

2020 ANNUAL REPORT

AMENFIMAN RURAL BANK



**CHAMPIONING
EXCELLENCE**
IN RURAL BANKING

SAVINGS | INVESTMENTS | LOANS | MONEY TRANSFER



AMENFIMAN
RURAL BANK

... Your Success Our Pride!

Contents

Contents	1
General Information	2
Report of the Directors	3 - 6
Independent Auditor's Report	7 - 12
Statement of Comprehensive Income	13
Statement of Financial Position	14
Statement of Equity Changes	15
Statement of Cash Flow	16
Notes to the Financial Statements	17 - 47
Schedule to Statement of Comprehensive Income	48

GENERAL INFORMATION

BOARD MEMBERS

Dr. Tony Aubynn
Mr. Moses Ampong
Mr. Justice Anthony Quaidoo
Mr. Morgan Setordjie
Lawyer Rosemary Boakye Yiadom
Dr. Lucas Nana Wiredu Damoah
Mr. Edmund Afful

MANAGEMENT

Dr. Alexander Asmah
Mr. Evans Aikins
Mr. Patrick Darkwa
Mr. Charles Kwame Damoah
Mr. Frederick Ampomah-Amaning
Mr. Francis Assiamah
Mr. Ebenezer Ankapong
Mr. Anthony Kwaw Adu-Broni
Mr. Richard Owusu Mensah Jnr
Mad. Rita Aidoo
Mad. Lydia Oduro

SECRETARY

Mr. Justice Anthony Quaidoo

AUDITORS

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

SOLICITORS

Nyanfeku Chambers
Shippers Council Roundabout
Takoradi

BANKERS

ARB Apex Bank
CBG
GCB Bank
Republic Bank
Zenith Bank Gh

REGISTERED OFFICE

Wassa Akropong
Box 14, Wassa Akropong, Western Region

BOARD OF DIRECTORS



**DR. TONI
AUBYNN**
CHAIRMAN



MR. MOSES AMPONG
Vice Chairman.



MR. ANTHONY JUSTICE QUIDOO
Director / Secretary.



LAWYER ROSEMARY BOAKYE YIADOM
Director



MR. MORGAN SETORDJIE
Director



MR. EDMUND AFFUL
Director



DR. LUCAS NANA WIREDU DAMOAH
Director

MANAGEMENT TEAM



DR. ALEXANDER ASMAH

CHIEF EXECUTIVE OFFICER



MR. FREDERICK AMPOMAH-AMANING
Chief Internal Auditor



MR. EVANS AIKINS
Head: Finance & Operations



MR. PATRICK DARKWA
Head: Credit



MR. ANTHONY KWAW ADU-BRONI
Head: HR/Administration



MR. EBENEZER ANKAPONG
Head: ITSM



MR. RICHARD O. MENSAH
Head: Microfinance



MR. CHARLES K. DAMOAH
Head: Branch Network



MR. FRANCIS ASSIAMAH
Head: Risk & Compliance



MS. RITA AIDOO
Branch Manager



MS. LYDIA ODURO
Branch Manager

INTRODUCTION

Distinguished shareholders, Fellow Board Members, Nananom, Representatives from the Bank of Ghana, ARB Apex Bank and ARB-Ghana, Ladies and Gentlemen, it's a great pleasure for me to welcome all of you to the 37th Annual General Meeting of the Amenfiman Rural Bank Limited. Distinguished shareholders, we have come here today on a dual mission: 1) for our 37th AGM and 2) to climax the celebration of our 40th anniversary. You will agree with me that this durbar is being organized amidst restrictions due to the Covid-19 pandemic and therefore request you to cooperate and to observe all the protocols which have been put in place for our safety. I now proceed to present the Annual Report and audited Financial Statements of our Bank for the year ended 31st December, 2020.

MACROECONOMIC ENVIRONMENT

In the year 2020, the macro-economic environment of the country experienced deterioration in almost all economic indicators as the economy was greatly impacted by the novel COVID-19 pandemic.

The economy contracted by 3.20% and 1.00% in the second and third quarters of 2020 respectively pushing the country into a recession for the first time in 38 years. However, a modest growth of 1.1% recorded at end of the full year of 2020 was thanks to a strong 4.9% growth in the first quarter of 2020, just before the onset of the COVID-19 crisis in Ghana.

The Cedi experienced further deterioration against the major trading currencies in the year under review. The Cedi depreciated by 3.31% against the United States' dollar from GHS5.5377 at the end of 2019 as against GHS5.7209 by the end of 2020.

The GDP growth of 1.10% in 2020 represents a steep fall from the previous year 2019 growth rate of 6.48%. The inflation rate for the first time in recent years deteriorated from single digit 7.90% in the previous year to 10.40% in 2020. The Bank of Ghana's policy rate was however maintained at 14.50% since it was last

reviewed downwards to 14.50% in November 2019.

The Government in its attempt to mitigate the impact of the Pandemic enacted the Coronavirus Alleviation Plan (CAP) and the medium-term COVID-19 Alleviation and Revitalization of Enterprises Support (CARES) program in mid-2020.

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

BUSINESS OPERATING RESULTS

Distinguished Shareholders, ladies and gentlemen, the banking industry which was still recovering from the fallout of the banking reforms was hit again by the impact of the COVID-19 pandemic on the economy. The Bank of Ghana through its Monetary Policy Committee announced various monetary policy interventions to support the sector to remain resilient in order to support the recovery of the economy which had been badly hit by the pandemic. Some of the interventions included a cut of policy rate to an 8-year low from 16% to 14.5%; lowering the reserve requirements for lenders from 10% to 8% in order to provide liquidity support to critical sectors; decrease in the banks' conservation buffer from 3% to 1.5%, which cuts the capital-adequacy ratio from 13% to 11.5%; and asked the International Monetary Fund (IMF) for a rapid disbursement of a credit facility to help the country face the negative economic impact caused by the Covid-19 outbreak. The Bank of Ghana also decided to decrease the cost of fund transfers through mobile money, in order to avoid a low in transactions. Besides, no mobile money transactions below GH100 (USD18) attracted a charge by service suppliers for three months. The Bank of Ghana also issued a directive restraining Banks and special deposit taking institutions from declaring and paying dividends for the financial year 2019 and now extended further to cover the financial year 2020.

Distinguished shareholders, our Bank responded positively to these interventions and initiated a Covid-19 response strategy which included relief packages to our

clients. I am pleased to inform you that through a carefully executed Covid-19 response strategy, we were able to overcome the shocks from the pandemic and still produced one of the outstanding results in our 40-year history during the year under review.

The table below provides summary of the key performance indicators.

Financial Indicators	2020 GH¢	2019 GH¢	Change
Net Operating Income	62,284,233.00	42,199,913.00	47.6%
Profit After Taxation	11,518,730.00	4,339,385.00	165.45%
Investments	299,609,362.00	137,022,488.00	118.65%
Cash and Bank Balances	47,955,842.00	43,143,611.00	10.90%
Advances	107,879,884.00	93,159,660.00	15.80%
Total Assets	474,189,666.00	304,654,372.00	55.65%
Total Deposits	363,614,268.00	254,635,378.00	42.80%
Shareholders' Funds	38,860,728.00	30,764,709.00	26.32%

OPERATING INCOME

Distinguished Shareholders, the total operating income of the bank increased from GH¢42,199,913 to GH¢62,284,233 (47.60%) during the year under review in spite of the difficulties presented by the novel Covid-19 protocols. I am pleased to inform you that our strategy to diversify the income sources of the Bank is indeed yielding good results and that contributed to the significant improvement in earnings in 2020. Also, the growth in income reflects the progress made from our branch expansion. Those strategic branches continue to operate profitably.

PROFITABILITY

Distinguished Shareholders, your Bank recorded an outstanding performance in profitability during the year posting an after tax profits of GH¢7,871,577.00 compared to GH¢4,446,493.00 in the previous year. Our profit before tax was GH¢11,518,730. so the growth in net profits by 77% was after deducting a corporate tax of GH¢3,763,254. You would recall in my report last year that the Bank was in good shape to continue to operate profitably into the future, as has been in the past, as a result of the strategy being pursued. This year's sterling performance is therefore, a strong confirmation to that position. I can assure you distinguished ladies and gentlemen, that at 40, we are even more poised to do more for you and so the future is brighter.

DEPOSIT

Distinguish Shareholders, our Bank continue to grow in deposit mobilization as a result of the loyalty of our customers and the confidence of the public in our products. Indeed, our quest to become the key driver in the financial inclusion agenda is on course. During the year under consideration, our Bank recorded a deposit growth of GH¢363.6 million, an increase of 42.6% from the previous year's position of GH¢254.6 million. This is very remarkable especially in view of the COVID-19 pandemic which made it extremely difficult for our branches to embark on their planned mobilization outreach. I take this opportunity to congratulate our staff for the high level commitment to our vision and for the performance. As a Board, we will continue to work with management to drive our strategy and sustain these gains which have been very consistent over the years as we seek to improve efficiency and service quality. In the coming year, we seek to drive more inclusion using technology and for this cause, we have plans to launch an agency banking platform very soon.

