

2018 ANNUAL GENERAL REPORT

Amenfiman Rural Bank

Sharing in **STRONG** values
for a better future.

Integrity | Commitment | Respect | Equity
Ambitious | Teamwork | Excellence

Savings | Investments | Loans | Money Transfer



AMENFIMAN RURAL BANK

... Your Success Our Pride!

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Corporate Information

BOARD OF DIRECTORS

Dr. Toni Aubynn	Chairman
Mr. Moses Ampong	Vice - Chairman
Mr. Anthony Justice Quaidoo	Director / Secretary
Mr. Eustace Kwesi Haizel	Director
Mr. Morgan Setordjie	Director
Mr. Edmund Afful	Director
Dr. Lucas Nana Wiredu Damoah	Director

MANAGEMENT STAFF:

Dr. Alexander Asmah	Chief Executive Officer
Mr. Frederick Ampomah-Amaning	Chief Internal Auditor
Mr. Evans Aikins	Head, Finance And Operations
Mr. Patrick Darkwa	Head, Credit
Mr. Anthony Kwaw Adu-Broni	Head, HR & Admin.
Mr. Ebenezer Ankapong	Head, ITSM
Mr. Richard Owusu Mensah	Head – Micro Finance
Mr. Charles Kwame Damoah	Head, Branch Network
Mr. Francis Assiamah	Head, Risk & Compliance
Ms. Rita Aidoo	Branch Manager
Ms. Lydia Oduro	Branch Manager

AUDITORS

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

REGISTERED OFFICE:

Amenfiman Rural Bank Limited
P. O. Box 14, Wasa Akropong,
Western Region, Ghana.

Board of Directors



MR. MOSES AMPONG
Vice Chairman.



MR. ANTHONY JUSTICE QUAIDOO
Director / Secretary.



MR. EUSTACE KWESI HAIZEL
Director / Solicitor.



MR. MORGAN SETORDJIE
Director

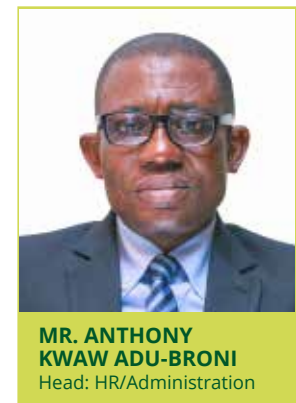
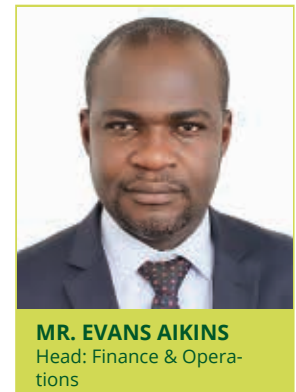
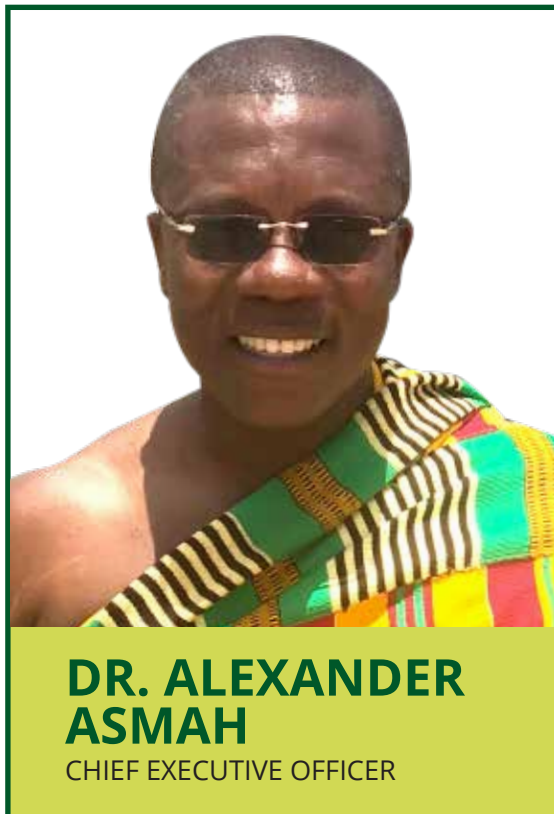


MR. EDMUND AFFUL
Director



DR. LUCAS NANA WIREDU DAMOAH
Director

Management Team



Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN THAT the 35th Annual General Meeting of the Amenfiman Rural Bank Limited will be held on **Saturday 6th July, 2019** at **10.00am** prompt at the Assembly Hall of the **Amenfiman Senior High School, Wasa Akropong**.

A shareholder of the bank entitled to attend and vote may appoint a proxy to attend and vote in his/her stead and such proxy need not be a shareholder of the Bank.

AGENDA

Ordinary Business

By Ordinary Resolution

1. To receive the reports of the Chairman of the Board of Directors for the year.
2. To receive and consider the report of the Directors for the year ended 31st December, 2018.
3. To receive and consider the Auditor's Report and approve the Financial Statements for the year ended 31st December, 2018.
4. To declare a dividend.
5. To authorize the Directors to fix the remuneration of the Auditors.
6. To approve the remuneration of Directors.
7. To elect Directors in place of those retiring.

Note:

A shareholder of the bank entitled to attend and vote may appoint a proxy to attend and vote in his/her stead and such proxy need not be a shareholder of the Bank. The instrument appointing such a proxy must be deposited at the registered office of the Bank, P. O. Box 14, Wasa Akropong not less than forty-eight (48) hours before the appointed time of the meeting.



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ANTHONY JUSTICE QUAIDOO
(Secretary to Board)

Report of the Chairman of the Board of Directors to the Members of Amenfiman Rural Bank Limited

INTRODUCTION

Distinguished Shareholders, Colleague Board Members, Nananom, Ladies and Gentlemen, It's a great pleasure for me to welcome all of you to the 35th Annual General Meeting of the Amenfiman Rural Bank Limited. I am happy to present to you the Annual Report and audited Financial Statements of our Bank for the year ended 31st December, 2018.

MACROECONOMIC ENVIRONMENT

Ghana continued to witness significant improvements in the major macroeconomy indicators in 2018 as seen in 2017 with the exception of the cedi exchanged rate against the dollar; the country's major trading currency which came under significant pressure and saw a cumulative depreciation of 8.4% during the year. Thus, the exchange rate of the Ghana Cedi ended the year 2018 at GH¢4.90 to the USD as compared to GH¢4.418 to the USD in 2017. The country's inflation rate moved to a single digit of 9.4% from 11.8% recorded in 2017 and largely influenced the Bank of Ghana's decision to push downwards the prime rate to close at 16% in December 2018 from a 20% in 2017. In spite of these improvements in the macroeconomic variables, the microeconomy did not fare too well as local businesses continued their struggle largely due to the temporary ban on small-scale mining in the country, which is a prevalent economic activity in the bank's catchment areas. The year also saw an insurgent swollen shoot disease attack on cocoa farms in the western belt, which invariably, adversely affected cocoa production in the Bank's catchment areas,

resulting in the inability of some cocoa farmers to meet their obligations and the consequential impact on local businesses as a whole.

In spite of improvements in the general macroeconomic variables, agriculture remains the mainstay of the local economy and any slowness in the growth of the agricultural sector adversely affects local businesses which explains why local businesses struggle when agriculture underperforms.

BUSINESS OPERATING RESULTS

Distinguished Shareholders, ladies and gentlemen, the banking industry is undergoing various regulatory reforms, which have expectedly had a knock-on effect on most financial institutions in the country. Similarly, in keeping with recent Bank of Ghana requirement, our Bank fully complied with and fully adopted the International Financial Reporting Standards (IFRS). The IFRS adoption required a restatement of our prior year accounts for fair and comparative assessment of the financial statements. While the implementation of above key policies by government would ultimately inure to the benefit of the banking industry in Ghana, combined with the general micro and macro environmental changes during the year would expectedly have a short-term knock-on effect on our financial results.

