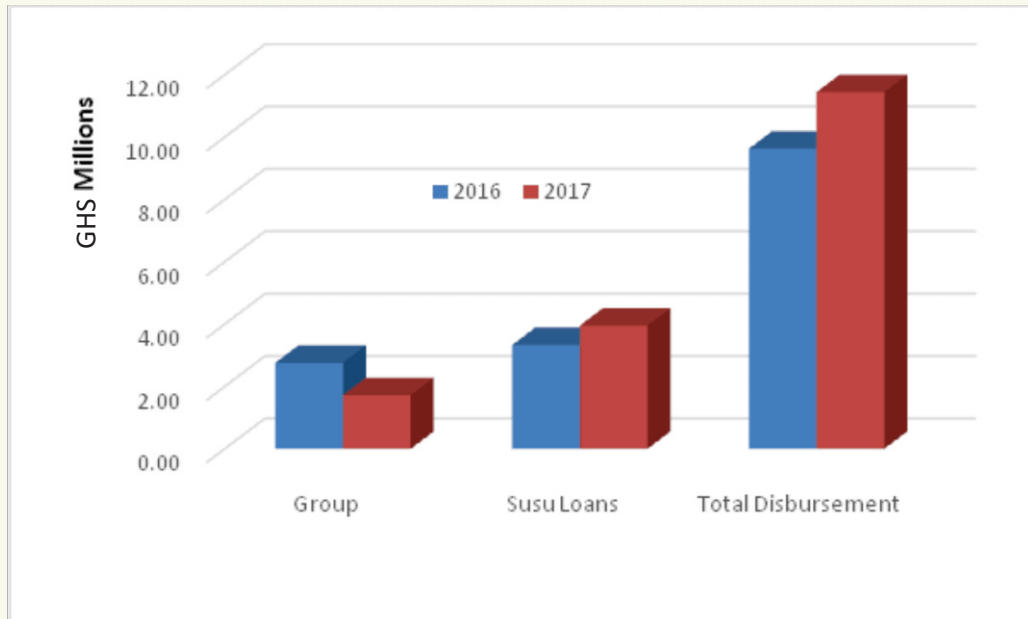


Figure 4 – Microfinance Loans Disbursed

Microfinance Loans are granted for short periods of time i.e 4 and 6 months and because the loan repayment record is good the Bank is currently expanding the products.

Table 5 - Susu Deposits growth

| Year | 2018(GHS) | 2017(GHS) | % Change |
|------|------------|-----------|----------|
| | 12,067,143 | 9,393,734 | 28.5 |

We will continue to relate well with on our development partners, such as, the Rural Enterprises Programme (REP), Social Investment Fund (SIF) and ARB Apex Bank Ltd who continue to support us with on-lending funds to supplement our funds in the disbursement of fixed assets and working capital loans to our micro-enterprise clients. We appreciate their assistance and thank them immensely.

5.0 Information and Communication Technology

Due to technical hitches and the need to comply with our regulators' instructions we have discontinued our plan to change our core banking application, T24. Fortunately the T-24 that is a software also used by Bank of Ghana and other big commercial Banks has been upgraded and now has relevant features as other competing software. The T-24 R014 will allow us to:

- a) Deploy ATMs
- b) Issue visa cards to facilitate withdrawal from around the world.
This can be done when Apex Bank gets a commercial number of subscribers.
- c) More transparent Susu collection with instant SMS Alert of Susu Deposit. ARB Apex Bank is currently rolling it out.
- d) Enable Internet Banking which will allow access to your account even while overseas. The potential is there but can only be rolled out when Apex Bank has commercial number of subscribers.
- e) Allow Mobile Banking via mobile phones.
- f) Ability to transfer cash to and from your Mobile Money wallet. This is being rolled out under a World Bank project.

CHAIRMAN'S REPORT TO SHAREHOLDERS

6.0 Branch and Archive Development

The following are the status of implementation of planned projects.

6.1 Tetrem Branch Relocation

The permanent building is currently at lentil level. The Bank's plan to complete construction of a more spacious banking premise could not be realized as we decided to be more prudent in the rate at which fixed assets were growing and to free more capital into earning assets and also maintain the regulatory benchmark for earning assets.

6.2 Bepose Mobilization Centre Expansion

Suitable land has been acquired for future development from 2020.

6.3 Suame Branch

The branch development has been completed and opened from August 2018.

6.4 Tafo Branch Establishment

The branch development had been completed at a cost of GH644,915.00. We are awaiting Bank of Ghana's approval to officially commence operations.

6.5 Rehabilitation of the Manager Bungalow and Construction of an Archive Building at Wiamoase.

Work is progressing steadily towards the completion of the six bedroom house at Wiamoase that was purchased by the Bank some years ago to resolve the accommodation problem the bank is facing. When completed, the General Manager will temporarily be housed in the building until the bank renovates the General Manager's bungalow which for years has not seen any renovation works.

Land has also been acquired and an archive building is being constructed to enable the bank appropriately store its archives.

7.0 Funds Transfer

7.1 Funds transfer Products' Performance.

These products recorded some increase in growth.

A total of GHS14,503,759.19 funds were transferred in 2017 increasing by 10% to 15,959,027.3 in 2018 as follows:

Table 6 – Funds Transfer Products Performance

| PRODUCT | 2018 GHS | 2017 GHS | % CHANGE |
|--|-------------------|-------------------|-------------|
| Apex Link | 4,581,851 | 4,183,851 | 9.5 |
| Western Union | 2,625,379 | 3,268,555 | -19.7 |
| Automated Clearing House (ACH) Transfers | 3,403,859 | 5,459,936 | -37.7 |
| MTN Money transfers | 5,345,920 | 1,589,400 | 236.7 |
| TOTAL | 15,959,027 | 14,501,742 | 10.0 |

CHAIRMAN'S REPORT TO SHAREHOLDERS

7.2 MTN Mobile Money

MTN Mobile Money is now being operated and well patronized in all our branches. Its performance increased more than threefold between 2017 and 2018.

7.3 e-Zwich

The Bank has installed e-Zwich sale devices at the branches. We make payments to operators of School feeding programme, Zoomlion workers, National Service Personnel, LEAP beneficiaries and NACOB personnel through the e-Zwich platform. Remittances are also received by students from their parents through the same medium. We encourage shareholders and customers to patronize the service.

7.4 Introduction of Credit and Debit Transfer under Automated Clearing House (ACH)

The response to Automated Clearing House declined from GHS5,459,935.62 in 2017 to GHS3,268,555.27 in 2018 as MTN mobile money transfer is widespread and has other variant products which are alternative to ACH.