TOTAL ASSETS

Distinguished Shareholders, our bank maintained its leadership as the biggest rural bank in Ghana with total assets of the bank of GH¢474.1million, a growth rate

of 55.6% in a year from a previous year position of GH¢304.6 million (36.5% in 2019 and 15% in 2018). This is an unprecedented growth which is backed by an aggressive deposit mobilization strategy which the Bank has been pursuing as part of its financial inclusion strategy.

FUNDING AGRICULTURE PROGRAMS

Distinguished Shareholders, through the special farmers' loan program launched some 6 years ago, we are able to manage the risk associated with agricultural finance and continue to take bold initiative to provide the much needed credits to support our agriculture sector. In the year under review we move further from the disbursement of over GH¢30 million to over 10,000 farmers we did in the previous year to about GH¢42 million in disbursement to our gallant farmers who are mostly smallholder farmers especially cocoa farmers. With this milestone, we continue to remain the Bank of choice for our farmers. We wish to use this opportunity encourage our farmers to continue to pay back these loans as they fall due so that the Bank will be in a position to provide more support in the future.

SPECIAL FOCUS ON FUNDING MICRO SMALL AND MEDIUM ENTERPRISE

Distinguished Shareholders, I am pleased to inform you that as part of our growth strategy and in line with our plans to support economic recovery post COVID-19, we have developed plans with special focus on MSMEs financing. We believe that local economies in the operational areas of the Bank revolves around MSMEs and Farmers so in our quest to maintain our growth, it is in our interest to stimulate growth in these sectors and in the local economy. For this reason, a special fund has been set aside to increase the credit disbursement already available to players in the micro, small and medium enterprises. This means that our customers in this sector can access higher amounts of loans and advances at competitive terms and conditions to grow their businesses. Distinguished ladies and gentlemen, during the year under review our Bank granted credits to the tune of GH¢100 to the players in the MSMEs sector and we intend to double this amount this year to see more business grow, provide employment and support the local economy recover from impact of COVID-19. In line with this plan, we are happy to inform you that, we have partnered a local company to establish a commercial starch factory at Wasa Asikuma under the governments IDIF with the potential to provide jobs to over 100 people in the community.

STATED CAPITAL

Distinguished Shareholders, our stated capital is well over GH¢6 million as far in excess of the GH¢1 million required by the Bank of Ghana. This means our Bank

has met and exceeded the current capital requirement of the Bank of Ghana by more than 600% and in addition built up an appreciable amount of reserves in excess of GH¢38 million, making our Bank highly solvent.

PROPOSED DIVIDEND

Distinguished Shareholders, given the impressive results of our performance for the period under review and the fact that we have not paid dividends in the last two years, the Board was so determined to declare and pay good dividends on your investment this year. Unfortunately, the Bank of Ghana, as part of its effort to strengthen the stability of the banks during these uncertain times, has issued a renewed directive on payment of dividends further restraining Banks and SDIs from declaring and paying dividends for the financial 2020. This is a big blow to all of us who are so expectant of earning dividends on our investment. In view of our strong results and financial position, we have written to the Bank of Ghana with a copy of our financial statement and we are hopeful that by the time of our meeting, we would have received favorable response from them. In view of our high expectations of a favorable response, the Board of Directors has proposed dividend of GH¢0.06 per share amounting to GH¢1,944,142 this year. Fellow shareholders, I wish to emphasize that this proposal is subject to approval of the Bank of Ghana. Irrespective of how it turns out, we will like to assure members that the Board has put in place good measures as in the past to ensure that Bank will continue to operate profitably to guarantee good dividends are paid out in the future.

DIRECTORSHIP

Distinguished Shareholders, in line with the provisions of section 325(1) of the Companies' Act 2019, Act 992, two of our directors are due to retire on rotation basis in the persons of Mr. Moses Ampong and Dr. Toni Aubynn. Board directors have been at the helm of leadership as Vice and Chairman respectively and have worked so hard to ensure the successful implementation of the Bank's strategy resulting in an outstanding performance year-on-year. These gentlemen have offered themselves up for re-election and it's my pleasure to recommend them to you for re-election.

AWARDS AND OTHER ACHIEVEMENTS

Distinguished Shareholders, our bank continues to receive recognitions from renowned organizations in respect of its performance, achievements and impacts. During the year 2020, there were not many awards program in view of the pandemic, we still received some awards both from local and international organizations including Gold award at the Business and Financial Services Excellence Awards. The Bank also received the prestigious Peak of Success

Award at the International Business Excellence Awards by the World Confederation of Businesses, a USA based business think tank which was done virtually.

CORPORATE SOCIAL RESPONSIBILITY PROJECTS

Distinguished Shareholders, we are still very focused on supporting the development of our local communities in the area of corporate social responsibility (CSR) as we invested good sums of money in the communities in the areas of education, Water, Health and sanitation, PPEs to fight Covid-19, arts and culture and sports development. Our flagship CSR project which is the construction of the Amenfi State University is progressing earnestly and we are very focused to ensure that this dream comes through. A journey of a thousand mile, they say begins with a step, and so I am very confident that some 40 years to come, when Amenfi State University is marking its 40th anniversary, posterity will talk about us just as we are talking today about our forbearers who had the Amenfiman dream some 40 years ago. Distinguished shareholders.

HUMAN RESOURCE DEVELOPMENT

Distinguished Shareholders, Ladies and gentlemen, we continue to prioritize development of our human capital a central part of our strategic plans. Staff training and employee personal development are integral part of the Bank's growth agenda because we believe that our greatest assets are our people. During the year Our second batch of talents in our flagship ATAP program passed out with new skill sets and capacities. In addition, several professional developmental programs are being implemented to upgrade the skills and competencies of our staff to enhance their capacity to execute our strategy.

SHARES MANAGEMENT REGISTER AND POLL VOTING

Distinguished Shareholders, as the Bank strives to adopt poll voting at our meetings in line with the provisions of the Companies Act 992 of 2019, it is imperative that all shareholders who are yet to update their records and consolidate their shareholdings visit any of our locations to undertake this all important exercise. I must admit that a sizeable number of shareholders have taken steps to update their records and consolidate their holdings in the case of Shareholders with multiple shareholding ID's after I announced this during our last meeting. I admonish those who are yet to respond to the call to do so as matter of importance.

Outlook

Distinguished Shareholders, the impact of the novel COVID-19 on all businesses including players in the financial sector in the year under review cannot be

overlooked. However, with the grace of the Almighty and with the strategies implemented in the year, we were able to post another impressive performance.

We continue to remain resolute in discharging our mandate as a Financial Institution and our performance in the year under review make the Bank stronger, liquid and well capitalized Bank and we remain focused in conducting our activities with outmost care and with the ultimate goal of increasing shareholder's worth.

As the restrictions placed on local and global businesses by the pandemic continues to ease, we remain a reliable and trusted financial partner to the MSME sector. As a business strategy, we are giving serious attention to MSMEs and farmers as our way in helping our clients rebuild and grow their business while supporting recovery of the local economy in a post pandemic era. To remain resilient as we navigate through the difficult path of economic recovery post pandemic, risk management and prudence remain key in all our decisions and actions as we endeavor to strike a good balance with customer service and opportunity for further growth. We will continue to use technology, collaborations and partnerships to drive growth in the future. We have reached various levels of collaborations with other banks and fintechs which provides powerful leverage to do more in our effort to go digital and online. As a Board, we remain focused on our core mandate to provide leadership and direction to deliver on our strategy.

ACKNOWLEDGEMENT

Fellow Shareholders, Nananom, Ladies and Gentlemen, let me take some moment to pay tribute and honor the contributions of our pioneers who had the dream of a Bank and worked hard to make it a reality. On the occasion of our 40th anniversary, I wish to specially acknowledge the visionary king of the Amenfi state Nana Kwasi Nyarko Ampem II whose dream it was to open a bank here in Wasa Amenfi; the Bank Implementation Committee made up of Mr. S. K. Kukwaw, Mr. Francis Kwaku Nterful, Mr. James Kwasi Acquah, Teacher Ketsen, Mr. Paul Kofi Amankwaah (Kyekyeku), Mr. Jackson Kwadwo Ntiako (My Wife), Mr. A. O. Zogblah (then Registrar at the Traditional Council at the time), and Mr. Anthony Justice Quaidoo who happens to be a member of the Board at this moment. I also wish to acknowledge the contributions of our first chairman, Nana Kwadwo Nuamah II, an illustrious son of the land for his meritorious service to the Bank, Mr. P.K. Damoah, longest serving Chairman and Capt. Rtd. Fred Quaah Afful for their various contributions that kept the Bank through difficult times and prepared the grounds for the take of the growth era we are experiencing today.