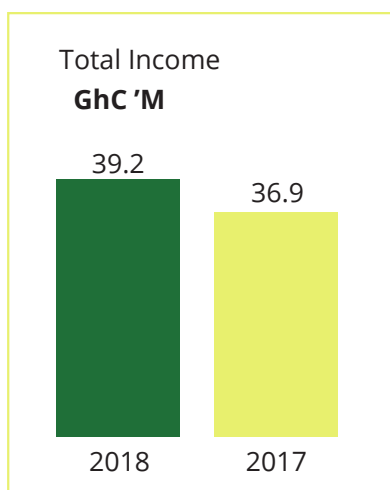
The above notwithstanding, I am pleased to inform you that our Bank made significant strides during the year under review. Table 1 below represents a summary of the key performance indicators

Financial Indicators	2018 GH¢	2017 GH¢	Percentage Change
Total Income	39,218,887.00	36,967,518.00	6
Profit After Taxation	4,138,729.00	5,132,875.00	(19)
Investments	92,283,745.00	88,042,429.00	26

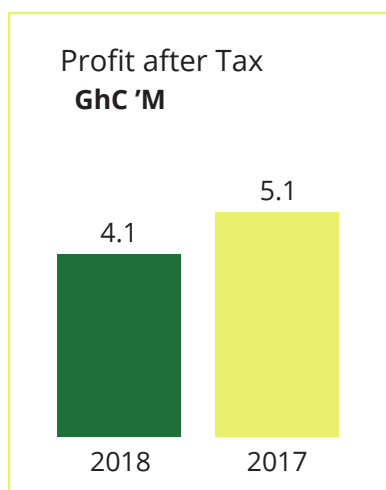
Report of the Chairman of the Board of Directors to the Members of Amenfiman Rural Bank Limited



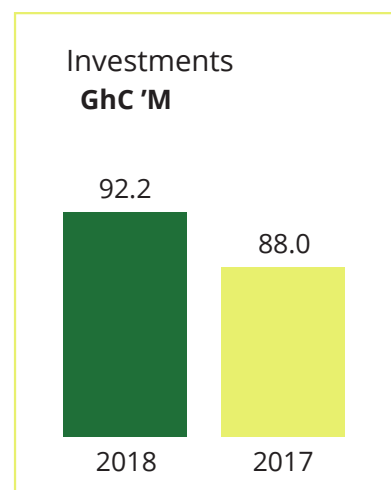
Cash and Bank Balances	32,563,285.00	22,547,465.00	44
Advances	59,644,526.00	58,479,931.00	2.4
Total Assets	223,280,862.00	189,217,056.00	18
Total Deposits	189,225,771.00	148,844,496.00	27
Shareholders' Funds	25,889,574.00	24,950,973.00	4



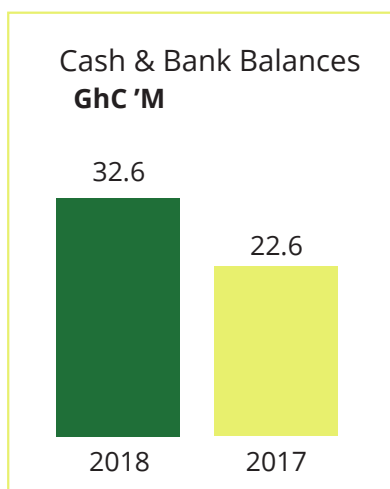
▲ 6%



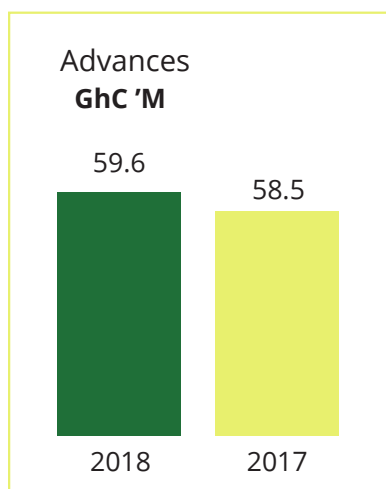
▲ -19%



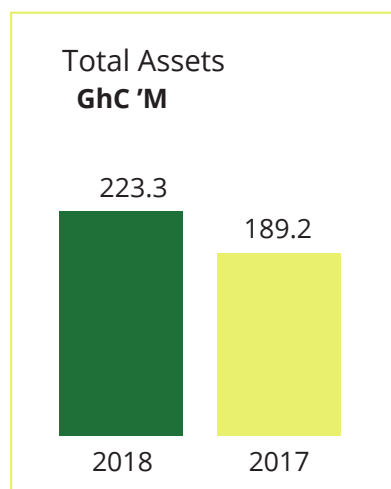
▲ 26%



▲ 44%

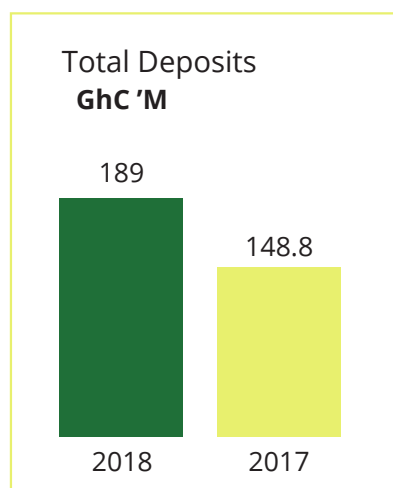


▲ 2.4%

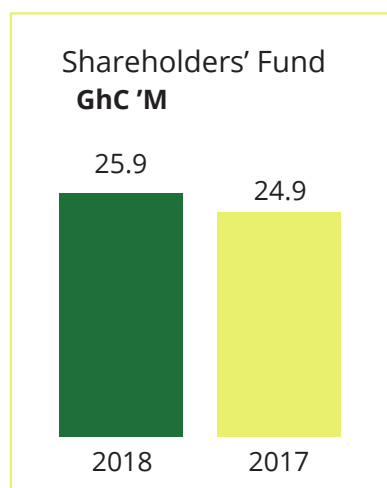


▲ 18%

Report of the Chairman of the Board of Directors to the Members of Amenfiman Rural Bank Limited



▲ 27%



▲ 4%

OPERATING INCOME

Distinguished Shareholders, in spite of the challenges experienced in the banking system during the period under review, total operating income of the Bank increased from GH¢36,967,520 to GH¢39,218,887 (6%). The Board is focusing on prudent and less risky investment vehicles and other creative non-funded income options to diversify and improve earnings. I am happy to inform you that all four newly created branches launched last year have already begun to make good progress and all of them have started making profits.

PROFITABILITY

Fellow Shareholders, the full adoption of IFRS meant a more rigorous restatement of our financials. Notwithstanding this and the general challenges in the banking sector resulting from the reforms, which also took a hit on customer confidence in general, our Bank maintained significant profitability. Though after tax profits dipped from GH¢5,132,875 in 2017 to GH¢4,138,729 in 2018 representing 19%, it's quite an impressive performance considering the significant investments made last year in

the branch expansion projects which will, in all likelihood, make a positive impact on next year's results.

Fellow Shareholders, I must say that with the performance of our new branches, we are better positioned to improve income in the near future. Guided by the recent events in the banking sector and the risks associated with various investment options in the market. The Board will continue to exercise prudence and diligence in its decisions so as to protect the business entrusted in our care.