8.0 Expenditure on Corporate Social Responsibility

The Bank continues to provide support to communities and institutions within its catchment area. The Bank spent a total of GHS23,400.00 on Corporate Social Responsibility in the following areas:

| NO. | ITEMS | QUANTITY | AMOUNT GHS | ESTABLISHMENT DONATED TO | PURPOSE |
|-----|--|-------------------------------|---------------|--|---|
| 1 | Students Mattress | 70 | 11,550.00 | Okomfo Anokye Senior High School | Donation in respect of fire outbreak at the school |
| 2 | Set of Computer | 1 | 2,300.00 | Agona District Magistrate Court | For office use |
| 3 | Cement | 15 Bags | 450.00 | Hiamankyene No. 1 | To support School building projects |
| 4 | Educational Sponsorship | US\$ 1,000 | 4,500.00 | Priscilla Kyei Baffour | Educational Sponsorship |
| 5 | Grocery Items | - | 4,284.00 | Muslim Clients | Ramadan Fasting |
| 6 | Set of Computer | 1 | 2,300.00 | Ghana Police Service Agona District | For office use |
| 7 | Wellington Booths and Cocoa Spraying Machines | 5 Boxes and 18 machines | 3,084.00 | District Assemblies | 2018 Farmers Day Celebration |
| 8 | Cash Donation | - | 1,800.00 | Trinity Hospital, Pankrono – Kumasi | To support Health Care |
| 9 | Refrigerator | 1 | 1,500.00 | Afigya Kwabre North District Assembly | For office use |
| 10 | Cash Donation | - | 1,000.00 | Afigya Kwabre North District Assembly | Social Responsibility |

CHAIRMAN'S REPORT TO SHAREHOLDERS

09: Specie Services

The bank is currently encouraging fuel filling stations and other business units that generate volumes of cash on daily basis to arrange with us to provide specie services for them to lodge their funds into their accounts.

10.0 Dividends

My colleague shareholders, the Directors could not recommend the payment of dividend for 2018 Financial Year as the financial instability of the banking industry coupled with impaired investments makes distribution of profits not currently prudent. We hope that due to the measures and efforts being put in place by our regulators we will be able to recover our locked up investments and recognize significant interest on them in the coming year.

11.0 Summary Dismissals

The following members of staff were summarily dismissed for committing various offenses:

Table 8 – Dismissed Staff

| NAME | DESIGNATION | BRANCH | OFFENSES |
|------------------|--------------------|---------|----------------------|
| Isaac Darkwah | Credit Officer | Agona | Suppression of Loans |
| Ibrahim Mohammed | Group Loan Officer | Boamang | Suppression of Loans |

I wish to announce that a greater proportion of the amounts suppressed have already been recovered and the remaining are being recovered through the law courts. We thank the Police Service for their support in such matters.

12.0 Resigned members of Staff

The under-listed members of staff have resigned from the Bank for various reasons.

Table 9 – Resigned staff

| NAME | DESIGNATION | BRANCH | REASON FOR RESIGNATION |
|----------------------------|----------------------|------------|-------------------------|
| Emmanuel Agyenim - Boatemg | Microfinance Manager | HeadOffice | To join another bank |
| Victoria Atakora | Mobilebanker | Ash-town | Personal |
| Beatrice Agyei | Mobile Banker | Kronum | Personal |
| Christiana PokuaAfriyie | Mobile Banker | Kronum | To join another company |

13.0 Retirement of the General Manager

Mr Peter Abako Goriya, the General Manager, has served the Bank honorably for a period of 11years and has attained his compulsory retirement age of 60. He accordingly retired on 11-11-2019. We will accord him a befitting send-off ceremony that will be announced to you soon. In the course of this meeting a citation will be read in his honour to enable you understand his achievements over the years. On behalf of the Board, management, staff and shareholders here gathered, I wish Mr. Abako good health and restful retirement.

14.0 Appointment of New General Manager, Mr Paul Kwabena Oduro

Mr. Paul Kwabena Oduro, Deputy General Manager, who joined the Bank in September 2018 and was introduced to you during the 32nd AGM has been appointed the new General Manager of the Bank to replace Mr. Abako Goriya. Mr. Oduro is both a Chartered Accountant and a Chartered Banker. He has a first degree in

CHAIRMAN'S REPORT TO SHAREHOLDERS

Psychology from the University of Cape Coast and MBA Finance from Kwame Nkrumah University of Science and Technology. He has over 10 years management experience in Rural Banking and has been the Deputy General Manager of the Bank for the past one year. Prior to joining us he served as Deputy General Manager of Adansi Rural Bank. Please join me to congratulate him for his success in the highly competitive selection process. I wish him success in his new role.

May I now introduce to you, Mr. Paul Kwabena Oduro, the new General Manager of the Bank.

15.0 Recruitment of New Staff.

14 persons were recruited in 2018 as follows:

- 1 Deputy General Manager
- 1 Credit Manager
- 1 Credit Officer
- 1 ICT Officer
- 1 ICT Auditor
- 1 Messenger/Cleaner on Contract, and
- 8 Security personnel mostly retired military men.

The recruitment became necessary as a result of the following:

- Replacement of resigned members of staff
- Creation of new roles as recommended by Bank of Ghana and
- Branch expansion

16.0 Retiring Directors

Two Directors, Dr Kofi Anokye-Manu and Mr. Emmanuel Owusu Boakye are due for retirement by rotation. However Dr Anokye-Manu has announced his decision to retire from the Board at the end of this AGM after 34 years' service to this bank. He has been one of the longest serving Directors of Rural Banks in Ghana. He was Chairman of the Board from 2003 to 2008 during which time he steered the affairs of the bank out of extreme financial difficulties that paved way for a takeoff till now. He is a strict disciplinarian and has a lot of history and knowledge of this bank. He is a strong debater and orator and contributes very well in decision making. He has never been absent from any meeting. He was instrumental in putting up the Head Office Complex. We will miss him a lot.

He will equally be given a befitting send off in due course. On behalf of the Board, management and staff and all members gathered here, I wish Dr Anokye-Manu a well-deserved rest.

Mr Owusu Boakye is eligible for re-election and the Board has no objection.

17. Ghana Club 100 Awards

The Bank was awarded membership of Ghana Club 100 in 2018 as a result of achieving the performance benchmarks for the Award scheme. I wish to recognize the efforts of Directors, management and staff for this achievement. I have with me here the award.

CHAIRMAN'S REPORT TO SHAREHOLDERS

18.0 Conclusion

Fellow shareholders,

The current macro-economic conditions continue to present challenges and appears uncertain to the business environment. The cost of doing business has increased with increases in tariffs of electricity, water, communication and petroleum products.

Speculative behavior and rumor mongering on social media has contributed to panic withdrawals that affected us recently. In spite of this, your bank was able to withstand the shocks and has rather witnessed an increase in customer deposits from GHS45 million at the end of 2018 to currently GHs50 million, an increase by 11%.