I also acknowledge and appreciate past and present Board members, Management and Staff of the Bank for their hard work, commitment and dedication which has seen the bank grow from strength to strength. Even though the list is too long to mention all, I cannot end without a special mention of the contributions of Mr. Lucas Agyapong Boateng, whose era as the Chief Manager help to stabilize the Bank and

moved it from a distress category to a satisfactory status. And to the current CEO, Dr. Alexander Asmah, his management team and all staff I salute all of you. I wish to thank you for the hard work you do every day to ensure that we remain the NO. 1 and the leading Bank in the industry. I also thank my fellow shareholders for your support which have brought us this far.

Ayekoo, Happy 40th Anniversary.
Long Live Amenfiman. God bless us all
I thank you for your attention.

THE 4 CHAIRMEN FOR THE PAST 40 YEARS AS FOLLOWS:



Nana Kodwo Nuamah II
(1980-1991)



Mr. P.K. Damoah
(1991 -2003)



Capt. Fred Quaah Afful
(2003 – 2010)



Dr. Toni Aubynn
(2010 – Date)

“Life begins when you start something, and blossoms when you keep doing it”

Michael Basse Johnson

The conception of a Bank: The wisdom of a King

In the month of May in 1980, the Amenfiman Rural Bank Plc became a fully registered commercial business. In September of that same year, the Bank received its Banking licence from the Bank of Ghana (BoG) and officially opened its doors to the public. Erstwhile to this, there had been a clarion call by the people of Wasa Amenfi for access to banking services in the Amenfi area. Several correspondence and contacts by the then Omanhene of the traditional area Nana Kwasi Nyarko Ampim II to get other prominent banks of the period to open a branch at Wasa Akropong proved to be futile.

In 1979, the Bank of Ghana undertook a currency redenomination exercise which eventually resulted in the confiscation of monies held outside the banking system in excess of a threshold of 5000 cedis. The old cedi notes were discounted at 30 % in the then new cedi during the exercise. This did not affect monies already banked. However, individuals who held cash outside the banking system were given a maximum of 5000 cedis of the new currency resulting in excessive loses.

The situation brought untold hardships to the citizenry. It was particularly difficult for the people of Wasa Amenfi to get access to a bank to exchange the old cedi for the limited amount of the new cedi. Apart from neighbouring Samreboi which had a branch of the then Ghana Commercial Bank, there was no bank in the entire Wasa Amenfi Traditional Area. The nearest location with banking facility was Tarkwa in Fiase.

Following the redenomination exercise, Nana Kwasi Nyarko Ampim in his quest to alleviate his people’s struggles engaged the Agricultural Development Bank. In the process, the Managing Director of the Agricultural Development Bank introduced

Nana to the Rural Banking concept introduced by the Bank of Ghana in 1976 and urged him for a letter expressing interest. He subsequently accompanied Nana Kwasi Nyarko Ampim to see Mr. Asiedu Mantey who was responsible for Rural Banking at the Bank of Ghana at the period. Nana's application was accepted for the opening of the Rural Bank in Wasa Akropong and thus the dream became reality.

Birth of the Bank: From dream to reality

Consequently, an implementation committee was established which was made up of the following people:

- Mr. S. K. Kukwaw
- Mr. Francis Kwaku Nterful
- Mr. James Kwasi Acquah
- Teacher Ketsen
- Mr. Paul Kofi Amankwaah (Kyekyeku)
- Mr. Jackson Kwadwo Ntiako (My Wife)
- Mr. A. O. Zogblah (then Registrar at the Traditional Council)
- Mr. Anthony Justice Quaidoo.

The committee's terms of reference were

1. To secure accommodation for the proposed Bank,
2. To make necessary alterations and improvements to befit the status of a Bank premises and furnish the facility.

The committee met Nana Kofi Ampong, a native of Wasa Akropong for his two-storey building situated at the central business area of the town for the proposed bank. The building, at the time, served as the offices of the Produce Buying Company (PBC). Due to the exigency of the situation and the request of the Omanhene, the building was released for renovation as the proposed bank. The Wasa Amenfi Traditional Council provided the initial funding for the exercise.

Coincidentally there was a General election in July 1979 and Hon. Paul Kwabena Damoah who stood on the ticket of the Popular Front Party (PFP) won the parliamentary seat. By his elevation as the member of parliament for the area, the Omanhene invited him to join the Bank Implementation Committee. He was further charged to handle the mobilization of shares for the proposed bank with the

assistance of Mr. Anthony Justice Quaidoo. Mobilized funds were to be lodged with the office of the Traditional Council for safekeeping. According to the Omanhene, the Bank of Ghana had set 120,000 cedis as the minimum capital requirement for the opening of the Bank.

The invitation of the Honourable P.K. Damoah was successively followed by a community summon by the paramount chief of the area to announce to the people that Hon. P.K. Damoah and Mr. Anthony Justice Quaidoo were the accredited people charged with the mobilization of shares for the proposed bank. The people were urged to patronize the purchase of shares in the proposed bank.

In September 1980, the Wasa Akropong Rural Bank which subsequently would become Amenfiman Rural Bank was opened. The opening of the Bank was heralded by a certificate of incorporation and certificate of commencement of business. The two certificates were collected on behalf of the Bank by Mr. Paul Kofi Amankwaah, a member of the Implementation Committee. There was a discussion to get a prominent person of the Traditional Area to Chair the Board of the Bank and Nana Kwadwo Nuamah II, the then Tufohene of Wasa Amenfi Traditional Area and a shrewd businessman in Accra was identified and approved for this position. The banking license was brought in by Nana Kojo Nuamah accompanied by representatives of Bank of Ghana during the inauguration of the Bank.

Nana Kojo Nuamah brought the idea of having four rural banks in the Wasa Amenfi area after an encounter with officials from BoG who hinted him of the Central Bank's plans to pursue rural banking in local communities. Nana Nuamah proposed the establishment of 3 other rural banks at Manso Amenfi, Ankwaso and Agona Amenfi in addition to that of Wasa Akropong. His promotion of this idea led to mobilization of shares and the ensuing establishment of Mansoman Rural Bank and Upper Amenfi Rural Bank which was actually born out of Amenfiman Rural Bank. Unfortunately, only Amenfiman Rural Bank at Wasa Akropong and Upper Amenfi Rural Bank at Ankwaso have prospered to this day.

At the initial stage of the bank's operations, the Bank of Ghana provided a van to support operations of Rural Banks in the Wasa and Sefwi communities. Under the instrumentality of Nana Nuamah, the van was stationed at Wasa Akropong and that

was a boost for Amenfiman Rural Bank at that time since none of the banks had motor vehicles.

Amenfiman Rural Bank Ltd was started with six initial staff, namely

1. Mr. Titus Eyie Ainoo Manager
2. E. N. K. Wood Accountant
3. Mr. Isaac Ben Forson Clerk
4. Mr. James Oscar Bukuro Cashier
5. Miss Janet Adade Counter Clerk
6. William Kofi Ainoo Messenger

The initial Board of Amenfiman Rural Bank consisted of the following

1. Nana Kojo Nuamah II Chairman
2. Jackson Kojo Ntiako Director
3. Mr. James Acquah Director
4. Mr. J. K. Mesu Director
5. Mr. Paul Amponsah Director

The Bank has so far had 4 chairmen for the past 40 years as follows:

1. Nana Kodwo Nuamah II – (1980-1991)
2. Mr. P.K. Damoah – (1991 -2003)
3. Capt. Fred Quaah Afful – (2003 – 2010)
4. Dr. Toni Aubynn – (2010 – Date)

Amenfiman Rural Bank has however had a chequered history in its management front leading to initially high labour turnover at the senior management level. So far the leadership of the Bank has changed 13 times in its 40-year history.

The line-up of Chief Managers and Chief Executives are as follows

1. Mr. Titus Ainoo (1981-1982)
2. Mr. E. N. K. Wood (1982-1983)
3. Mr. Benjamin Kwame Hayford (1983-1984)
4. Mr. J. K. Mensah (1984-1989)
5. Mr. Kwame Ahimah (1989-1992)

6. Mr. J.E Korsah (1992-1994)
7. Mr. Lucas Agyapong Boateng (1994-2005)
8. Mr. G.K. Ahadzi (BOG Relieving Manager) (9 months in 2005)
9. Mr. M. A. Arthur (2 Weeks)
10. Mr. J. K. Mensah (2006-2009)
11. Mr. Stephen Ampong (2009-2010)
12. Interim Management Team (9 Months)
13. Dr. Alexander Asmah (2011-Date)

The audacity of a Manager

In August 1994, the Board of Amenfiman appointed Mr. Lucas Agyapong Boateng, an indigenous young man from Abesewa Gyaman who had been the Manager at Kaaseman Rural Bank as the Chief Manager for the Bank. At that time Amenfiman had only one agency at Asankrangwa which was not self-accounting. Through the input of Mr. Lucas Agyapong Boateng, effective deposit mobilization, cost cutting and capital adequacy improvement strategies the Bank started making progress and began moving away from distress to distinction. In 1996, Amenfiman opened its second branch at Prestea to mobilize deposit in that catchment area. At that time the large Rural Banks in Ghana were Lower Pra and Atwima Kwanwoma Rural Banks. It was the ambition of Amenfiman management to surpass them. By 1998 Amenfiman Rural Bank had opened four more branches at Samreboi, Enchi, Bawdie and Dunkwa-On-Offin to do intensive deposit mobilization. The Board embarked on staff training to be able to cope with the new strategies and also hired graduates to support the implementation of the master plan.