DEPOSIT

Distinguish Shareholders, we saw significant growth in deposit and new accounts during the year under review in spite of the challenges in the industry which affected customer confidence. Total deposit grew from GH¢148.8 million in 2017 to GH¢189.2 million representing a growth of 27%. This is a demonstration that both existing and new customers have confidence in our Bank. We will continue to work with management to sustain these gains through the provision of high quality services and innovative savings and investments

Report of the Chairman of the Board of Directors to the Members of Amenfiman Rural Bank Limited

options.

TOTAL ASSETS

Distinguished Shareholders, our business grew by 18% during the year 2018 compared to 15% in 2017. The year under review saw total assets growth of GH¢223.20 from GH¢182.7 million in 2017, maintaining the position as the biggest rural bank in the country. The growth was supported by aggressive deposit mobilization, and solid liquidity position. All key indicators saw appreciable growth during the period under review.

RURAL AGRICULTURAL FINANCING

Distinguished Shareholders, ladies and gentlemen, our support for the hardworking farmers especially cocoa farmers continue to grow year after year. The special farmers loan program received a major boost during the year under review and I must say that the program has led to high acceptance of our Bank in the farming communities. During the year 2018, we disbursed over GH¢17 million to some 7000 farmers in our farming areas and wish to assure our farmers that we will continue to make funding easier and accessible to you so as to ensure the sustenance of your farming enterprise.

STATED CAPITAL

Distinguished Shareholders, I am pleased to inform you that our Bank has met and exceeded the current capital requirement of the Bank of Ghana by more than 300% and in addition built up an appreciable amount of reserves making a total shareholders fund in excess of GH¢25 million. This clearly demonstrates that the Bank is highly solvent. As you would recall from my previous reports, the Board takes a long-term strategic view of base of the Bank's capital and the imperative to continue to grow it and to stay ahead of any possible future regulatory requirement. This has informed our plan to increase our stated capital to GH¢10 million in 5 years. In keeping with this

strategy, the Board proposes the following for your consideration:

- a. That we resolve today to use our dividends declared to purchase more shares. This will result in an increase in stated capital by GH¢990,000 and increase in individual shareholdings by the equivalents of dividends entitlements. Share Certificates will be issued to all shareholders to reflect this purchase.
- b. Transfer an amount of GH¢1,650,340 from Reserves (Income Surplus) to Stated Capital to be distributed to existing shareholders in the form of Bonus shares. A total of 8,251,700 bonus shares will be issued to shareholders, which imply that for every two shares held, one additional shares will be issue for free.
- c. 50% Bonus Pay-out for 2 to 3 years or until such a time that we are able to reach the GH¢10 million stated capital target
- d. We all know that our Bank has seen tremendous growth in all sides in the past decade, but our share price does not reflect this growth. In order to derive the right price for our shares, the Board has commissioned business valuation to determine a new share price which reflects the current market value of the Bank.
- e. In order to give existing shareholders more of the value of the business, a window of 3 months to be made available for all existing shareholders to buy more of the shares at a concessionary price.

It is worth noting that these proposals are meant to give more of our success to existing shareholders and so I humbly admonish all existing shareholders to take advantage of this one-time opportunity to increase your shareholdings in the Bank. This will go a long way to increase your dividends payout in the near future.

PROPOSED DIVIDEND

Fellow Shareholders, once again, in keeping with our commitment to pay appreciable dividends to

Report of the Chairman of the Board of Directors to the Members of Amenfiman Rural Bank Limited

shareholders, I am pleased to propose a dividend of GH¢0.060 per share. It is worthy of note that given the price of our shares, the dividend per share of GH¢0.060 proposed is equivalent of 33% of the share price meaning that the payback period of your investment in the Bank is approximately 3 years. Distinguished Shareholders, pursuant to the proposal to convert the dividend declared to shares, I wish to encourage all current shareholders to support this proposal for a much better dividends payout in the future.

DIRECTORSHIP

Distinguished Shareholders, in line with the provisions of section 298(a) of the companies' code 1963, Act 179, one director is due to retire on rotation basis. He is in the person of Mr. Morgan Setordzie. You will recall that Ms. Agatha Cudjoe whose rotational retirement would have been this year, retired voluntarily last year due to ill health. Mr. Morgan has offered himself for re-election. Rather on sad note, and with a heavy heart, I announce the passing of Mr. Eustace Kwesi Haizel, a director and solicitor of the Bank whose sad event occurred on 28th December, 2018 while on medical treatment abroad. He has since been buried.

In view of the urgent need for the presence of a lawyer on the Board, the directors have co-opted Miss Rosemary Obeng-Kwaah, a lawyer by profession with expertise in corporate legal advisory, corporate compliance and company secretarial practice. Rosemary brings to the Board an in-depth knowledge and hands on experience from a corporate legal practice and I believe she will be a positive addition to the board's composition. In addition to her experiences and knowledge, she also satisfies to needs arising from the retirement of the only female director and the untimely departing of the only lawyer on the board. Let me use this opportunity to officially

introduce Miss Rosemary Obeng-Kwaah to you.

AWARDS AND OTHER ACHIEVEMENTS

Fellow Shareholders, our bank received several awards and recognitions from local and international organizations during the year under review. Some of the recognitions include the prestigious Ghana Club 100 Awards, where the Bank was recognized as one of the leading companies in the country; Business and Financial Services Excellence Awards organized under the auspices of the Ministry of Trade and the Western Regional Coordinating Council where our bank also received both regional and national medals in the Gold category and other international business excellence awards by the World Confederation of Businesses, a business association of over 300 corporate members based in the United States.

CORPORATE SOCIAL RESPONSIBILITY PROJECTS

Fellow Shareholders, ladies and gentlemen, I am pleased to report that the preparatory work towards the establishment of the proposed Amenfi State University College project has commenced earnestly with the formation of three different committees: Infrastructure development, Business development and Academic affairs. A total of 450 acreage of land has been provided by the overlord of the Amenfi state Tetrete Okuamoah Sekyim II, Omanhene on behalf of the people of Wasa Amenfi for the project. We are grateful to Nananom for the immense commitment towards the project. The Board is committed to allocating 8% of annual profits after tax towards the achievement of this vision.

The Board provided financial support for various communities and undertook various projects on its own in the areas of health, education, sports and security. Below are some of the projects and supports provided.

Report of the Chairman of the Board of Directors to the Members of Amenfiman Rural Bank Limited

AREAS SUPPORTED	GHC
Education	228,734.07
Health, Water & Sanitation	153,567.64
Security	5,000.00
Agriculture	16,350.00
Other Social Needs	25,550.00
TOTAL	429,201.71

HUMAN RESOURCE DEVELOPMENT

Distinguished Shareholders, ladies and gentlemen, as a leading rural bank, development of our people remains an integral part of our strategic plans. The board took staff development to another level with the launch and subsequent inauguration of the second batch of the talent management program (A-TAP) which is to accelerate the development of young and talented individuals to take up responsible roles in the Bank. This time round, the program has been affiliated to an internationally accredited renowned business school and I strongly believe that the training and development programs designed for our employees will prepare them for the challenges in the banking business.

In addition, several professional developmental programs/trainings have been arranged for various categories of employees to support them for the execution of our corporate strategy.

SHARES MANAGEMENT REGISTER AND POLL VOTING

Distinguished Shareholders, you will recall from my previous report that I admonished members to take advantage of the computerized share management register to update their records with the bank and also request for merging of shares for those who hold multiple shares in different names. Though majority of the members have updated their records and also merged their shareholdings, there are still few people who are yet to provide updated personal details to the shares registry. I want to use this opportunity to request those who are yet to do so to visit the nearest branch. After a successful update of the shares register, we are now set to implement poll voting at our meetings in line with the provisions of the companies' code.