The financial industry continues to be competitive and dynamic, so good customer relationship must come to the fore. The Board will continue to collaborate with Management to develop competencies and capabilities in customer care and risk management standards that will positions to withstand the effects of competition and macro-economic uncertainties.

Fellow shareholders and valued customers, we thank you immensely for your continued loyalty to the bank in spite of all the challenges in the industry. We continue to thank Bank of Ghana, ARB Apex Bank Ltd, the Association of Rural Banks, (both National and Ashanti Chapters), Social Investment Fund the Rural Enterprises Project, BAC and other Development Partners for the invaluable support they have been giving us. We also thank the Management and staff for their commitment, dedication and co-operation and finally my colleague Directors for their immense contribution in directing the affairs of the Bank.

Thank you. May the Almighty God bless you all.

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

Opinion

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Bank as at 31st December, 2018, and of its financial performance 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, 1963 (Act 179) 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, 2018.

The financial statements comprise:

- the statement of comprehensive income for the year then ended;
- the statement of financial position as at 31st December, 2018;
- 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 and other explanatory notes as set out on pages 27 to 48

Basis for Opinion

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

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

Independence

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

Short Term Investments

The total investments of GHS 3,898,396 out of GHS 19,790,156 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 but the board is of the opinion that these monies would be received.

Impairment of Loans and advances to customers

The bank assesses the impairment of the loans and advances to customers in compliance with IAS 39 – *Financial Instruments: Recognition and Measurement*, which requires the amount of loss to be measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the loan asset's original effective interest rates.

The Bank also classifies its loans and advances for impairment at the end of each reporting period by applying Bank of Ghana Loan classification criteria.

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

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.

How our audit addressed the Key Audit Matter

We evaluated and tested the design and operating effectiveness of the key controls over the computation of impairment loss provisions. In performing the tests 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 controls, frequency and consistency with which the controls are performed.

We performed an evaluation of management's key assumptions on specific impairment calculation methodology, the basis of the underlying expected cash flows and the realizable value of collaterals and expected period of realization of collaterals.

We tested the adequacy of the collective loan loss provision by evaluating the assumptions and loss rates used by management in the calculation of the collective impairment provision.

The results of our testing revealed that the credit impairment charge and provision recognized were under provided and should be reviewed accordingly.

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 statements 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, 1963 (Act 179) and the Banking 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

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 judgement 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 Requirements

The Companies Act, 1963, (Act 179) requires that in carrying out our audit we consider and report to you on the following matters. We confirm that:

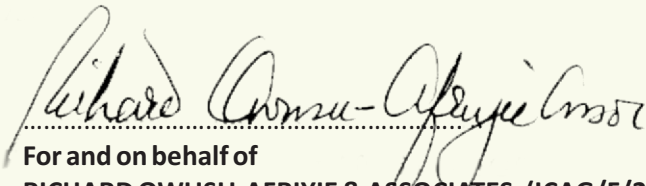
- i) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit.
- ii) In our opinion proper books of accounts have been kept by the Bank so far as appears from our examination of those books, and
- iii) The Statement of Financial Position and Income Statement of the Bank are in agreement with the books of accounts.

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

The Banks and Specialized Deposit-Taking Institutions Act, 2016 (Act 930) requires 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.
- iv) The Bank complied with the provisions of the Banks and Specialised Deposit-Taking Institutions Act, 2016 (Act 930).

The engagement partner on the audit resulting in this independent auditor's opinion is
Richard Owusu – Afriyie (ICAG/P/1144).



For and on behalf of
RICHARD OWUSU-AFRIYIE & ASSOCIATES: (ICAG/F/2019/084)
Chartered Accountants
House of Grace, Adum, Kumasi

15th July, 2019

STATEMENT OF COMPREHENSIVE INCOME
YEAR ENDED 31ST DECEMBER, 2018

| | (NOTES) | 2018 GHS | 2017 GHS |
|--|----------|------------------|------------------|
| Interest Income | (7) | 10,104,075 | 9,633,502 |
| Interest Expense | (8) | (1,895,827) | (1,760,959) |
| Net Interest Income | | 8,208,248 | 7,872,543 |
| Commissions and Fees | (9) | 780,679 | 1,027,212 |
| Other Operating Income | (10) | 685,986 | 412,626 |
| Total Income | | 9,674,913 | 9,312,381 |
| Impairment charge on loans and advances | | (207,147) | (99,894) |
| Operating Expenses | (11) | (9,091,261) | (8,240,064) |
| Net Operating Profit Before Taxation | | 376,505 | 972,423 |
| Income Tax Expense | (12 iii) | (190,400) | (243,106) |
| Deferred Tax (Charge)/Credit | | 27,894 | - |
| Profit for the year | | 213,999 | 729,317 |
| Other Comprehensive Income | | - | - |
| Total Comprehensive Income for the Year | | 213,999 | 729,317 |
| Basic and diluted earnings per share | | 0.003 | 0.012 |

STATEMENT OF FINANCIAL POSITION
AS AT 31 ST DECEMBER 2018

| | (NOTES) | 2018 GHS | 2017 GHS |
|---|----------|-------------------|-------------------|
| ASSETS | | | |
| Cash and Balances with ARB Apex Bank | (13) | 4,368,457 | 3,157,368 |
| Due from Other Banks | (14) | 1,621,727 | 1,210,417 |
| Investments - (Short Term) | (15) | 19,793,141 | 13,385,196 |
| Loans and Advances | (16) | 19,215,535 | 19,383,953 |
| Investments - (Long Term) | (17) | 61,971 | 61,971 |
| Other Assets Accounts | (18) | 5,129,017 | 3,627,301 |
| Intangible Assets | (19) | 36,603 | 38,389 |
| Tax Credit | (12 iii) | - | 19,199 |
| Property & Equipment | (20) | 3,528,524 | 3,254,325 |
| Deferred Tax Asset | (12 iv) | 303,952 | - |
| TOTAL ASSETS | | 54,058,927 | 44,138,119 |
| LIABILITIES | | | |
| Deposits and Current Accounts | (21) | 45,105,211 | 37,392,468 |
| Loans from Other Financial Institutions | (22) | 1,685,746 | 659,917 |
| Interest Payable and Other Liabilities | (23) | 2,711,885 | 1,848,358 |
| Current Corporate Tax Liabilities | (12 iii) | 39,951 | - |
| Deferred Tax Liability | (12 v) | 315,648 | - |
| Other Liabilities | | 13 | 13 |
| TOTAL LIABILITIES | | 49,858,454 | 39,900,756 |
| SHAREHOLDERS FUNDS | | | |
| Stated Capital | (24) | 1,334,662 | 1,263,100 |
| Income Surplus | (25) | 896,292 | 762,759 |
| Capital Surplus | (26) | 265,281 | 265,281 |
| Statutory Reserve Fund | (27) | 1,008,951 | 955,451 |
| Credit Risk Reserve | (28) | 405,395 | 438,714 |
| Dividend Fund | (29) | 289,606 | 442,702 |
| Social Responsibility Fund | (30) | 286 | 14,586 |
| General Reserve | (31) | - | 94,781 |
| TOTAL SHAREHOLDERS FUNDS | | 4,200,473 | 4,237,374 |
| TOTAL SHAREHOLDERS FUNDS AND LIABILITIES | | 54,058,927 | 44,138,119 |