Mr. Lucas Agyapong Boateng's tenure brought stability and growth and the Bank began to turnaround. It was during this period, that the current Head Office was built. After the exit of Mr. Lucas Agyapong Boateng, the Bank struggled to maintain stability at the management level and from 2005 to 2010, leadership changed hands 5 times from a relieving manager from Bank of Ghana to three substantive Managers to an Interim Management Team.

A decade of extraordinary change

Following the AGM of September, 2010 Dr. Toni Aubynn was elected the Chairman of

the Board, taking over the leadership of the Bank from Capt. Rtd. Fred Quaah Afful who had successfully steered the affairs of the Bank for seven years (2003-2010). The other Board members were Mr. Moses Ampong (a.k.a Aduro Wura)-Vice Chairman, Mr. Anthony Justice Quaidoo Board Secretary, Mr. Morgan Setordjie, Madam Agatha Cudjoe, Mr. Eustace Kwesi Haizel and Capt. Fred Quaah-Afful. At the assumption of office as the Chairman of the Board, Dr. Toni Aubynn and his team announced a three-point vision, namely

- Revamping the human capital of the bank
- Growing the bank through responsible branch expansion
- Extraordinary delivering of banking services and care of our customers

In keeping with the above vision, the Board embarked on a staff quality improvement journey. With the inclusion of strategic recruitment of high quality staff some of whom were tactically poached from high-street banks such as Barclays Bank, Stanbic Bank, UMB etc this served as a good blend of fresh staff with existing staff. At the heart of this effort was the search for a new Chief Executive Officer (CEO) to replace the Three-man Interim Management Team which had been put in place, in June 2010, following the exit of the then CEO.

“As a Bank, I believed then and now that Amenfiman could go beyond its present comfort zone of operating within the narrow Wasa Amenfi traditional area, to provide financial intermediation services to the several unbanked and the underbank people. I believed that the bank could grow strategically to become a high street bank from Wasa Akropong. So constantly we psyched our staff and challenged them to gaze their focus beyond their narrow areas and to see our competitors not as the Rural banks but the Barclays, the Stanbics, the Cals,” recalled Dr. Aubynn

A rigorous executive search resulted in the appointment of a native from Abesewa Gyaman in the person of Dr. Alexander Asmah, an astute banker, who had had an earlier stint with Amenfiman. He was the then Head of Operations at the Cape Coast Branch of Barclays Bank Ghana Limited (now ABSA Bank). Dr. Alexander Asmah became the 13th CEO of the Bank since its establishment.

Dr. Aubynn, the board chairman, tasked the new and energetic CEO thus,

*“You should carry the bank to a height never seen before in the rural banking industry in Ghana. Do not be limited by our location. In fact, consider your former employers and their likes as now our competitors and not our sister rural banks. You should try and diminish the “rural” in our name and emphasize the **Amenfiness** and our **bankness** through world class banking service delivery to our stakeholders”*

Though Dr. Asmah took over in a difficult time when all the 3-member Interim Management Team had resigned, with the support of the Board, he managed to put together a management team and immediately rolled out his plans and strategies for the Bank. *“There was no management to hand over to me when I came. All the Three-man Interim Management Team had all resigned at the time I came in”* Dr. Alex Asmah, CEO recalled.

With the vision of the Board and the unbridled energy of the management and staff led by Dr. Alexander Asmah, the Bank has seen remarkable growth. We have witnessed unprecedented infrastructural changes, significant improvement and development in all the financial indicators of the Bank and an integral expansion of the branch network. With the combined efforts of the Board and Management Amenfiman Bank has added 9 newly established and full-fledged branches, 5 mobilization centers and 3 microfinance centers for the 8 branches which have been in existence for the past decade. It bears noting that out of the 8 branches in operation then, 3 had been earmarked for closure for poor performance. Amenfiman is the first and arguably the only rural bank which operates in four regions currently.

Presently, Amenfiman is the biggest rural bank in Ghana and is ranked NO.1 and adjudged the leading Bank among the 144 Rural and Community Banks in Ghana. The staff strength of the Bank has moved from the 69 employees to 480 highly skilled and motivated employees who are bridled with the Bank’s vision.

that the recent success is by his leadership. And he has been ably complemented by Dr. Alexander Asmah with his astute management and banking expertise”

The two gentlemen separately refused to claim the credits but rather attributed the success to teamwork and the unalloyed commitment of the Board, Management and the entire staff.

“I am a member of a team so if the team wins, even if I scored the goal, it is the team that has won” said the CEO, Dr. Alex Asmah.

On the part of the Board Chairman, the Bank’s success is due the excellent foundation established by Nananom, some of whom have gone to the village, past and present Boards and Management, our loyal customers and shareholders. He sounded philosophical when quoted Isaac Newton;

“If we can see further than others, it is by standing on the shoulders of others’. Even though I am proud of our achievements since I became the Chairman it is largely because God has given us the strength and our predecessors have cut a good path for us”

Challenges

In spite of the successes chalked, Amenfiman has had its fair share of challenges: the 1990’s rural banking crunch seriously affected the bank with dire liquidity challenges. It became challenging for the bank to grant all year-round loan facilities to customers. There were times in the life of the bank that staff had to go round to mobilize deposits before customers’ daily withdrawal requests could be honoured. In all these years the Bank was in a deplorable state and received little patronage from the community. Many of its customers withdrew their accounts to nearby banks like Barclays Bank and Ghana Commercial Bank. It was during the same period that Banks such as Sefwi Bekwaiman Rural Bank at the Sefwi Bekwai and Kwakwaduum Rural Bank located at Sefwi Boako which were among the rural banks established during the same period became distressed and finally collapsed. The operational issues of rural banks mounted in the late 1980s and early 1990s and Bank of Ghana classified several of them as distressed. The main problem? Lack of management stability. Hence, the Bank of Ghana had to write officially to the Boards

of Rural Banks to engage capable and innovative Managers who could turn things around.

“Do not despise little beginnings. It'll all make sense as you're staring at an opportunity that you realize the difficult moments merely prepared you for.”

Andrena Sawyer

Wither from here?

From a humble beginning with one branch and initial staff strength of six, through the difficulties of being distressed and liquidity trapped, Amenfiman Bank can now boast of 480 staff and over 100 outsourced staff producing unprecedented results in the industry. Amenfiman Bank is championing excellence in the rural banking industry. The bank has seventeen branches and five mobilization centres across five regions of Ghana. Amenfiman is poised to grow much further and farther as well as stronger and better into the future. By leveraging on the benefits of strategic partnerships and exploring alliances, Amenfiman continues to be committed to driving its growth agenda.

We are grateful for our modest beginnings because it is that which has primed us for the great exploit of today. It is that which will propel us for the greatness of our tomorrow. The secret behind our success? Simply, the people factor: visionary and selfless leadership, highly committed and motivated staff, loyal customers and dedicated shareholders. It is our vision that Amenfiman Rural Bank continues on this growth trajectory and remain relevant into the next 60 years where we will be counted among the indigenous Ghanaian companies with a 100 years' mark of excellence.

Long Live Amenfiman Rural Bank, Long Live the Wasa Amenfi State, Long Live Ghana.

Amenfiman Rural Bank – Your success, Our Pride

REPORT OF THE DIRECTORS

In accordance with the requirements of Section 136 of the Companies Act 2019 (Act 992) 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 31 December, 2020.

The Directors report as follows:

Statement of Directors' Responsibilities

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

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

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

FINANCIAL STATEMENT

	2020	2019
	GHS	GHS
Net Interest Income	<u>55,239,912</u>	<u>35,919,232</u>
Profit before tax	11,518,730	4,339,385
From which is added / (deducted):		
A provision for estimated income tax expense	(3,763,254)	(485,182)
Over Provision of tax	-	1,397,097
Deferred Tax Credit	<u>116,101</u>	<u>592,290</u>
Making a profit after tax of	7,871,577	5,843,592
Adjustment	-	-
Transfer to : Stated Capital	-	(1,650,696)
WHT on transfer to Stated Capital	-	(143,539)
Statutory Reserves	(1,967,894)	(1,460,899)
Community Development Fund	(233,744)	-
Staff Fund	(116,872)	-
Building Fund	(1,600,000)	-
University Project Fund	(467,487)	-
40th Anniversary Fund	(200,000)	-
Impaired Investment Fund	(2,889,013)	-
Dividend Paid	-	(990,291)
	<u>396,567</u>	<u>1,598,167</u>
which is to be added to the surplus brought forward of	14,113,714	12,736,347
Credit Risk Reserve	(266,588)	(220,800)
Fund Utilization	1,275,016	-
resulting in a balance to be carried forward on the		
Retained Earnings account as at 31st December	<u>15,518,709</u>	<u>14,113,714</u>

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

Nature of Business

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

Stated Capital

The Bank's Stated Capital increased from GHS 6,032,227 as at the end of the previous year to GHS 6,256,669 resulting in an increase of GHS 224,442 which represents 3.72%. The increase emanates from the sale of shares of 1,122,210 at GHp 20.00 per share which amounted to GHS 224,442. The number of shares also increased from 31,280,160 to 32,402,370 representing 3.59%.