Report of the Chairman of the Board of Directors to the Members of Amenfiman Rural Bank Limited

Outlook

Distinguished Shareholders, ladies and gentlemen, let me reiterate that our Bank is solid, well capitalized Bank and with significant liquidity. We stand ready to take advantage of opportunities to grow further. All the new branches opened last year are operating profitably and future prospects are very bright. Our decision to jerk up our capital base to GhC10million is only not bold but also strategic, as it would help us deepen our operational excellence and efficient service delivery to our stakeholders. Currently, all our 7 ATMs are active and working. Our ATMs are also connected to ATMs of some 7 other banks nationwide so everyone of you must get an ATM card from the Bank. In keeping with our strategy of operational excellence and efficient service delivery, Bank plans is to go digital. Indeed very soon we will be launching our digital platforms to accelerate our growth. The Board shall remain focused on our core business and deliver on our strategic plans to ensure superior value to all members.

Ladies and gentlemen, Amenfiman Rural Bank is purpose-driven bank, determined to address the challenges of financial inclusion in not only our rural communities but also SMEs in our catchments area. As a Bank operating in predominantly rural areas, we have strong commitment to our environment and general sustainability issues and we seek to play our part, no matter how small, in achieving the UN Sustainable Development Goals (SDGs).

It is in this light that I reiterate our request for partnership with government for government to channel portions of the District Assemblies Common Fund and other earmarked funds to some of the Rural banks as we are often the first point of call when the MMDAs require urgent financial support. Amenfiman Rural Bank has proven track record of managing larger funds and well capable of handling government funds for the Districts

and Municipalities. Again, as Banks operating largely in rural areas, we stand ready to partner with various MMDAs to implement the various government programs, including planting for Food and Jobs, and the One-District, One- Factory project. It is my strong belief that the potential of Rural Banks as partners in development remains to be fully tapped by government.

ACKNOWLEDGEMENT

Fellow Shareholders, Nananom, Ladies and Gentlemen, it is my pleasure to acknowledge and appreciate the Board members, Management and Staff of the Bank for their hard work and selfless dedication to the progress of the Bank and to you fellow shareholders for your support which have brought us this far. I would also like to thank Tetrete Okumoah Sekyim II, the overlord of Wasa Amenfi for his extraordinary support for the Bank especially the proposed Amenfi State University project. To all of you gathered here today, I thank you for your attention.

Long live Amenfiman Bank and God bless us all
Thank you



A-TAP Graduation Ceremony



Report of the Directors

to the Members of Amenfiman Rural Bank Limited

In accordance with the requirements of Section 132 of the Companies Act 1963 (Act 179), we the Directors of Amenfiman 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	2017
	GHS	GHS
Net Interest Income	34,815,938	32,157,315
Profit before tax	4,919,263	8,225,821
From which is added / (deducted):		
A provision for estimated income tax expense	(1,519,116)	(2,281,360)
Over Provision of tax	372,714	
Deferred Tax Credit	365,868	(811,586)
Making a profit after tax of	4,138,729	5,132,875
Adjustment	-	(2,189,419)
Transfer to : Statutory Reserves	(517,341)	(641,609)
Development Fund	(496,647)	(615,945)
Long Service Award	(82,775)	(102,657)
Scholarship Fund	(82,775)	(102,657)
Building Fund	(800,000)	(800,000)
40th Anniversary Fund	(200,000)	(200,000)
Dividend Paid	(7,500)	(728,474)
	1,951,691	(247,887)
which is to be added to the surplus brought forward of as revised with;	13,406,926	13,654,813
Credit Risk Reserve	(751,410)	-
Prior Year Adjustment	(1,870,860)	-
resulting in a balance to be carried forward on the income surplus account as at 31st December	12,736,347	13,406,926

Report of the Directors to the Members of Amenfiman Rural Bank Limited

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 GH¢ 2,230,349 as at the end of the previous year to GHS 3,076,888 resulting in an increase of GH¢ 846,539 which represents 37.96%. The increase emanates from the sale of shares of 4,362,166 at GHp 20.00 per share which amounted to GH¢ 846,539.

Dividend

The Directors recommend the payment of dividend of GH¢ 990,204 (2017: GH¢ 735,974.04). That is GHp 6.00 per Share on 16,503,400 Ordinary Shares (2017: GHp6 share on 12,266,234 ordinary shares which qualified for dividends as per closure of register on December 31, 2017)

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
Dr Tony Aubynn	Chairman
Mr. Moses Ampong	Vice Chairman
Mr. Justice Anthony Quaidoo	Member/Secretary
Mr. Morgan Setordjie	Member
Mr. Eustace Kwesi Haizel	Member
Dr. Lucas Nana Wiredu Damoah	Member
Mr. Edmund Afful	Member

Events after the reporting date

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

Auditors

In accordance with Section 81(4) of the Bank and Specialized Deposit-Taking Institutions Act, 2016 Act 930, our current auditors, Messrs

Richard Owusu – Afriyie & Associates, propose to continue in office.

Going Concern

The Directors have reviewed the going concern of the Bank as at 31st 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 years

On behalf of the Board



Chairman



Director

Independent Auditors' Report to the Members of Amenfiman 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 Banking and Specialized Deposit-Taking Institutions Act, 2016 Act 930.

What we have audited

We have audited the financial statements of Amenfiman Rural Bank Limited for the year ended 31st December, 2018.

The financial statements comprise:

- the statement of comprehensive income for the year then ended;
- the statement of financial position as at 31 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 14 to 44

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 judgement, were of most significance in our audit of the financial statements. The matters were addressed in the context of our audit of the financial statements as a whole and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Impairment of 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.

Due to the significant judgement 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

Independent Auditors' Report to the Members of Amenfiman Rural Bank Limited

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 were satisfactory and we considered the credit impairment charge and provision recognized to be acceptable.

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.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance

Independent Auditors' Report to the Members of Amenfiman Rural Bank Limited

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.

The Banking and Specialized Deposit-Taking Institutions Act, 2016 Act 930 requires that we state certain matters in our report. We hereby state that:

Independent Auditors' Report

to the Members of Amenfiman Rural Bank Limited

- 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

Statement of Comprehensive Income

Year Ended 31st December, 2018

	2018	2017
	GHC	GHC
Interest Income	41,783,492	38,642,901
Interest Expense	(6,967,554)	(6,485,586)
Net Interest Income	34,815,938	32,157,315
Commissions and Fees	3,519,609	3,948,285
Other Operating Income	883,340	861,918
Total Income	39,218,887	36,967,518
Impairment charge on loans and advances	(1,135,670)	(1,133,480)
Specific Bad Debts Written- Off	(452,600)	-
Operating Expenses	(32,711,354)	(27,608,215)
Net Operating Profit Before Taxation	4,919,263	8,225,822
Deferred Tax Credit (Liability)	365,868	(811,586)
Taxation	(1,519,116)	(2,281,360)
Profit for the year	3,766,015	5,132,876
Other Comprehensive Income		
Over Provision of Tax	372,714	-
Total Comprehensive Income for the year	4,138,729	5,132,876

Statement of Financial Position

As at 31st December, 2018

	2018	2017
ASSETS	GHC	GHC
Cash and Balances with ARB Apex Bank	51,563,285	22,547,465
Due from Other Banks	2,084,945	603,925
Investments - (Short Term)	92,283,745	93,552,840
Loans and Advances	54,450,257	56,289,532
Other Assets Accounts	10,388,191	2,936,157
Investments - (Long Term)	244,152	244,152
Deferred Tax Assets	105,811	-
Intangible Assets	30,000	-
Property & Equipment	12,130,476	13,042,984
TOTAL ASSETS	223,280,862	189,217,056
LIABILITIES		
Deposits and Current Accounts	189,225,771	148,844,497
Interest Payable and Other Liabilities	5,983,910	12,428,202
Current Corporate Tax Liabilities	1,581,662	2,133,384
Deferred Tax Liability	599,945	860,001
TOTAL LIABILITIES	197,391,288	164,266,084
SHAREHOLDERS FUNDS		
Stated Capital	3,076,888	2,230,349
Statutory Reserve Fund	4,559,814	4,042,473
Credit Risk Reserve	751,410	-
Income Surplus	14,398,544	13,406,926
Development Fund	1,210,123	1,654,045
Staff Fund	371,289	371,289
Building Fund	634,885	2,340,934
Scholarship Fund	486,621	504,957
Anniversary Fund	400,000	400,000
TOTAL SHAREHOLDER FUNDS	25,889,574	24,950,973
TOTAL SHAREHOLDERS FUNDS AND LIABILITIES	223,280,862	189,217,056

Approved by the Board on:.....