Approved by the Board on 17th June, 2019



 DIRECTOR



 DIRECTOR

STATEMENT OF EQUITY CHANGES
YEAR ENDED 31 DECEMBER 2018

| | STATED CAPITAL GHS | CAPITAL SURPLUS GHS | STATUTORY RESERVE FUND | | INCOME SURPLUS GHS | CREDIT RISK RESERVE | | General Reserve GHS | Social Resp Fund GHS | Dividend Fund GHS | Mida Grant GHS | Development Fund | | TOTAL GHS |
|-----------------------------|--------------------------|---------------------------|------------------------------|----------------|--------------------------|---------------------------|---------------|---------------------------|----------------------------|-------------------------|----------------------|---------------------|------------------|--------------|
| | | | GHS | GHS | | GHS | GHS | | | | | GHS | GHS | |
| 2018 | | | | | | | | | | | | | | |
| Balance as at 1 Jan | 1,263,100 | 265,281 | 955,451 | 438,714 | 762,759 | 94,781 | 14,586 | 442,702 | - | - | - | - | 4,237,374 | |
| Profit for the Year | - | - | - | - | 213,999 | - | - | - | - | - | - | - | 213,999 | |
| Share Purchases | 71,575 | - | - | - | - | - | - | - | - | - | - | - | 71,575 | |
| Prior Year Adjustment | - | - | - | - | (60,297) | - | - | - | - | - | - | - | (60,297) | |
| Transfer to: | | | | | | | | | | | | | | |
| Statutory Reserve | - | - | 53,500 | - | (53,500) | - | - | - | - | - | - | - | - | |
| Credit Risk Reserve | - | - | - | (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 | 405,395 | 896,292 | - | 286 | 289,606 | - | - | - | - | 4,200,473 | |
| 2017 | | | | | | | | | | | | | | |
| Balance as at 1 Jan | 1,178,151 | 265,281 | 773,122 | - | 912,177 | - | - | 397,747 | 5,160 | - | - | - | 3,541,199 | |
| Profit for the Year | - | - | - | - | 729,329 | - | - | - | - | - | - | - | 729,329 | |
| Share Purchases | 84,949 | - | - | - | - | - | - | - | - | - | - | - | 84,949 | |
| Credit Risk Movement | - | - | - | 438,714 | (438,714) | - | - | - | - | - | - | - | - | |
| Transfer from Gratuity A/c | - | - | - | - | - | - | - | - | - | - | - | - | - | |
| Transfer to: | | | | | | | | | | | | | | |
| Stated Capital | - | - | - | - | - | - | - | - | - | - | - | - | - | |
| Statutory Reserve | - | - | 182,329 | - | (182,329) | - | - | - | - | - | - | - | - | |
| Social Responsibility Fund | - | - | - | - | (14,586) | - | 14,586 | - | - | - | - | - | - | |
| General Reserve | - | - | - | - | - | 94,781 | - | - | - | - | - | - | 94,781 | |
| Dividends Paid | - | - | - | - | (243,106) | - | - | 243,106 | - | - | - | - | - | |
| Fund Applied | - | - | - | - | - | - | (9,562) | (198,151) | (5,160) | - | - | - | (212,873) | |
| Balance as at 31 Dec | 1,263,100 | 265,281 | 955,451 | 438,714 | 762,771 | 94,781 | 14,586 | 442,702 | - | - | - | - | 4,237,373 | |

STATEMENT OF CASH FLOWS
YEAR ENDED 31ST DECEMBER, 2018

| | 2018 GHS | 2017 GHS |
|--|-------------------|--------------------|
| CASH INFLOWS FROM OPERATING ACTIVITIES | | |
| Net Profit Before Taxation | 376,505 | 972,423 |
| Depreciation Charge | 306,429 | 297,669 |
| Amortisation | 22,605 | 17,401 |
| Impairment Charge on Loans & Advances | 207,147 | 99,894 |
| Non Cashflow Transactions | - | (17,809) |
| Profit on Disposal | (19,225) | - |
| Fund Utilisation | (109,081) | - |
| WHT Surcharge | (20,697) | - |
| Profit before Changes in Working Capital | 763,683 | 1,369,580 |
| CHANGES IN OPERATING ASSETS AND LIABILITIES | | |
| Changes in Loans & Advances to Customers | (38,729) | (2,922,985) |
| Changes in Other Assets Accounts | (1,501,716) | (1,275,853) |
| Changes in Customers Deposits | 7,712,743 | 6,243,644 |
| Changes in Interest Payable and Other Liabilities | 863,527 | (170,437) |
| | 7,799,508 | 3,243,949 |
| Tax Paid | (131,250) | (262,305) |
| Net cash from /(used in) Operating Activities | 7,668,258 | 2,981,644 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Purchase of Property and Equipment | (581,402) | (846,015) |
| Purchase of Intangible Asset | (20,819) | - |
| Proceeds from Sale of Property and Equipment | 20,000 | - |
| Dividend Paid | (153,096) | (198,151) |
| Net cash used in Investing Activities | (735,317) | (1,044,166) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Issue of Shares | 71,575 | 84,949 |
| Changes in Borrowed Funds | 1,025,829 | (622,358) |
| Net cash from Financing Activities | 1,097,404 | (537,409) |
| Net Increase /(Decrease) in Cash and Cash Equivalents | 8,030,345 | 1,400,069 |
| Cash and Cash Equivalents at Start | 17,752,980 | 16,352,911 |
| Cash and Cash Equivalents at Close | 25,783,325 | 17,752,980 |
| ANALYSIS OF CASH AND CASH EQUIVALENTS | | |
| Cash on Hand | 1,604,370 | 1,129,728 |
| Cash and Balances with ARB Apex Bank-5% Deposit | 2,156,234 | 1,714,126 |
| - Current | 307,853 | 313,514 |
| Balances with Other Banks | 1,621,727 | 1,210,416 |
| ACCOD | 300,000 | - |
| Short Term Investments | 19,793,141 | 13,385,196 |
| | 25,783,325 | 17,752,980 |

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31ST DECEMBER, 2018

1. General Information

Okomfo Anokye Rural Bank Limited is a Company incorporated and domiciled in Ghana. The Registered office is located at Wiamoase, Ashanti Region. The Bank primarily is involved in rural banking.

Okomfo Anokye Rural Bank Limited ("the Bank") is a limited liability Bank incorporated under the Companies Act, 2019 (Act 992) on 18th January, 1983. 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

2.4 Use of estimates and Judgement

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.