Dividend

The Directors recommend the payment of dividends of GHS 1,944,142.20 (2019: Nil) subject to Bank of Ghana approval. That is GHp 6.00 per share on 32,402,370 Ordinary shares which qualified for dividends as per closure of register on December 31, 2020.

Social Responsibility

The amount spent on social responsibility during the year by the bank was GHS 1,000,051.

Directors

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

Names of Directors	Designation	Share Holdings
Dr Tony Aubynn	Chairman	359,244
Mr. Moses Ampong	Vice Chairman	166,422
Mr. Justice Anthony Quaidoo	Member/Secretary	173,894
Mr. Morgan Setordjie	Member	190,006
Lawyer Rosemary Boakye Yiadom	Member	-
Dr. Lucas Nana Wiredu Damoah	Member	115,653
Mr. Edmund Afful	Member	55,308

Capacity of Directors

The Bank ensures that only fit and proper persons are appointed to the board after obtaining necessary approval from the regulator, Bank of Ghana. Steps had been taken to build the capacity of directors to discharge their duties.

Audit Fees

The audit fees payable for the year was GHS 55,200

The Bank's remarkable palpable progress also reflects in the financial data. For instance, over the past 10 years, total assets of the Bank has grown 2533% from Ghc18 million in 2010 to GHc474 million in 2020, customer deposit has increased by 2320% from Ghc15 million in 2010 to Ghc363 million in 2020. At the same period, profits of the Bank have seen a massive jump from Ghc378k to GHc11.5 million representing 2942%.

When asked what the secret of the success was, the CEO, Dr. Alex Asmah had this to say *“our secret has been our people. For me, I get things done through people and achieve results through people. I have had the opportunity to work with the best people in our industry, very professional and hardworking people and the Board had been very supportive, the reason for this success”*.

On governance, the Bank has had stability at the Board level with four Board Chairpersons in its four decades of existence even though leadership at Management level has changed hands 13 times during the same period. Currently the Bank is superintended by a seven-member Board of Directors with Dr. Toni Aubynn as the Chairman. Other members of the Board are Mr. Moses Ampong, as Vice Chairman, Mr. Anthony Justice Quaidoo, Board Secretary, Mr. Morgan Setordjie, Mr. Edmund Afful, Dr. Lucas Nana Wiredu Damoah and Ms Rosemary Obeng-Kwaah. Adequate structures and management systems have been put in place to ensure the succession and sustainable growth of the Bank. The varied skills and expertise of the Board's composition has enriched their decision-making on pertinent issues and policy formation.

Mr. Anthony Justice Quaidoo the current board secretary and undoubtedly the longest serving member of the Board attributed the incredible successes chalked by the Bank to the leadership and inspiration of Dr. Toni Aubynn the Board Chairman and the dynamism of Dr. Asmah, the CEO.

“I can say without any equivocation that Dr. Aubynn has been a leader of exceptional vision and inspiration. Initially when he said we were going to do things differently and with horse power, no one understood him. But today I can say

Going Concern

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

Events after the Reporting Period

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

Litigation Statement

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

Auditors

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

On behalf of the Board



Dr. Toni Kwesi Aubynn
Board Chairman

30th April, 2021



Anthony Justice Quaidoo
Board Secretary

30th April, 2021

INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER, 2020

Qualified Opinion

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

What we have audited

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

The financial statements comprise:

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

Basis for Qualified Opinion

Included in the non-pledged trading assets of GHS 299,609,362 shown on the Statement of Financial Position are short-term investments of GHS 14,185,974 with Gold Coast Securities fund management which qualify for impairment. However no impairment was made by management because of their belief that the repayment would soon be received. In our opinion, it is not certain when the bank could redeem the matured investments and as such impairment should have been made in line with IFRS 9.

The effect of this non impairment of the locked up funds would affect the statement of comprehensive income for the year and that of the short term investments in the statement of financial position.

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

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

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

other ethical responsibilities in accordance with the Code.

Emphasis of Matter

We draw attention to note 14 of the financial statements which indicates that the bank has investments in deposits of GHS 37,382,829 with certain defunct fund management institutions. Repayment has been a challenge, however there is an assurance from the official liquidator, the Registrar General that the amount of GHS 23,196,855 with McOttley Capital Fund management institution will be repaid and as such no impairment charge has been provided.

Key Audit Matters

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

Impairment of Short Term Investments

The Bank continues to make short-term investments with various fund managers. Some of these investments have matured but have not yet been received. Repayments from these companies have been of a challenge as at the time of this report. Due to the significant judgment that is applied by management in determining whether an impairment loss has occurred and in estimating the expected amount and timing of future cash flows, we considered this to be a key audit matter.

Impairment of Loans and advances to customers

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

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

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

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

financial statements given the level of judgement and estimation involved.

How our audit addressed the Key Audit Matter

Loan and Advances

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

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

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

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

Short-term investments

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

Other Information

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

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

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is

materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

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

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

Responsibilities of the Directors for the Financial Statements

The directors are responsible for the preparation and fair presentation of the financial statements that give a true and fair view in accordance with International Financial Reporting Standards (IFRSs) and in the manner required by the Companies Act, 2019 (Act 992) and the Banks and Specialized Deposit Taking Institutions Act, 2016, (Act 930), and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Bank's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Bank or to cease operations, or have no realistic alternative but to do so.

The directors are responsible for overseeing the Bank's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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 Companies Act, 2019 (Act 992)

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

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

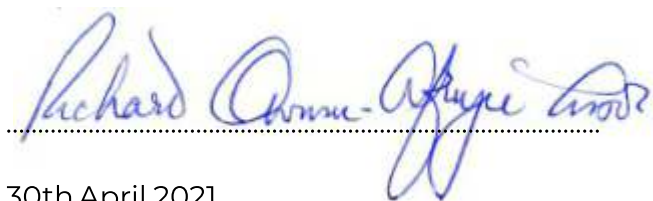
Banks and Specialized Deposit-Taking Act, 2016 (Act 930)

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

We hereby state that:

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

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



Richard Owusu-Afriyie

30th April, 2021

**For and on behalf of
RICHARD OWUSU-AFRIYIE & ASSOCIATES: (ICAG/F/2021/084)
Chartered Accountants
House of Grace, Adum, Kumasi**

STATEMENT OF COMPREHENSIVE INCOME YEAR ENDED 31ST DECEMBER, 2020

	(NOTES)	2020 GHS	2019 GHS
Interest Income	(6)	67,054,422	43,581,966
Interest Expense	(7a)	(11,814,510)	(7,662,734)
Net Interest Income		55,239,912	35,919,232
Commissions and Fees	(8)	4,966,196	5,236,636
Other Operating Income	(9)	2,078,125	1,044,045
Operating Income		62,284,233	42,199,913
Impairment charge on loans and advances		(3,642,999)	3,024,232
Specific Bad Debts Written- Off		-	(4,111,501)
Personnel Cost	(10a)	(23,789,958)	(20,803,031)
Depreciation and Amortisation		(1,778,596)	(2,105,482)
Interest on borrowings and Finance Cost	(7b)	(2,519,055)	-
Other Operating Expenses	(10b)	(19,034,895)	(13,864,746)
Net Operating Profit Before Taxation		11,518,730	4,339,385
Deferred Tax Credit	(11 i)	116,101	592,290
Tax Provision	(11 iii)	(3,763,254)	(485,182)
Profit for the year		7,871,577	4,446,493
Other Comprehensive Income		-	-
Over Provision of Tax		-	1,397,099
Total Comprehensive Income for the year		7,871,577	5,843,592