.....
DIRECTOR


.....
DIRECTOR

Statement of Cash Flow

as at 31st December, 2018

	2018	2017
	GHC	GHC
-		
CASH FLOWS FROM OPERATING ACTIVITIES		
Net Profit Before Taxation	4,919,263	8,225,821
Depreciation Charge	2,028,030	1,576,944
Other non cash movement	2,947,800	1,001,240
Impairment charge on loans and advances	1,135,670	1,133,480
Profit before Changes in Working Capital	11,030,763	11,937,485
CHANGES IN OPERATING ASSETS AND LIABILITIES		
Changes in Loans & Advances to Customers	(1,164,596)	(15,733,587)
Changes in Other Assets Accounts	(7,452,034)	4,377,975
Changes in Customers Deposits	40,381,274	19,990,954
Changes in Interest Payable and Other Liabilities	(6,444,292)	(1,130,446)
	36,351,115	19,442,381
Tax Paid	(1,698,124)	(2,200,000)
Net cash from /(used in) Operating Activities	34,652,991	17,242,381
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Property and Equipment	(1,996,897)	(7,219,902)
Increase in Capital Work -in-Progress Expenditure	(370,607)	(1,997,109)
Dividend Paid	(735,974)	-
Changes in Investment	1,269,095	(7,226,977)
Net cash from Investing Activities	(1,834,383)	(16,443,988)
CASH FLOWS FROM FINANCING ACTIVITIES		
Capital Reserves	-	(2,189,419)
Other Funds	(2,168,307)	(861,118)
Issue of Shares	846,539	476,140
Net cash from Financing Activities	(1,321,768)	(2,574,397)
Net Increase / (Decrease) in Cash and Cash Equivalents	31,496,840	(1,776,004)
Cash and Cash Equivalents at Start	22,151,390	23,927,393
Cash and Cash Equivalents at Close	53,648,230	22,151,390
ANALYSIS OF CASH AND CASH EQUIVALENTS		
Cash on Hand	19,519,486	11,589,983
Bank Balances with ARB Apex Bank - Current	4,625,104	9,957,481
- 5% Apex Deposit	8,418,695	-
ACOD	19,000,000	-
Balances with Other Banks	2,084,945	603,925
	53,648,230	22,151,389

Statement of Equity Changes as at 31st December, 2018

	STATED CAPITAL	STAT- UTORY RESERVE FUND	CREDIT RISK RE- SERVE	INCOME SURPLUS	CAPITAL SURPLUS	COMM DEVEL- OPMENT FUND	SCHOL- ARSHIP	OTHER FUNDS	TOTAL
2018	GHC	GHC	GHC	GHC	GHC	GHC	GHC	GHC	GHC
Balance as at 1 Jan	2,230,349	4,042,473	-	13,406,926	-	1,654,045	504,957	3,112,223	24,950,973
Prior Year	-	-	-	(1,870,860)	-	-	-	-	(1,870,860)
Profit for the Year	-	-	-	4,138,729	-	-	-	-	4,138,729
Share Purchases	846,539	-	-	-	-	-	-	-	846,539
Transfer to:									
Statutory Reserve	-	517,341	-	(517,341)	-	-	-	-	-
Movement for the Year	-	-	751,410	(751,410)	-	-	-	-	-
Dividends Paid	-	-	-	(7,500)	-	-	-	-	(7,500)
Utilisation	-	-	-	-	-	(443,922)	(18,336)	(1,706,049)	(2,168,307)
Balance as at 31 Dec	3,076,888	4,559,814	751,410	14,398,544	-	1,210,123	486,621	1,406,174	25,889,574

Statement of Equity Changes as at 31st December, 2017

Balance as at 1 Jan	1,754,209	3,400,864	-	13,654,812	-	1,038,100	402,300	2,870,684	23,120,969
Adjustment	-	-	-	(2,189,419)	-	-	-	(861,118)	(3,050,537)
Profit for the Year	-	-	-	5,132,875	-	-	-	-	5,132,875
Share Purchases	476,140	-	-	-	-	-	-	-	476,140
Transfer to:									
Statutory Reserve	-	641,609	-	(641,609)	-	-	-	-	-
Other Funds	-	-	-	(1,102,657)	-	-	-	1,102,657	-
Comm Develop- ment Fund	-	-	-	(615,945)	-	615,945	-	-	-
Scholarship	-	-	-	(102,657)	-	-	102,657	-	-
Movement for the Year	-	-	-	-	-	-	-	-	-
Dividends Paid	-	-	-	(728,474)	-	-	-	-	(728,474)
Balance as at 31 Dec	2,230,349	4,042,473	-	13,406,926	-	1,654,045	504,957	3,112,223	24,950,973



Donation of Boreholes



Notes to the Financial Statements

for the year Ended 31st December, 2018

Summary of significant accounting policies

General Information

Amenfiman Rural Bank Limited is a Private Company incorporated and domiciled in Ghana. The Registered office is located at Wassa Akropong, Western Region. The Bank primarily is involved in rural banking.

Amenfiman Rural Bank Limited ("the Bank") is a limited liability Bank incorporated under the Companies Act, 1963 (Act 179) on 13th May, 1980, and re-registered on 20th July, 2018. 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 Digital Address of its registered office is WX-0018-6766, Sanso JCT-Nhiaso Area and a Postal Address of P. O. Box 14, Wassa Akropong, Western 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.

Statement of Compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS). Additional information required under the Companies Act, 1963, (Act 179) and the Banks and Specialized Deposit Taking Institutions Act, 2016, Act 930 have been included, where appropriate.

Basis of Preparation

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.

Quantitative Disclosures

	2018	2017
Capital Adequacy Ratio	20.36%	21.73%
Non-Performing Loans Ratio	10.12%	3.79%
Liquidity Ratio	67.68%	61.03%

Qualitative Disclosures

- **Risk Management**
 - i. The Bank is exposed to the following risks: credit, liquidity, interest rate, market and other operational risk
 - ii. The risks identified in the Bank's activities are managed through a process of ongoing identification, measurement and monitoring, subject to risk limits and other controls. This process of risk management is critical to the bank's continuing profitability and each individual within the Bank is accountable for the risk exposures relating to his or her responsibilities.
 - iii. The Board of Directors is responsible for the overall risk management approach and for approving the risk management strategies and principles. In addition, there are Risk Committees that have the overall responsibility for the development of risk strategy and implementing principles, frameworks, policies and limits.