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.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31ST DECEMBER, 2018

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.

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.

b) Fees and Commission

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

c) Other income

Other incomes are recognised as and when they are earned.

d) Dividends income

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

3.2 General and administrative expenses

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

3.3 Cash and cash equivalents

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

3.4 Intangible Assets

a) Initial recognition

Intangible assets that are acquired by the Bank and have finite useful lives are measured at cost less

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31ST DECEMBER, 2018

accumulated amortization and accumulated impairment charges.

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 amortisation 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 (%) |
|--------------------------------|----------|
| Office Furniture and Equipment | 15 |
| Building | 2 |
| Motor Vehicles | 20 |
| Computers | 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, 2018

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 IAS 39 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, 2018

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 recognised 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 recognised 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.

3.13 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.

3.14 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 neither

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31ST DECEMBER, 2018

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 recognised 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 assets are recognised 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.

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

| | 2018 | 2017 |
|----------------------------|-------|-------|
| Capital Adequacy Ratio | 14.6% | 16.4% |
| Non-Performing Loans Ratio | 6.9% | 6.0% |

5. New 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.

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

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31ST DECEMBER, 2018

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 3 "Business Combinations"** amendments (effective for annual periods beginning on or after 1 January 2019),
- **IFRS 9 "Financial Instruments"** amendments (effective for annual periods beginning on or after 1 January 2019),
- **IFRS 11 "Joint Arrangement"** amendments (effective for annual periods beginning on or after 1 January 2019),
- **IFRS 16 "Leases"** (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

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31ST DECEMBER, 2018

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

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

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

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, 2018

| | 2018 GHS | 2017 GHS |
|--|-------------------|------------------|
| 7. INTEREST INCOME | | |
| Interest on Loans and Advances | 6,720,499 | 6,198,670 |
| Interest on Investments | 3,383,576 | 3,434,832 |
| | 10,104,075 | 9,633,502 |
| 8. INTEREST EXPENSE | | |
| Interest on Time & Other Deposits | 1,728,883 | 1,545,871 |
| Interest on Borrowings | 166,944 | 215,088 |
| | 1,895,827 | 1,760,959 |
| 9. COMMISSIONS AND FEES | | |
| Commitment Fees | 582,064 | 905,915 |
| Commissions Received | 198,615 | 121,297 |
| | 780,679 | 1,027,212 |
| 10. OTHER OPERATING INCOME | | |
| Western Union | 19,965 | 25,561 |
| Salary Service Charge | 131,662 | 112,071 |
| Sundry Income | 534,359 | 274,993 |
| | 685,986 | 412,625 |
| 11. OPERATING EXPENSES | | |
| Staff Cost | 5,629,723 | 4,908,088 |
| Occupancy Cost | 470,117 | 499,182 |
| General & Administrative Expenses | 2,991,421 | 2,832,792 |
| | 9,091,261 | 8,240,062 |
| 11a. STAFF COST | | |
| Salaries and Wages | 3,028,307 | 2,556,870 |
| Social Security Contribution | 384,227 | 300,480 |
| Provident Fund Contribution | 223,817 | 194,361 |
| Medical Expenses | 17,000 | 23,007 |
| Staff Training Expenses | 63,769 | 39,521 |
| Annual Bonus | 354,667 | 326,095 |
| Other Staff Cost | 859,950 | 566,898 |
| Clothing Allowance | 295,360 | 256,740 |
| | 5,227,097 | 4,263,971 |
| 11b. GENERAL & ADMINISTRATIVE EXPENSES: include | | |
| Audit Fees | 22,000 | 17,625 |
| Depreciation | 306,429 | 297,669 |
| Directors' Sitting Allowance | 34,200 | 28,600 |

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31ST DECEMBER, 2018

12. Income Tax

12 i. Income tax expense

The major tax expense components of income tax expense for the years ended 31 December 2018 and 2017 are:

Statement of profit or loss

Current income charge

| 2018 GHS | 2017 GHS |
|-------------|-------------|
|-------------|-------------|

| | |
|---------|---------|
| 190,400 | 243,106 |
|---------|---------|

| | |
|---------|---------|
| 190,400 | 243,106 |
|---------|---------|

Deferred tax charge / (credit)

| | |
|----------|---|
| (27,894) | - |
|----------|---|

Income tax reported in the statement of profit or loss

| | |
|---------|---------|
| 162,506 | 243,106 |
|---------|---------|

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

| | |
|---------|---------|
| 376,505 | 972,425 |
|---------|---------|

Statutory income tax rate of 25%

| | |
|--------|---------|
| 94,126 | 243,106 |
|--------|---------|

Non- deductible expenses for tax purposes

| | |
|---------|---|
| 210,492 | - |
|---------|---|

Effect on non-chargeable income

| | |
|---------|---|
| (5,415) | - |
|---------|---|

Effect on capital allowance utilised

| | |
|-----------|---|
| (108,803) | - |
|-----------|---|

Change in recognised temporary differences

| | |
|----------|---|
| (27,894) | - |
|----------|---|

Income tax reported in the statement of profit or loss

| | |
|---------|---------|
| 162,506 | 243,106 |
|---------|---------|

Effective tax rate

| | |
|-------|-------|
| 43.16 | 25.00 |
|-------|-------|

12 iii. CURRENT CORPORATE TAX LIABILITIES

| Year of Assessment | Balance as at Jan 1 GHS | (Over)/U nder Prov. In Prior Years GHS | Payments During the Year GHS | Provision for the Year GHS | Balance as at Dec 31 GHS |
|-----------------------|----------------------------------|---|---------------------------------------|----------------------------------|--------------------------------|
| 2017 | - | - | (262,305) | 243,106 | (19,199) |
| 2018 | (19,199) | - | (131,250) | 190,400 | 39,951 |

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, 2018

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)

recognised in equity

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

13. CASH & BALANCES WITH ARB APEX BANK

Cash on Hand

Balances with ARB Apex Bank - 5% Apex Deposit

- Current

ACOD

14. BALANCES WITH OTHER BANKS

UBA

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

Others

Less: Impairment charge

(c) Analysis by Type of Customer

Individual

Private Enterprises

Public Enterprises

Others

Less: Impairment charge

| | 2018 GHS | 2017 GHS |
|--|-------------------|-------------------|
| | 39,590 | - |
| | (27,894) | - |
| | 11,696 | - |
| | (303,952) | - |
| | 315,648 | - |
| | 11,696 | - |
| | 1,604,370 | 1,129,728 |
| | 2,156,234 | 1,714,126 |
| | 307,853 | 313,514 |
| | 300,000 | - |
| | 4,368,457 | 3,157,368 |
| | 1,621,727 | 1,210,416 |
| | 3,150,000 | 580,000 |
| | 16,643,141 | 12,805,197 |
| | 19,793,141 | 13,385,197 |
| | 16,505,112 | 16,330,087 |
| | 3,823,136 | 3,959,432 |
| | 20,328,248 | 20,289,519 |
| | (1,112,713) | (905,566) |
| | 19,215,535 | 19,383,953 |
| | 965,669 | 967,266 |
| | 6,959,306 | 9,565,861 |
| | 12,403,273 | 9,756,392 |
| | 20,328,248 | 20,289,519 |
| | (1,112,713) | (905,566) |
| | 19,215,535 | 19,383,953 |
| | 14,961,170 | 17,176,036 |
| | 259,958 | 1,900,849 |
| | 261,131 | 31,499 |
| | 4,845,989 | 1,181,135 |
| | 20,328,248 | 20,289,519 |
| | (1,112,713) | (905,566) |
| | 19,215,535 | 19,383,953 |

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31ST DECEMBER, 2018

17. INVESTMENTS (LONG-TERM)

This is made up of:

Shares in ARB APEX Bank Ltd.