STATEMENT OF FINANCIAL POSITION AS AT 31ST DECEMBER, 2020

	(NOTES)	2020	2019
ASSETS		GHS	GHS
Cash and Balances with ARB Apex Bank	(12)	36,781,534	43,143,611
Due from Other Banks	(13)	11,174,308	948,718
Investments - (Short Term)	(14)	299,609,362	137,022,488
Loans and Advances	(15)	107,879,884	93,159,660
Other Assets Accounts	(16)	5,646,123	17,877,191
Investments - (Long Term)	(17)	244,152	244,152
Deferred Tax Assets	(11 v)	317,850	837,456
Corporate Tax Credits	(11 iii)	-	14,818
Intangible Assets	(18)	344,891	24,000
Property & Equipment	(19)	12,191,562	11,382,278
TOTAL ASSETS		<u><u>474,189,666</u></u>	<u><u>304,654,372</u></u>
LIABILITIES			
Deposits and Current Accounts	(20)	363,614,268	254,635,378
Interest Payable and Other Liabilities	(21)	60,162,630	18,514,973
Due to Other Financail Instution	(22)	10,000,000	-
Current Corporate Tax Liabilities	(11 iii)	1,448,435	-
Deferred Tax Liability	(11 v)	103,592	739,299
Other Liabilities		13	13
TOTAL LIABILITIES		<u><u>435,328,938</u></u>	<u><u>273,889,663</u></u>
SHAREHOLDERS FUNDS			
Stated Capital	(23)	6,256,669	6,032,227
Statutory Reserve Fund	(24)	7,988,607	6,020,713
Credit Risk Reserve	(25)	1,238,798	972,210
Retained Earnings	(26)	15,518,709	14,113,714
Community Development Fund	(27)	195,795	982,614
Staff Fund	(28)	117,970	276,063
Building Fund	(29)	2,804,644	1,204,644
Scholarship Fund	(30)	558,524	562,524
Anniversary Fund	(31)	797,200	600,000
University Project Fund	(32)	494,799	-
Impaired Investment Fund	(33)	2,889,013	-
TOTAL SHAREHOLDER FUNDS		<u><u>38,860,728</u></u>	<u><u>30,764,709</u></u>

TOTAL SHAREHOLDERS FUNDS
AND LIABILITIES

474,189,666

304,654,372



Dr. Toni Kwesi Aubynn
Board Chairman



Anthony Justice Quaidoo
Board Secretary

STATEMENT OF EQUITY CHANGES

	CREDIT			COMM					TOTAL
	STATED CAPITAL	STATUTOR Y RESERVE	RISK RESERVE	RETAINED EARNINGS	BUILDING FUND	DEVELOPME NT FUND	SCHOLAR SHIP	OTHER FUNDS	GHS
2020	GHS	GHS	GHS	GHS	GHS	GHS	GHS	GHS	GHS
Balance as at 1 Jan	6,032,227	6,020,713	972,210	14,113,714	1,204,644	982,614	562,524	876,063	30,764,709
Profit for the Year	-	-	-	7,871,577	-	-	-	-	7,871,577
Share Purchases	224,442	-	-	-	-	-	-	-	224,442
Transfer to:									
Statutory Reserve	-	1,967,894	-	(1,967,894)	-	-	-	-	-
Movement during the Year	-	-	266,588	(5,773,704)	1,600,000	(352,256)	-	4,259,372	-
Dividends Paid	-	-	-	-	-	-	-	-	-
Utilisation	-	-	-	1,275,016	-	(434,563)	(4,000)	(836,453)	-
Balance as at 31 Dec	6,256,669	7,988,607	1,238,798	15,518,709	2,804,644	195,795	558,524	4,298,982	38,860,728
2019									
Balance as at 1 Jan	3,076,875	4,559,814	751,410	12,736,347	1,434,885	1,706,770	569,396	1,054,064	25,889,561
Profit for the Year	-	-	-	5,843,592	-	-	-	-	5,843,592
Share Purchases	1,304,656	-	-	-	-	-	-	-	1,304,656
Transfer to:									
Statutory Reserve	-	1,460,899	-	(1,460,899)	-	-	-	-	-
Stated Capital	1,650,696	-	-	(1,650,696)	-	-	-	-	-
WHT on Transfer to Stated Capital	-	-	-	(143,539)	-	-	-	-	(143,539)
Movement for the Year	-	-	220,800	(220,800)	-	-	-	-	-
Dividends Paid	-	-	-	(990,291)	-	-	-	-	(990,291)
Utilisation	-	-	-	-	(230,241)	(724,156)	(6,872)	(178,001)	(1,139,270)
Balance as at 31 Dec	6,032,227	6,020,713	972,210	14,113,714	1,204,644	982,614	562,524	876,063	30,764,709

STATEMENT OF CASH FLOW YEAR ENDED 31ST DECEMBER, 2020

	2020 GHS	2019 GHS
CASH FLOWS FROM OPERATING ACTIVITIES		
Net Profit Before Taxation	11,518,730	4,339,385
Depreciation Charge	1,742,876	2,099,482
Amortisation-Software	35,720	6,000
Other Non- Cash Movement	196,725	(150,770)
Withholding Tax on Transfer to Stated Capital	-	(143,539)
Impairment charge on loans and advances	3,642,999	(3,024,232)
Profit before Changes in Working Capital	<u>17,137,050</u>	<u>3,126,326</u>
CHANGES IN OPERATING ASSETS AND LIABILITIES		
Changes in Loans & Advances to Customers	(18,363,223)	(35,685,172)
Changes in Other Assets Accounts	12,231,068	(7,489,000)
Changes in Customers Deposits	108,978,890	65,409,607
Changes in Interest Payable and Other Liabilities	41,647,657	12,531,063
	<u>161,631,441</u>	<u>37,892,824</u>
Tax Paid	(2,300,000)	(500,000)
Net cash from Operating Activities	<u>159,331,441</u>	<u>37,392,824</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Property and Equipment	(1,959,370)	(842,851)
Purchase of Intangible Assets	(356,611)	-
Increase in Capital Work -in-Progress Expenditure	(786,515)	(542,225)
Dividend Paid	-	(990,291)
Changes in Short Term Investment	(166,448,374)	(40,880,243)
Net cash Used in Investing Activities	<u>(169,550,870)</u>	<u>(43,255,610)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Other Funds	-	(1,139,270)
Issue of Shares	224,442	1,304,655
Loan Received	20,000,000	-
Repayment of Loan	(10,000,000)	-
Net cash from Financing Activities	<u>10,224,442</u>	<u>165,385</u>
Net Increase /(Decrease) in Cash and Cash Equivalents	5,013	(5,697,401)
Cash and Cash Equivalents at Start	<u>47,950,829</u>	<u>53,648,230</u>
Cash and Cash Equivalents at Close	<u><u>47,955,842</u></u>	<u><u>47,950,829</u></u>
ANALYSIS OF CASH AND CASH EQUIVALENTS		
Cash on Hand	15,451,493	14,606,550
Bank Balances with ARB Apex Bank - Current	3,558,219	8,047,426

	- 5% Apex Deposit	17,467,205	11,689,635
ACCOD		245,000	8,800,000
91 Days T. Bills		59,617	3,858,500
Balances with Other Banks		11,174,308	948,718
		<u>47,955,842</u>	<u>47,950,829</u>

1. 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, (now repealed and replaced by the Companies Act, 2019, Act 992) 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 address of its registered office is Unnumbered Bank Building, Old Town Junction, Amenfiman, Wassa Akropong 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.

2. Basis of Preparation of Financial Statements

2.1 Statement of Compliance

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

2.2 Basis of Measurement

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

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

Fair value is the price that will be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of

whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or liability, the Bank takes into account the characteristics of the asset or liability if market participants will take those characteristics into account when pricing the asset or liability at the measurement date.

2.3 Functional and presentation currency

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

2.4 Use of estimates and Judgement

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

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

Changes in assumptions may have a significant impact on the financial statements in the period the assumptions changed. Management believes that the underlying assumptions are appropriate. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 5.

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

b) Fees and Commission

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

c) Other income

Other incomes are recognised as and when they are earned.

d) Dividends income

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

3.2 General and administrative expenses

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

3.3 Cash and cash equivalents

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

3.4 Intangible Assets

a) Initial recognition

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

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: 33.33%

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	20
Building	5
Temporal Structure	20
Office Equipment	20
Motor Vehicles	33.33
Computers	20
Generator	25
Safe	15
Leasehold Property	2
Solar Energy	20
Lawn Mower	25

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.

3.7 Financial instruments

(a) Financial assets

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

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

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

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

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

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

The Bank assesses at each financial position date whether there is objective evidence that a financial asset or group of financial assets is impaired. If there is objective evidence (such as significant financial difficulty of the obligor, breach of contract, or it becomes probable that the debtor will enter bankruptcy), the asset is tested for impairment. The amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (that is, the effective interest rate computed at initial recognition). The carrying amount of the asset is reduced through use of an allowance account. The amount of the loss is recognised in statement of profit or loss.

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

they are assessed as uncollectible.

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

(b) Financial liabilities

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

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

All loans and borrowings are classified as other liabilities. Initial recognition is at fair value less directly attributable transaction costs. After initial recognition,

Interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method.

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

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 accounting nor taxable profit nor 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 is provided on temporary differences arising on investments in subsidiaries, except where the timing of the reversal of the temporary difference is controlled by the Bank and it is probable that the temporary difference will not reverse in the foreseeable future.

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

3.15 Provisions

Provisions for legal claims are recognised when:

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

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

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

3.16 Foreign currency translation

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

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

4. Quantitative Disclosures

	2020	2019
Capital Adequacy Ratio	17.51%	15.59%
Non-Performing Loans Ratio	2.95%	0.66%
Loan Loss Provision Ratio	5.11%	2.28%
Liquid Ratio	73.30%	59.14%

5. 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.

5.1 Critical accounting estimates and assumptions

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

(a) Income taxes

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

(b) Income taxes

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

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

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

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. The Bank uses its judgement to select a

variety of methods and make assumptions that are mainly based on market conditions existing at the end of each reporting period.