Notes to the Financial Statements

for the Year Ended 31st December, 2018

	2018	2017
	GH¢	GH¢
7. INTEREST INCOME		
Interest on Loans and Advances	26,282,802	21,232,269
Interest on Investments	15,500,690	17,410,632
	41,783,492	38,642,901
8. INTEREST EXPENSE		
Interest Paid on Savings	2,348,149	6,485,586
Interest Paid on Fixed Deposit	4,563,031	-
Interest on Borrowings	56,374	-
	6,967,554	6,485,586
9. COMMISSIONS AND FEES		
Commitment Fees	1,584,280	1,699,724
Commissions Received	1,935,329	2,248,561
	3,519,609	3,948,285
10. OTHER OPERATING INCOME		
Sundry Income	883,340	861,918
	883,340	861,918
11. OPERATING EXPENSES		
Staff Cost	19,235,712	16,147,629
Occupancy Cost	3,473,299	2,586,382
General & Administrative Expenses	10,002,343	8,874,204
	32,711,354	27,608,215
i. STAFF COST		
Salaries and Wages	14,471,708	11,694,845
Social Security Contribution	1,828,396	1,394,251
Provident Fund Contribution	885,070	724,886
Other Staff Cost	82,590	1,833,388
Medical Expenses	109,650	133,275
Staff Training Expenses	385,348	366,984
Annual Bonus	667,526	-
Funerals & Staff Welfare	805,424	-
	19,235,712	16,147,629
ii. GENERAL & ADMINISTRATIVE EXPENSES: include		
Audit Fees	40,000	21,600
Depreciation	2,113,332	1,576,944

Notes to the Financial Statements

for the Year Ended 31st December, 2018

	2018	2017			
	GHC	GHC			
12. Income Tax					
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	1,519,116	2,281,360			
(Over) / under provision for current tax	(372,714)	-			
	1,146,402	2,281,360			
Deferred tax charge / (credit)	(365,868)	811,586			
Income tax reported in the statement of profit or loss	780,534	3,092,946			
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	4,919,263	8,225,821			
Statutory income tax rate of 25% (2017: 25%)	1,229,816	2,056,455			
Non- deductible expenses for tax purposes	987,768	858,828			
Effect on non-chargeable income	(50,550)	-			
Effect on capital allowance utilised	(647,918)	(633,923)			
(Over) / under provision for current tax	(372,714)	-			
Change in recognised temporary differences	(365,868)	811,586			
Income tax reported in the statement of profit or loss	780,534	3,092,946			
Effective tax rate	15.87	37.60			
iii. CURRENT CORPORATE TAX LIABILITIES					
" Year of Assessment "	" Balance as at Jan 1 "	" (Over) / Under Prov. In Prior Years "	" Payments During the Year "	" Provision for the Year "	" Balance as at Dec 31 "
	GHC	GHC	GHC	GHC	GHC
2016	(3,961)	9,435	(613,928)	1,064,191	455,737
2017	455,737	1,596,287	(2,200,000)	2,281,360	2,133,384
2018	2,133,384	(372,714)	(1,698,124)	1,519,116	1,581,662
iv. The movement on the deferred tax account is as follows:					
Balance at January 1	860,001	-			
Origination / reversal of temporary differences:					
recognised in the statement of profit or loss (Note 12 i)					
recognised in equity	(365,868)	860,001			
Balance at December 31	494,133	860,001			

Notes to the Financial Statements

for the Year Ended 31st December, 2018

	2018	2017
	GHC	GHC
v. Recognised deferred tax liabilities and assets are as follows:		
Deferred tax assets	(105,811)	-
Deferred tax liability	599,944	860,001
Net deferred tax Assets	494,133	860,001
13. CASH & BALANCES WITH ARB APEX BANK		
Cash on Hand	19,519,486	13,509,119
Balances with ARB Apex Bank - Current	4,625,104	1,984,613
- 5% Apex Deposit	8,418,695	6,053,733
ACOD	19,000,000	1,000,000
	51,563,285	22,547,465
14. BALANCES WITH OTHER BANKS		
Commercial Bank Ghana Limited	830,398	233,123
Other Banks	1,254,547	370,802
	2,084,945	603,925
15. INVESTMENTS (SHORT-TERM)		
These are made up of:		
91 days Government Securities	37,243,264	7,231,664
Money Placements with Discount Houses	55,040,481	86,321,176
	92,283,745	93,552,840
16. LOANS AND ADVANCES		
(a) Analysis by type of Product		
Overdrafts	5,484,626	6,966,765
Loans	54,159,900	51,513,166
	59,644,526	58,479,930
Less: Impairment charge	(5,194,269)	(2,190,398)
	54,450,257	56,289,532
(b) Analysis by Business Segment		
Agriculture	2,376,331	1,978,207
Transport	2,050,000	538,453
Trading	26,489,495	30,195,509
Others	28,728,700	25,767,761
	59,644,526	58,479,930
Less: Impairment charge	(5,194,269)	(2,190,398)
	54,450,257	56,289,532

Notes to the Financial Statements

for the Year Ended 31st December, 2018

	2018	2017
	GHC	GHC
(c) Analysis by Type of Customer		
17. OTHER ASSET ACCOUNTS		
Interest and Commission Receivable	6,498,239	-
Rent Prepaid	2,881,407	2,664,891
Inter Agency Balance	7,191	22,099
Office Account	860,720	111,289
Stationery Stock	140,634	137,878
	10,388,191	2,936,157
18. INVESTMENTS (LONG-TERM)		
WERBA Investmert	115,293	115,293
Shares in ARB APEX Bank Ltd.	128,859	128,859
	244,152	244,152
19 INTANGIBLE ASSETS		
COST		
Balance as at 1 Jan	-	-
Additions during the year	30,000	-
Balance as at 31 Dec	30,000	-

20. PROPERTY & EQUIPMENT

2018	Land & Building	"Motor Vehicle"	"Office Furniture Equipment"	Computers	Safe & Lawn Mower	Generator	CWIP	Office Renovation-	Total
COST	GHC	GHC	GHC	GHC	GHC	GHC	GHC	GHC	GHC
Balance as at 1/1/18	5,253,657	4,285,450	3,199,332	1,979,564	88,505	881,727	1,997,109	-	17,685,344
Additions during the year	17,123	51,100	473,580	1,321,846	111,320	21,930	370,606	-	2,367,505
Disposal/Transfer	(17,049)	(1,142,255)	(311,205)	(317,362)	(17,950)	(263,134)	(1,221,982)	-	(3,290,937)
Balance as at 31/12/18	5,253,731	3,194,295	3,361,707	2,984,048	181,875	640,523	1,145,733	-	16,761,912
5,253,730	3,194,294	3,361,707	2,984,049	181,875	640,523	1,145,733			
DEPRECIATION									
Balance as at 1/1/18	289,483	2,215,931	1,042,626	647,257	45,123	401,940	-	-	4,642,361
Charge for the year	135,189	959,214	523,083	324,887	8,454	77,203	-	-	2,028,030
Disposal	(17,049)	(1,142,255)	(311,205)	(287,362)	(17,950)	(263,134)	-	-	(2,038,955)
Balance as at 31/12/18	407,623	2,032,890	1,254,504	684,782	35,627	216,009	-	-	4,631,436
NET BOOK VALUE-31/12/18	4,846,108	1,161,405	2,107,203	2,299,265	146,248	424,515	1,145,733	-	12,130,476
2017									
COST									
Balance as at 1/1/17	3,030,690	2,116,552	1,583,281	920,032	75,055	742,723	-	-	8,468,333
Additions during the year	2,222,967	2,168,898	1,616,051	1,059,532	13,450	139,004	1,997,109	-	9,217,011
Balance as at 31/12/17	5,253,657	4,285,450	3,199,332	1,979,564	88,505	881,727	1,997,109	-	17,685,344
DEPRECIATION									
Balance as at 1/1/17	190,286	1,245,769	760,747	503,585	40,291	324,738	-	-	3,065,416
Charge for the year	99,197	970,162	281,879	143,672	4,832	77,202	-	-	1,576,944
Balance as at 31/12/17	289,483	2,215,931	1,042,626	647,257	45,123	401,940	-	-	4,642,360
NET BOOK VALUE-31/12/17	4,964,174	2,069,519	2,156,706	1,332,306	43,382	479,788	1,997,109	-	13,042,984