2018
GHS

2017
GHS

61,971

61,971

18. OTHER ASSET ACCOUNTS

Interest and Commission Receivable

1,764,336

1,448,444

Insurance Prepaid

26,542

42,086

Stationary Stock

162,886

140,196

Rent Prepaid

2,098,103

1,214,640

Office Account

1,019,877

695,759

Inter Agency Transfers

57,273

86,176

5,129,017

3,627,301

19. INTANGIBLE ASSETS

Software

COST

Balance as at 1 Jan

181,071

166,720

Additions during the year

20,819

14,351

Balance as at 31 Dec

201,890

181,071

AMORTISATION

Balance as at 1 Jan

142,682

125,281

Amortisation for the year

22,605

17,401

Balance as at 31 Dec

165,287

142,682

Net Book Value-31 Dec

36,603

38,389

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31ST DECEMBER, 2018

20 . PROPERTY & EQUIPMENT

2018

COST

Balance as at 1/1/18
Additions during the year
Disposal/Transfers

Balance as at 31/12/18

DEPRECIATION

Balance as at 1/1/18
Charge for the year
Disposal/Transfer during the year
Balance as at 31/12/18

NET BOOK VALUE-31/12/18

2017

COST

Balance as at 1/1/2017
Addition during the year
Disposal / Transfer during the year
Fully Depreciated

Balance as at 31/12/2017

DEPRECIATION

Balance as at 1/1/2017
Charge for the year
Disposal/ Transfer during the year
Fully Depreciated

Balance as at 31/12/2017

NET BOOK VALUE-31/12/17

| | Land | | Building | | Capital Work in Progress | | Leasehold Improvement | | Equipment, Furniture | | Motor Vehicle | | Computers & Accessories | | Investment Property | | Fully Depreciated | | Total | |
|--|----------------|--|----------------|--|--------------------------|--|-----------------------|--|----------------------|--|----------------|--|-------------------------|--|---------------------|--|-------------------|--|------------------|--|
| | GHS | | GHS | | GHS | | GHS | | GHS | | GHS | | GHS | | GHS | | GHS | | GHS | |
| | 83,244 | | 525,641 | | 881,115 | | 618,024 | | 792,564 | | 120,985 | | 192,166 | | 855,097 | | 863,045 | | 4,931,881 | |
| | 30,396 | | - | | 98,547 | | 6,036 | | 150,335 | | 228,276 | | 67,813 | | - | | - | | 581,403 | |
| | - | | - | | - | | - | | - | | (7,745) | | - | | - | | - | | (7,745) | |
| | 113,640 | | 525,641 | | 979,662 | | 624,060 | | 942,899 | | 341,516 | | 259,979 | | 855,097 | | 863,045 | | 5,505,539 | |
| | | | | | | | | | | | | | | | | | | | | |
| | - | | 81,688 | | - | | 257,166 | | 393,597 | | 26,097 | | 55,963 | | - | | 863,045 | | 1,677,556 | |
| | - | | 10,513 | | - | | 62,406 | | 134,265 | | 68,303 | | 30,942 | | - | | - | | 306,429 | |
| | - | | - | | - | | - | | - | | (6,970) | | - | | - | | - | | (6,970) | |
| | - | | 92,201 | | - | | 319,572 | | 527,862 | | 87,430 | | 86,905 | | - | | 863,045 | | 1,977,015 | |
| | 113,640 | | 433,440 | | 979,662 | | 304,488 | | 415,037 | | 254,086 | | 173,074 | | 855,097 | | - | | 3,528,524 | |
| | | | | | | | | | | | | | | | | | | | | |
| | 35,549 | | 525,641 | | 407,344 | | 681,662 | | 627,211 | | 207,460 | | 515,901 | | 855,097 | | 411,071 | | 4,266,936 | |
| | 47,695 | | - | | 473,770 | | - | | 227,145 | | - | | 97,404 | | - | | - | | 846,014 | |
| | - | | - | | - | | - | | - | | - | | (181,071) | | - | | - | | (181,071) | |
| | | | | | | | (63,638) | | (61,793) | | (86,475) | | (240,068) | | | | 451,974 | | - | |
| | 83,244 | | 525,641 | | 881,114 | | 618,024 | | 792,563 | | 120,985 | | 192,166 | | 855,097 | | 863,045 | | 4,931,879 | |
| | | | | | | | | | | | | | | | | | | | | |
| | - | | 71,662 | | - | | 201,000 | | 366,006 | | 93,575 | | 361,854 | | - | | 411,071 | | 1,505,168 | |
| | - | | 10,027 | | - | | 119,804 | | 89,384 | | 18,997 | | 76,859 | | - | | - | | 315,071 | |
| | - | | - | | - | | - | | - | | - | | (142,682) | | - | | - | | (142,682) | |
| | - | | - | | - | | (63,638) | | (61,793) | | (86,475) | | (240,068) | | - | | 451,974 | | - | |
| | - | | 81,689 | | - | | 257,166 | | 393,597 | | 26,097 | | 55,963 | | - | | 863,045 | | 1,677,557 | |
| | 83,244 | | 443,952 | | 881,114 | | 360,858 | | 398,966 | | 94,888 | | 136,203 | | 855,097 | | - | | 3,254,322 | |