5.2 Critical judgements in applying the Bank's accounting policies

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

Useful economic life of property, plant and equipment

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

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

	2020 GHS	2019 GHS
6. INTEREST INCOME		
Interest on Loans and Advances	45,967,105	35,338,502
Interest on Investments	21,087,317	8,243,464
	<u>67,054,422</u>	<u>43,581,966</u>
7a. INTEREST EXPENSE		
Interest Paid on Savings	6,028,683	3,237,820
Interest Paid on Fixed Deposit	5,785,827	4,424,914
	<u>11,814,510</u>	<u>7,662,734</u>
7b. INTEREST ON BORROWINGS AND FINANCE COST		
Interest on Borrowings	2,119,055	-
Processing Fees on Loans	400,000	-
	<u>2,519,055</u>	<u>-</u>
8. COMMISSIONS AND FEES		
Commitment Fees	3,212,825	3,138,099
Commissions Received	1,753,371	2,098,537
	<u>4,966,196</u>	<u>5,236,636</u>
9. OTHER OPERATING INCOME		
Sundry Income	2,078,125	1,044,045
	<u>2,078,125</u>	<u>1,044,045</u>

10a. PERSONNEL COST

Salaries and Wages	15,689,084	15,064,298
Social Security Contribution	1,332,361	1,257,994
Provident Fund Contribution	631,513	583,444
Medical Expenses	412,009	134,359
Staff Training Expenses	254,269	580,052
Staff Gratuity	274,965	-
Annual Bonus	3,252,000	2,015,596
Funerals & Staff Welfare	1,943,757	1,167,288
	<u>23,789,958</u>	<u>20,803,031</u>

10b. OTHER OPERATING EXPENSES

Occupancy Cost	4,413,766	4,007,529
General & Administrative Expenses	14,621,129	9,857,217
	<u>19,034,895</u>	<u>13,864,746</u>

General & Administrative Expenses include:

Auditors Remuneration	55,200	48,000
- Fees	<u>55,200</u>	<u>48,000</u>

Directors Emoluments	<u>725,589</u>	<u>567,754</u>
Board Meetings Expense	115,782	46,331
Directors Fees	112,900	119,700
Directors Transportation	128,582	164,834
Directors Sitting Expenses	368,325	236,889

11. Income Tax**i. Income tax expense**

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

Statement of profit or loss

Current income charge	3,763,254	485,182
(Over) / under provision for current tax	-	(1,581,662)
	<u>3,763,254</u>	<u>(1,096,480)</u>
Deferred tax charge / (credit)	(116,101)	(592,290)
Income tax reported in the statement of profit or loss	<u>3,647,152</u>	<u>(1,688,770)</u>

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/(Loss) before income tax	<u>11,518,730</u>	<u>4,339,385</u>
Statutory income tax rate of 25% (2019: 25%)	2,879,683	1,084,846
Non- deductible expenses for tax purposes	1,649,015	13,784
Effect on non-chargeable income	(89,741)	(48,877)
Effect on capital allowance utilised	(675,703)	(564,571)
(Over) / under provision for current tax	-	(1,581,662)

Change in recognised temporary differences	(116,101)	(592,290)
Income tax reported in the statement of profit or loss	<u>3,647,152</u>	<u>(1,688,770)</u>
Effective tax rate	<u>31.66</u>	<u>(38.92)</u>

iii. CURRENT CORPORATE TAX LIABILITIES
(Over) /

Year of Assessment	Balance as at Jan 1 GHS	Under Prov. In Prior Years GHS	Payments During the Year GHS	Provision for the Year GHS	Balance as at Dec 31 GHS
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
2019	1,581,662	(1,581,662)	(500,000)	485,182	(14,818)
2020	(14,818)	-	(2,300,000)	3,763,254	1,448,435

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

Balance at January 1	(98,157)	494,133
Origination / reversal of temporary differences: recognised in the statement of profit or loss (Note 11 i)	(116,101)	(592,290)
Balance at December 31	<u>(214,258)</u>	<u>(98,157)</u>

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

Deferred tax assets	(317,850)	(837,456)
Deferred tax liability	103,592	739,299
Net Deferred Tax Assets	<u>(214,258)</u>	<u>(98,157)</u>

12. CASH & BALANCES WITH ARB APEX BANK

Cash on Hand	15,451,493	14,606,550
Balances with ARB Apex Bank - Current	3,558,219	8,047,426
- 5% Apex Deposit	17,467,205	11,689,635
91 Days T. Bills	59,617	3,858,500
ACCOD	245,000	8,800,000
	<u>36,781,534</u>	<u>47,002,111</u>

13. BALANCES WITH OTHER BANKS

Commercial Bank Ghana Limited	158,412	241,741
Republic Bank and Other Banks	11,015,896	706,977
	<u>11,174,308</u>	<u>948,718</u>

14. INVESTMENTS (SHORT-TERM)

These are made up of:

T. Bills/Bonds	262,226,533	95,778,159
Money Placements with Discount Houses	37,382,829	37,382,829
	<u>299,609,362</u>	<u>133,160,988</u>

15. LOANS AND ADVANCES

(a) Analysis by type of Product

Overdrafts	11,080,617	10,531,520
Loans	102,612,303	84,798,177
	<u>113,692,920</u>	<u>95,329,697</u>
Less: Impairment charge	(5,813,036)	(2,170,037)
	<u>107,879,884</u>	<u>93,159,660</u>

(b) Analysis by Business Segment

Agriculture	4,833,370	2,653,935
Transport	2,563,173	-
Trading	76,757,041	60,567,632
Others	29,539,336	32,108,130
	<u>113,692,920</u>	<u>95,329,697</u>
Less: Impairment charge	(5,813,036)	(2,170,037)
	<u>107,879,884</u>	<u>93,159,660</u>

(c) Analysis by Type of Customer

Individuals	101,451,050	84,798,177
Private Enterprise	12,241,870	10,531,520
	<u>113,692,920</u>	<u>95,329,697</u>
Less: Impairment charge	(5,813,036)	(2,170,037)
	<u>107,879,884</u>	<u>93,159,660</u>

16. OTHER ASSET ACCOUNTS

Interest and Commission Receivable	1,757,619	14,408,335
Rent Prepaid	3,212,794	2,915,072
Inter Agency Balance	-	21,747
Office Account	424,138	345,917
Stationery Stock	251,572	186,120
	<u>5,646,123</u>	<u>17,877,191</u>

17. INVESTMENTS (LONG-TERM)

WERBA Investment	115,293	115,293
Shares in ARB APEX Bank Ltd.	128,859	128,859
	<u>244,152</u>	<u>244,152</u>

18 INTANGIBLE ASSETS

COST

Balance as at 1 Jan	30,000	30,000
Additions during the year	356,611	-
Balance as at 31 Dec	<u>386,611</u>	<u>30,000</u>

Amortisation

Balance as at 1 Jan	6,000	-
Charge during the year	35,720	6,000
Balance as at 31 Dec	<u>41,720</u>	<u>6,000</u>

NET BOOK VALUE-31/12/20

	<u>344,891</u>	<u>24,000</u>
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19. PROPERTY & EQUIPMENT

Office

2020	Land & Building	Motor Vehicle	Furniture	Computers	Safe & Lawn Mower	Generator	Temporal Structure	Solar Energy	Leasehold Property	CWIP	Total
	GHS	GHS	GHS	GHS	GHS	GHS	GHS	GHS	GHS	GHS	GHS
Balance as at 1/1/20	5,253,731	2,600,492	3,563,018	3,123,039	188,375	510,263	-	-	-	1,687,958	16,926,876
Additions during the year	41,600	355,414	300,057	818,223	84,395	91,965	2,300	179,638	85,778	786,515	2,745,885
Transfer	-	-	-	-	-	-	290,115	-	-	(290,115)	-
Disposal	-	(2,178,932)	(338,049)	(236,451)	(11,500)	(130,460)	-	-	-	(193,725)	(3,089,117)
Balance as at 31/12/20	5,295,331	776,974	3,525,026	3,704,811	261,270	471,768	292,415	179,638	85,778	1,990,633	16,583,644

DEPRECIATION

Balance as at 1/1/20	530,077	2,257,342	1,581,831	975,880	61,843	137,625	-	-	-	-	5,544,598
Charge for the year	130,805	238,526	605,845	639,504	31,001	32,681	38,989	23,952	1,573	-	1,742,876
Disposal	-	(2,178,932)	(338,049)	(236,451)	(11,500)	(130,460)	-	-	-	-	(2,895,392)
Balance as at 31/12/20	660,882	316,936	1,849,627	1,378,933	81,344	39,846	38,989	23,952	1,573	-	4,392,082

NET BOOK VALUE-31/12/20

	4,634,449	460,038	1,675,399	2,325,877	179,926	431,922	253,426	155,686	84,205	1,990,633	12,191,562
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2019