Notes to the Financial Statements

for the Year Ended 31st December, 2018

	2018	2017
	GHC	GHC
21 DEPOSITS AND CURRENT ACCOUNTS		
(a) Analysis by Type of Deposits		
Current Accounts	36,839,075	29,079,439
Savings Accounts	116,350,719	88,520,185
Time Deposits	36,035,977	31,244,873
	189,225,771	148,844,497
(b) Analysis by Type of Customer		
Individuals	189,225,771	148,844,497
	189,225,771	148,844,497
22. INTEREST PAYABLE AND OTHER LIABILITIES		
Interest and Bills Payable	5,192,503	8,269,237
Managed Funds	95,956	-
Sundry Creditors	642,044	4,137,365
Accrued Charges	53,407	21,600
	5,983,910	12,428,202
23. STATED CAPITAL	Number '000	Number '000
i) Authorised Ordinary Shares of No Par Value	20,000	20,000
ii) Issued Preference Shares of No Par Value	125	125
iii) Issued Ordinary Shares of No Par Value	16,503,400	12,141,234
	GHC	GHC
iii) Proceeds Issued for Cash-Preference Shares	13	13
iv) Proceeds Issued for Cash-Ordinary Shares	3,076,875	2,230,336
v) Transfer from Income Surplus	-	-
	3,076,888	2,230,349
v) There is no unpaid Liability on any share and there is no share in Treasury.		
24. STATUTORY RESERVE FUND		
Balance at 1 January	4,042,473	3,400,864
Add: Transfer from Retained Profits	517,341	641,609
Balance as at 31 December	4,559,814	4,042,473

Under Section 34 of the Banks and Specialized Deposit Taking Act 2016 (Act 930) the Bank has transferred the prescribed portion of 12.5% of the net profit for the year to Statutory Reserve Fund.

Notes to the Financial Statements

for the Year Ended 31st December, 2018

25. CREDIT RISK RESERVE		
Balance at 1 January	-	-
Add: Movement for the year	751,410	-
Balance as at 31 December	751,410	-
26. INCOME SURPLUS ACCOUNT		
Balance as at 1 January	13,406,926	13,654,812
Profit for the year transferred from Statement of Comprehensive Income	4,138,729	5,132,875
	17,545,655	18,787,687
Prior Year	(1,870,860)	-
	15,674,795	18,787,687
Transfers to:		
Statutory Reserve Fund	(517,341)	(641,609)
Community Development Fund	(496,647)	(615,945)
Staff Fund	(82,775)	(102,657)
Building Fund	(800,000)	(800,000)
Scholarship Fund	(82,775)	(102,657)
Anniversary Fund	(200,000)	(200,000)
Adjustment	-	(2,189,419)
Credit Risk Reserve	(751,410)	-
Dividend Paid	(7,500)	(728,474)
Balance as at 31st December	12,736,347	13,406,926
27. COMMUNITY DEVELOPMENT FUND		
Balance as at 1 January	1,654,045	1,038,100
Transfer from Income Surplus	496,647	615,945
	2,150,692	1,654,045
Utilization during the year	(443,922)	-
	1,706,770	1,654,045
28. STAFF FUND		
Balance as at 1 January	371,289	268,632
Transfer from Income Surplus	82,775	102,657
	454,064	371,289
Utilization during the year	-	-
	454,064	371,289
This represents portion of Income Surplus set aside for Development projects		

Notes to the Financial Statements

for the Year Ended 31st December, 2018

	2018	2017
	GHC	GHC
29. BUILDING FUND		
Balance as at 1 January	2,340,934	1,540,934
Transfer from Income Surplus	800,000	800,000
	3,140,934	2,340,934
Utilization during the year	(1,706,049)	-
	1,434,885	2,340,934
This represents portion of Income Surplus set aside for Development projects		
30. SCHOLARSHIP FUND		
Balance as at 1 January	504,957	402,300
Transfer from Income Surplus	82,775	102,657
	587,732	504,957
Utilization during the year	(18,336)	-
	569,396	504,957
This represents portion of Income Surplus set aside for Development projects		
31. ANNIVERSARY FUND		
Balance as at 1 January	400,000	200,000
Transfer from Income Surplus	200,000	200,000
	600,000	400,000
Utilization during the year	-	-
	600,000	400,000
This represents portion of Income Surplus set aside for Development projects		

Notes to the Financial Statements

for the 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 statement 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

10.12% (2017 - 3.79%).

35. Commitments

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

36. Contingent liabilities

There were no contingent liabilities as at 31st 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 Jan	553,889	600,333
Loans granted during the year	785,000	352,000
Loans repayment during the year	(576,314)	(398,444)
Loans outstanding as 31st Dec	762,575	553,889
b. Loans to Key Management Staff and connected persons		
	2018 (GH¢)	2017 (GH¢)
Loans outstanding as 1 Jan	972,647	402,668
Loans granted during the year	707,253	765,000
Loans repayment during the year	(589,748)	(195,021)
Loans outstanding as 31st Dec	1,090,152	972,647
c. Key management personnel and directors emoluments		
	2018 (GH¢)	2017 (GH¢)
Directors Emoluments	98,400	69,250
Key Management Salaries	721,952	595,889

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 30%.

Notes to the Financial Statements

for the Year Ended 31st December, 2018

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. Amenfiman 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 are 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 have 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 and 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 management

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

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

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

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

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

Managing problems of Loans and Advances

The Recoveries Unit within the Credit Department

Notes to the Financial Statements

for the Year Ended 31st December, 2018

manages delinquent facilities including outright recoveries or nursing of such problem Loans back to health.

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

Provisioning for loans and advances

Credit losses are anticipated and charged in the

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

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

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

Impairment losses

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

		2018		2017	
		"Gross Amt"	Impairment	"Gross Amt"	Impairment
		GHC	GHC	GHC	GHC
Current	0-30 days	52,916,159	482,863	55,763,797	547,681
Olem	31-90 days	1,264,627	126,463	497,532	49,753
Sub-Standard	91- 180 days	587,854	146,964	450,099	112,524
Doubtful	181 - 360 days	875,814	437,907	576,126	288,063
Loss	> 360 days	4,000,072	4,000,072	1,192,377	1,192,377
		59,644,526	5,194,269	58,479,931	2,190,398

Notes to the Financial Statements

for the Year Ended 31st December, 2018

Exposure to credit risk

The carrying amount of financial assets represents the bank's maximum credit exposure. The maximum exposure to credit risk at the reporting date was as follows:

	2018	2017
	GHC	GHC
Cash and Balances with Other Banks	51,563,285	22,547,465
Short-term investments	92,283,745	93,552,840
Loans and advances	54,450,257	56,289,532
Other assets	10,388,191	2,936,157
	208,685,478	175,325,994

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.

(d) Operational risk

Operational risk is the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events. It is the risk of loss arising from the potential that inadequate information systems, breaches of internal controls, fraud, technological failure and unforeseen catastrophes may result in unexpected loss or reputational problems.

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

(e) Compliance and regulatory risk

In order to strengthen the Bank's compliance with regulatory requirements, the Bank organises series of dedicated training on a regular basis to

Notes to the Financial Statements

for the Year Ended 31st December, 2018

equip staff with compliance and regulatory issues in order to minimise risk emanating therefrom.