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31ST DECEMBER, 2018

| | 2018 GHS | 2017 GHS |
|--|-------------------|-------------------|
| 21. DEPOSITS AND CURRENT ACCOUNTS | | |
| (a) Analysis by Type of Deposits | | |
| Current Accounts | 6,151,419 | 5,074,533 |
| Savings Accounts | 19,427,990 | 16,526,158 |
| Time Deposits | 8,183,349 | 7,226,058 |
| Susu Deposits | 11,342,453 | 8,565,719 |
| | 45,105,211 | 37,392,468 |
| (b) Analysis by Type of Customer | | |
| Individuals | 33,229,900 | 28,442,169 |
| Other Private Enterprise | 532,858 | 384,580 |
| Other Deposit Susu | 11,342,453 | 8,565,719 |
| | 45,105,211 | 37,392,468 |
| 22. LOANS FROM OTHER FINANCIAL INSTITUTION | | |
| ARB Apex Bank | 129,550 | 122,553 |
| Social Investment Fund | - | 24,540 |
| GN Long Term Loan | 300,000 | 300,000 |
| Other Financial Institutions-SIF | 700,673 | - |
| Other Financial Institutions-Danida | 32,723 | - |
| Danida Rural Finance Wholesale Fund | - | 212,824 |
| Other Financial Institutions-REP | 522,800 | - |
| | 1,685,746 | 659,917 |
| 23. INTEREST PAYABLE AND OTHER LIABILITIES | | |
| Interest and Bills Payable | 1,112,955 | 1,081,108 |
| Sundry Creditors | 1,319,079 | 742,625 |
| Office Account | 250,863 | - |
| Accrued Charges | 28,988 | 24,625 |
| | 2,711,885 | 1,848,358 |
| 24. STATED CAPITAL | | |
| i) Authorised Ordinary Shares of No Par Value | 50,000,000 | 5,000,000,000 |
| ii) Issued Preference Shares of No Par Value | 125,000 | 125,000 |
| iii) Issued Ordinary Shares of No Par Value | 63,530,875 | 63,155,000 |
| | GHS | GHS |
| iv) Proceeds Issued for Cash-Ordinary Shares | 1,334,662 | 1,263,087 |
| | 1,334,662 | 1,263,087 |
| v) There is no unpaid Liability on any share and there is no share in Treasury | | |

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31ST DECEMBER, 2018

25. INCOME SURPLUS

| | | |
|--|----------------|----------------|
| Balance as at 1 January | 762,761 | 912,177 |
| Prior Year Adjustment | (60,287) | - |
| | 702,474 | 912,177 |
| Profit for the year | 213,999 | 729,319 |
| | 916,473 | 1,641,496 |
| Transfers to: | | |
| Statutory Reserve Fund | (53,500) | (182,329) |
| Dividend Fund | - | (243,106) |
| Social Responsibility Fund | - | (14,586) |
| Credit Risk Reserve | 33,319 | (438,714) |
| Balance as at 31st December | | |
| Per Statement of Financial Position | 896,292 | 762,761 |

26. CAPITAL SURPLUS

This represents Bonus Share issue from ARB Apex Bank

| | |
|----------------|---------|
| 265,281 | 265,281 |
|----------------|---------|

27. STATUTORY RESERVE FUND

| | | |
|-------------------------------------|------------------|---------|
| Balance at 1 January | 955,451 | 773,122 |
| Add: Transfer from Retained Profits | 53,500 | 182,329 |
| Balance as at 31 December | 1,008,951 | 955,451 |

Under Section 34 of the Banking and Special Deposit -Taking Institution Act 2016 (Act 930) the Bank has transferred the prescribed portion of 25% of the net profit

28. CREDIT RISK RESERVE

| | | |
|---------------------------|----------------|---------|
| Balance at 1 January | 438,714 | 438,714 |
| Movement for the Year | (33,319) | - |
| Balance as at 31 December | 405,395 | 438,714 |

29. Dividend Fund

| | | |
|-------------------------------------|----------------|-----------|
| Balance at 1 January | 442,702 | 397,747 |
| Add: Transfer from Retained Profits | - | 243,106 |
| Less: Fund Applied | (153,096) | (198,151) |
| Balance as at 31 December | 289,606 | 442,702 |

30. Social Responsibility Fund

| | | |
|---------------------------------------|---------------|---------|
| Balance at 1 January | 14,586 | 9,562 |
| Add: Transfer from income Surplus | - | 14,586 |
| | 14,586 | 24,148 |
| Less: Amount Utilized during the year | (14,300) | (9,562) |
| Balance as at 31 December | 286 | 14,586 |

31. General Reserve

| | | |
|--|----------|--------|
| Balance at 1 January | 94,781 | 94,781 |
| Less : Amount Utilized during the year | (94,781) | - |
| | - | 94,781 |

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31ST DECEMBER, 2018

32. 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%.

33. 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.

34. Gross Non – Performing Loan Ratio

The percentage of gross non - performing loans and advances to total credit portfolio (gross) was 6.84 % (2017 – 5.97%).

35. Commitments

There were no capital commitments at 31 December 2018, (2017: Nil).

36. Contingent liabilities

There were no contingent liabilities at 31 December 2018, (2017: 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. Loans to directors and connected persons

| | 2018 GH¢ | 2017 GH¢ |
|------------------------------------|----------------|---------------|
| Loans outstanding as 1 January | 75,417 | - |
| Loans granted during the year | 68,332 | 120,000 |
| Loans repayment during the year | (28,287) | (44,583) |
| Loans outstanding as 31st December | 115,462 | 75,417 |

The loans to directors and key management personnel are repayable from various cycles ranging from monthly to annually over the tenor and have average interest rates of 25%.

b. Loans to Key Management Staff and connected persons

| | 2018 GH¢ | 2017 GH¢ |
|------------------------------------|----------------|----------------|
| Loans outstanding as 1 January | 303,203 | - |
| Loans granted during the year | 141,978 | 487,730 |
| Loans repayment during the year | (42,027) | (184,527) |
| Loans outstanding as 31st December | 403,154 | 303,203 |

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31ST DECEMBER, 2018

c. Key management personnel and directors emoluments

| | 2018 | 2017 |
|-------------------------|-----------|-----------|
| | GH¢ | GH¢ |
| Directors Emoluments | 34,200 | 28,600 |
| Key Management Salaries | 1,721,952 | 1 595,889 |

38. 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.

(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.

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.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31ST DECEMBER, 2018

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

(c) Market risk

Interest rate risk

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

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

(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).

(b) 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.

(c) 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.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31ST DECEMBER, 2018

39. 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.

| | Carrying amount | | Fair Value | |
|------------------------------------|------------------------|------------------------|------------------------|------------------------|
| | Dec. 31 2018 GH¢ | Dec. 31 2017 GH¢ | Dec. 31 2018 GH¢ | Dec. 31 2017 GH¢ |
| Financial assets | | | | |
| Cash and Balances with Other Banks | 5,990,184 | 4,367,784 | 5,990,184 | 4,367,784 |
| Short-term investments | 19,793,141 | 13,385,197 | 19,793,141 | 13,385,197 |
| Loans and advances | 19,215,535 | 19,383,953 | 19,215,535 | 19,383,953 |
| Other assets | 5,129,017 | 3,627,301 | 5,129,017 | 3,627,301 |
| Total | 50,127,877 | 40,764,235 | 50,127,877 | 40,764,235 |
| Financial Liabilities | | | | |
| Current Accounts | 6,151,419 | 5,074,533 | 6,151,419 | 5,074,533 |
| Savings Accounts | 19,427,990 | 16,526,158 | 19,427,990 | 16,526,158 |
| Time Deposits | 8,183,349 | 7,226,058 | 8,183,349 | 7,226,058 |
| Susu | 11,342,453 | 8,565,719 | 11,342,453 | 8,565,719 |
| Interest and Bills Payable | 1,112,955 | 1,081,108 | 1,112,955 | 1,081,108 |
| Total | 46,218,166 | 38,473,576 | 46,218,166 | 38,473,576 |

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, 2018, the carrying amounts of such receivables, net of allowances, were not materially different from their calculated fair values.

40. Fair value hierarchy

As at 31 December 2018, 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.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31ST DECEMBER, 2018

As at 31 December 2018, the company held the following financial instruments measured at fair value:

| 2018 | Total GH¢ | Level 1 GH¢ | Level 2 GH¢ | Level 3 GH¢ |
|------------------------------------|----------------------|------------------------|------------------------|------------------------|
| Financial assets | | | | |
| 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 | | | | |
| At Amortised Cost | | | | |
| 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 | 11,342,453 | - | 11,342,453 | - |
| Interest and Bills Payable | 1,112,955 | - | 1,112,955 | - |
| Total | 46,218,166 | - | 46,218,166 | - |

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

| 2017 | Total GH¢ | Level 1 GH¢ | Level 2 GH¢ | Level 3 GH¢ |
|------------------------------------|----------------------|------------------------|------------------------|------------------------|
| Financial assets | | | | |
| Cash and Balances with Other Banks | 4,367,784 | - | 4,367,784 | - |
| Short-term investments | 13,385,197 | - | 13,385,197 | - |
| Loans and advances | 19,383,953 | - | 19,383,953 | - |
| Other assets | 3,627,301 | - | 3,627,301 | - |
| Total | 40,764,235 | - | 40,764,235 | - |
| Financial Liabilities | | | | |
| At Amortised Cost | | | | |
| Current Accounts | 5,074,533 | - | 5,074,533 | - |
| Savings Accounts | 16,526,158 | - | 16,526,158 | - |
| Time Deposits | 7,226,058 | - | 7,226,058 | - |
| Susu Deposits | 8,565,719 | - | 8,565,719 | - |
| Interest and Bills Payable | 1,081,108 | - | 1,081,108 | - |
| Total | 38,473,576 | - | 38,473,576 | - |

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31ST DECEMBER, 2018

During the reporting period ending 31 December 2018, there were transfers between Level 1 and Level 3 fair value measurements. No other transfers were made.

41. Accounts Classification

The 2017 accounts have been re-classified to conform to the 2018 presentation

42. Value Added Statement

| | 2018 GH¢ | 2017 GH¢ |
|--|---------------------------|---------------------------|
| Interest earned and other operating income | 11,570,740 | 11,073,340 |
| Direct cost service | (4,994,131) | (4,749,263) |
| Value added by banking services | 6,576,609 | 6,324,077 |
| Non-banking services | 27,894 | - |
| Impairments | (207,147) | (99,894) |
| Value added | 6,397,356 | 6,224,183 |
| Distributed as follows: | | |
| To Employees: | | |
| Directors (without executives) | 34,200 | 28,600 |
| Executive directors | | |
| Other employees | 5,629,723 | 4,908,088 |
| To Government: | | |
| Income Tax | 190,400 | 243,106 |
| To providers of capital | | |
| Dividends to shareholders | - | - |
| To expansion and growth | | |
| Depreciation | 306,429 | 297,669 |
| Amortisation | 22,605 | 17,401 |
| Retained earnings | 213,999 | 729,319 |
| | 6,397,356 | 6,224,183 |

SCHEDULE TO STATEMENT OF COMPREHENSIVE INCOME
YEAR ENDED 31ST DECEMBER, 2018

| | 2018 GHS | 2017 GHS |
|--|------------------|------------------|
| STAFF COST | | |
| Salaries and Wages | 3,028,307 | 2,556,870 |
| Social Security Contribution | 384,227 | 300,480 |
| Provident Fund Contribution | 223,817 | 194,361 |
| Staff Training Expenses | 63,769 | 39,521 |
| Annual Bonus | 354,667 | 326,095 |
| Other Staff Cost | 859,950 | 518,851 |
| Staff Allowances | 386,929 | 644,116 |
| Long Service Award | 15,697 | 48,047 |
| Medical Expenses | 17,000 | 23,007 |
| Staff Clothing Allowance | 295,360 | 256,740 |
| | 5,629,723 | 4,908,088 |
| OCCUPANCY COST | | |
| Repairs and Maintenance | 76,211 | 62,548 |
| Rent | 108,461 | 98,560 |
| Electricity and Water | 285,445 | 338,074 |
| | 470,117 | 499,182 |
| GENERAL & ADMINISTRATION EXPENSES | | |
| Travelling and Transport | 852,676 | 830,726 |
| Printing and Stationery | 165,072 | 105,183 |
| Hospitality to Guest & Protocol Expenses | 7,156 | - |
| Board Meeting Expenses | | |
| - Sitting allowance | 122,030 | 97,030 |
| - Retiring Benefits | 2,690 | 22,428 |
| - Fees | 34,200 | 28,600 |
| Directors Training | 53,851 | - |
| Specie Movement Expenses | 22,526 | 25,365 |
| Management & Staff Meetings | 35,309 | 23,306 |
| Auditing & Supervision Expenses | 2,024 | 7,928 |
| Audit Fees | 22,000 | 17,625 |
| VAT on Audit fees | 3,988 | - |
| Business Promotion | 169,146 | 129,148 |
| Insurance | 58,178 | 60,214 |
| Postages and Telecommunications | 56,697 | 88,037 |
| Depreciation | 306,429 | 297,669 |
| Amortisation | 22,605 | 17,401 |
| Software Maintenance | 127,334 | 198,232 |

SCHEDULE TO STATEMENT OF COMPREHENSIVE INCOME
YEAR ENDED 31ST DECEMBER, 2018

| | 2018 | 2017 |
|---|----------------|------------|
| | GHS | GHS |
| Hotel Accommodation | 13,334 | 3,200 |
| Motor Vehicle Running Expenses | 170,934 | 155,205 |
| Generator running expenses | 79,381 | 74,306 |
| Legal Expenses | 13,545 | 15,275 |
| Newspapers, Subscriptions and Periodicals | 124,807 | 109,443 |
| Advertising and Publicity | 28,562 | 32,353 |
| Annual General Meeting Expenses | 77,951 | 85,147 |
| Donation | 54,655 | 44,432 |
| Clean & Sanitation | 51,981 | 44,958 |
| Computer Expenses | 27,380 | 36,457 |