(f) Legal risk

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

(g) Reputational risk

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

(h) Capital risk management

The primary objectives of the Bank's capital management are to ensure that the Bank complies with externally imposed capital requirement by Bank of Ghana and that the Bank maintains strong credit ratings and healthy capital ratios in order to support its business and maximize shareholders' value. In order to maintain the desired level of capital, the Bank may vary its dividend policy or issue new shares.

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	51,563,285	23,151,390	51,563,285	23,151,390
Short-term investments	92,283,745	93,552,840	92,283,745	93,552,840
Loans and advances	54,450,257	56,289,532	54,450,257	56,289,532
Other assets	10,388,191	2,936,157	10,388,191	2,936,157
Total	208,685,478	175,929,919	208,685,478	175,929,919
Financial Liabilities				
Current Accounts	36,839,075	29,079,439	36,839,075	29,079,439
Savings Accounts	116,350,719	88,520,185	116,350,719	88,520,185
Time Deposits	36,035,977	31,244,873	36,035,977	31,244,873
Interest and Bills Payable	5,192,503	8,269,237	5,192,503	8,269,237
Total	194,418,274	157,113,734	194,418,274	157,113,734

Notes to the Financial Statements

for the Year Ended 31st December, 2018

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 31st 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.

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

2018	Total	Level 1	Level 2	Level 3
	GHC	GHC	GHC	GHC
Financial assets				
Cash and Balances with Other Banks	51,563,285	-	51,563,285	-
Short-term investments	92,283,745	-	92,283,745	-
Loans and advances	54,450,257	-	54,450,257	-
Other assets	10,388,191	-	10,388,191	-
Total	208,685,478	-	208,685,478	-
Financial Liabilities				
	At Amortised Cost			
Current Accounts	36,839,075	-	36,839,075	-
Savings Accounts	116,350,719	-	116,350,719	-
Time Deposits	36,035,977	-	36,035,977	-
Interest and Bills Payable	5,192,503	-	5,192,503	-
Total	194,418,274	-	194,418,274	-

Notes to the Financial Statements

for the Year Ended 31st December, 2018

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

2017	Total	Level 1	Level 2	Level 3
	GHC	GHC	GHC	GHC
Financial assets				
Cash and Balances with Other Banks	23,151,390	-	23,151,390	-
Short-term investments	93,552,840	-	93,552,840	-
Loans and advances	56,289,532	-	56,289,532	-
Other assets	2,936,157	-	2,936,157	-
Total	175,929,919	-	175,929,919	-

Financial Liabilities	At Amortised Cost			
Current Accounts	29,079,439	-	29,079,439	-
Savings Accounts	88,520,185	-	88,520,185	-
Time Deposits	31,244,873	-	31,244,873	-
Interest and Bills Payable	8,269,237	-	8,269,237	-
Total	157,113,734	-	157,113,734	-

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

Notes to the Financial Statements

for the Year Ended 31st December, 2018

	2018	2017
	GHC	GHC
Interest earned and other operating income	46,186,441	43,453,104
Direct cost service	(18,316,766)	(16,299,978)
Value added by banking services	27,869,675	27,153,126
Non-banking services	365,868	(811,586)
Specific Bad Debt	(452,600)	-
Impairments	(1,135,670)	(1,133,480)
Value added	26,647,273	25,208,060
Distributed as follows:		
To Employees:		
Directors (without executives)	98,400	69,250
Executive directors		
Other employees	19,235,713	16,147,629
To Government:		
Income Tax	1,519,116	2,281,360
To providers of capital		
Dividends to shareholders	-	-
To expansion and growth		
Depreciation	2,028,029	1,576,945
Retained earnings	3,766,015	5,132,876
	26,647,273	25,208,060

Schedule to Statement of Comprehensive Income

Year Ended 31st December, 2018

	2018	2017
	GHC	GHC
STAFF COST		
Salaries and Wages	14,471,708	11,694,845
Social Security Contribution	1,828,396	1,394,251
Provident Fund Contribution	885,070	724,886
Other Staff Cost	82,590	1,833,388
Medical/Welfare Expenses	109,650	133,275
Staff Training Expenses	385,348	366,984
Annual Bonus	667,526	-
Funerals & Staff Clothing	805,424	-
	19,235,712	16,147,629
OCCUPANCY COST		
Repairs and Maintenance	132,822	280,225
Rent	489,969	277,081
Electricity and Water	935,616	944,316
Generator Running	310,936	155,231
Security Expenses	792,761	629,235
Sanitation & Cleaning Expenses	811,195	300,295
	3,473,299	2,586,382
GENERAL & ADMINISTRATION EXPENSES		
Travelling and Transport	819,666	1,115,949
Printing and Stationery	308,994	249,987
Hospitality to Guest & Protocol Expenses	596,033	415,943
Micro Finance	18,018	10,057
Board Meeting Expenses	64,201	19,306
Directors Fees	98,400	69,250
Specie Movement Expenses	109,483	124,523
Deposit Mobilisation Programme	683,717	595,951
Audit Fees	40,000	21,600
Vat on Audit Fees	7,250	-
Internal Audit Expenses	82,211	82,940
Office Expenses	996,996	677,371
Insurance	398,022	314,682
Postages and Telecommunications	89,661	101,493



Depreciation	2,028,030	1,576,944
Motor Vehicle Running Expenses	1,291,957	1,042,583
Legal Expenses	116,737	298,169
Newspapers, Subscriptions and Periodicals	74,276	95,023
Bank Charges	157,518	158,177
SFC	-	51,534
Advertising and Publicity	316,302	349,117
Annual General Meeting Expenses	217,282	263,742
Motor Vehicle Repairs and Maintenance	654,550	564,408
Directors Transportation	121,759	117,991
Directors Sitting Expenses	245,993	163,517
Tax Consultancy and Professional charges	6,157	-
Computerization Expenses	459,130	393,948
	10,002,343	8,874,204
TOTAL OPERATING EXPENSES	32,711,354	27,608,215



**Amerb
Ghana
Day
Celebration**



Proxy Authorisation

ANNUAL GENERAL MEETING of the 35th Annual General Meeting of Amenfiman Rural Bank Limited will be held on Saturday 6th July, 2019 at 10.00am prompt at the Assembly Hall of the Amenfiman Senior High School, Wasa Akropong.

I/We..... being member(s) of

hereby appoint Dr./Hon./Mr./Mrs/.Ms./Rev

with a duly sealed proxy form to attend and vote for us and on our behalf at the Annual General Meeting of the Bank to be held on July 6, 2019.

Dated this.....day of.....2019.

.....
Signature (Authorised Signatory)
Name:.....
Designation

} Company Seal/Stamp }

.....
Signature (Authorised Signatory)
Name:.....
Designation

} Company Seal/Stamp }

Resolutions from the Board	For	Against
1. To receive the reports of the Chairman of the Board of Directors for the year.		
2. To receive and consider the report of the Directors for the year ended 31st December, 2018.		
3. To receive and consider the Auditor's Report and approve the Financial Statements for the year ended 31st December, 2018.		
4. To declare a dividend.		
5. To authorize the Directors to fix the remuneration of the Auditors.		
6. To approve the remuneration of Directors.		
7. To elect Directors in place of those retiring.		

Please indicate with an 'X' in the appropriate square how you wish your votes to be cast on the resolutions set out above. Unless otherwise instructed the proxy will vote or abstain from voting his/her discretion .

Notes

A series of 20 horizontal dotted lines for writing notes.



this is US!

Our values say it all.

I-C.R.E.A.T.E.



INTEGRITY



COMMITMENT



RESPECT



EQUITY / FAIRNESS



AMBITIOUS, CREATIVE,
OPEN-MINDED



TEAMWORK



EXCELLENCE

Reach us on our hotlines:

020 203 0060
020 203 0063

website: www.amenfimanbank.com

E-mail: info@amenfimanbank.com