COST

Balance as at 1/1/19	5,253,731	3,194,295	3,361,707	2,984,048	181,875	640,523	-	-	-	1,145,733	16,761,912
Additions during the year	-	15,663	504,347	312,341	6,500	4,000	-	-	-	542,225	1,385,076
Transfer	-	-	(46,006)	-	-	(9,000)	-	-	-	-	(55,006)
Disposal	-	(609,466)	(257,030)	(173,350)	-	(125,260)	-	-	-	-	(1,165,106)
Balance as at 31/12/19	5,253,731	2,600,492	3,563,018	3,123,039	188,375	510,263	-	-	-	1,687,958	16,926,876

DEPRECIATION

Balance as at 1/1/19	407,623	2,032,890	1,254,504	684,782	35,627	216,009	-	-	-	-	4,631,435
Charge for the year	143,667	833,918	584,357	464,448	26,216	46,876	-	-	-	-	2,099,482
Transfer	(21,213)	-	-	-	-	-	-	-	-	-	(21,213)
Disposal	-	(609,466)	(257,030)	(173,350)	-	(125,260)	-	-	-	-	(1,165,106)
Balance as at 31/12/19	530,077	2,257,342	1,581,831	975,880	61,843	137,625	-	-	-	-	5,544,598

NET BOOK VALUE-31/12/19

	4,723,654	343,150	1,981,187	2,147,158	126,532	372,639	-	-	-	1,687,958	11,382,278
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20. DEPOSITS AND CURRENT ACCOUNTS

(a) Analysis by Type of Deposits

Current Accounts	57,781,489	43,840,082
Savings Accounts	242,233,269	165,689,316
Time Deposits	63,595,252	44,744,278
Other Deposit	4,258	361,702
	<u>363,614,268</u>	<u>254,635,378</u>

(b) Analysis by Type of Customer

Individuals	363,614,268	254,635,378
	<u>363,614,268</u>	<u>254,635,378</u>

21. INTEREST PAYABLE AND OTHER LIABILITIES

Interest and Bills Payable	55,026,723	17,130,729
Inter-Agency Balance	7,209	-
Managed Funds	1,490,808	254,840
Sundry Creditors	3,070,509	977,616
Accrued Charges	567,381	151,788
	<u>60,162,630</u>	<u>18,514,973</u>

22. SHORT-TERM BORROWING

Commercial Bank	10,000,000	-
	<u>10,000,000</u>	<u>-</u>

23. STATED CAPITAL

i) Authorised Ordinary Shares of No Par Value	100,000,000	100,000,000
ii) Issued Ordinary Shares of No Par Value	32,402,370	31,280,160
	GHS	GHS
iii) Proceeds Issued for Cash-Ordinary Shares	4,605,973	4,381,531
iv) Transfer from Income Surplus /Retained Earnings	1,650,696	1,650,696
	<u>6,256,669</u>	<u>6,032,227</u>

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

24. STATUTORY RESERVE FUND

Balance at 1 January	6,020,713	4,559,814
Add: Transfer from Retained Profits	1,967,894	1,460,899
Balance as at 31 December	<u>7,988,607</u>	<u>6,020,713</u>

Under Section 34 of the Banks and Specialized Deposit Taking Act 2016 (Act 930) the Bank has transferred the prescribed portion of 25% of the net profit for the year to Statutory Reserve Fund.

	2020	2019
	GHS	GHS
25. CREDIT RISK RESERVE		
Balance at 1 January	972,210	751,410
Add: Movement for the year	266,588	220,800
Balance as at 31 December	<u>1,238,798</u>	<u>972,210</u>
26. RETAINED EARNINGS ACCOUNT		
Balance as at 1 January	14,113,714	12,736,347
Profit for the year transferred from Statement of Comprehensive Income	7,871,577	5,843,592
	<u>21,985,291</u>	<u>18,579,939</u>
Transfers to:		
Statutory Reserve Fund	(1,967,894)	(1,460,899)
Stated Capital	-	(1,650,696)
WHT on transfer to Stated Capital	-	(143,539)
Impaired Investment Fund	(2,889,013)	-
Community Development Fund	(233,744)	-
Staff Fund	(116,872)	-
Building Fund	(1,600,000)	-
Anniversary Fund	(200,000)	-
University Project Fund	(467,487)	-
Credit Risk Reserve	(266,588)	(220,800)
Funds Utilization	1,275,016	-
Dividend Paid	-	(990,291)
Balance as at 31st December	<u>15,518,709</u>	<u>14,113,714</u>
27. COMMUNITY DEVELOPMENT FUND		
Balance as at 1 January	982,614	1,706,770
Transfer from Retained Earnings	233,744	-
	<u>1,216,358</u>	<u>1,706,770</u>
Utilization during the year	(1,020,563)	(724,156)
	<u>195,795</u>	<u>982,614</u>
28. STAFF FUND		
Balance as at 1 January	276,063	454,064
Transfer from Retained Earnings	116,872	-
	<u>392,935</u>	<u>454,064</u>
Utilization during the year	(274,965)	(178,001)
	<u>117,970</u>	<u>276,063</u>

	2020	2019
	GHS	GHS
29. BUILDING FUND		
Balance as at 1 January	1,204,644	1,434,885
Transfer from Retained Earnings	1,600,000	-
	<u>2,804,644</u>	<u>1,434,885</u>
Utilization during the year	-	(230,241)
	<u>2,804,644</u>	<u>1,204,644</u>
30. SCHOLARSHIP FUND		
Balance as at 1 January	562,524	569,396
Transfer from Retained Earnings	-	-
	<u>562,524</u>	<u>569,396</u>
Utilization during the year	(4,000)	(6,872)
	<u>558,524</u>	<u>562,524</u>
31. ANNIVERSARY FUND		
Balance as at 1 January	600,000	600,000
Transfer from Retained Earnings	200,000	-
	<u>800,000</u>	<u>600,000</u>
Utilization during the year	(2,800)	-
	<u>797,200</u>	<u>600,000</u>
32. UNIVERSITY PROJECT FUND		
Balance as at 1 January	-	-
Transfer from Retained Earnings	467,487	-
Transfer from Community Development Fund	586,000	-
	<u>1,053,487</u>	<u>-</u>
Utilization during the year	(558,688)	-
	<u>494,799</u>	<u>-</u>
33. IMPAIRED INVESTMENT FUND		
Balance as at 1 January	-	-
Transfer from Retained Earnings	2,889,013	-
	<u>2,889,013</u>	<u>-</u>
Utilization during the year	-	-
	<u>2,889,013</u>	<u>-</u>

SCHEDULE TO STATEMENT OF COMPREHENSIVE INCOME YEAR ENDED 31ST DECEMBER, 2020

	2020	2019
	GHS	GHS
PERSONNEL COST		
Salaries and Wages	15,689,084	15,064,298
Social Security Contribution	1,332,361	1,257,994
Provident Fund Contribution	631,513	583,444
Medical/Welfare Expenses	412,009	134,359
Staff Training Expenses	254,269	580,052
Staff Gratuity	274,965	-
Annual Bonus	3,252,000	2,015,596
Funerals & Staff Clothing	1,943,757	1,167,288
	<u>23,789,958</u>	<u>20,803,031</u>
OCCUPANCY COST		
Repairs and Maintenance	224,616	245,336
Rent	661,044	612,570
Electricity and Water	882,247	895,750
Generator Running	251,350	271,276
Security Expenses	1,352,810	1,059,965
Sanitation & Cleaning Expenses	1,041,699	922,632
	<u>4,413,766</u>	<u>4,007,529</u>
GENERAL & ADMINISTRATION EXPENSES		
Travelling and Transport	870,841	1,015,306
Printing and Stationery	636,061	385,318
Hospitality to Guest & Protocol Expenses	1,491,779	716,724
Micro Finance	32,262	39,872
Board Meeting Expenses	10b 115,782	46,331
Directors Fees	10b 112,900	119,700
Specie Movement Expenses	103,855	108,659
Deposit Mobilisation Programme	1,310,205	881,041
Audit Fees	10b 55,200	48,000
Vat on Audit Fees	10,005	8,700
Internal Audit Expenses	45,910	44,912
Office Expenses	2,600,312	1,084,429
Insurance	329,763	338,303
Postages and Telecommunications	171,774	135,284
Defalcation	6,607	18,393
Motor Vehicle Running Expenses	1,830,505	1,515,148
Legal Expenses	353,343	216,765
Newspapers, Subscriptions and Periodicals	99,489	121,950
Bank Charges	360,655	121,956
SFC	69,822	131,585
Advertising and Publicity	415,987	370,196
Annual General Meeting Expenses	187,398	329,000
Motor Vehicle Repairs and Maintenance	858,590	734,550
Directors Transportation	10b 128,582	164,834
Directors Sitting Expenses	10b 368,325	236,889
Tax Consultancy and Professional charges	8,152	7,088
Social Responsibility	1,000,051	-
Computerization Expenses	1,046,974	916,285
	<u>14,621,129</u>	<u>9,857,217</u>
TOTAL OPERATING EXPENSES	<u>42,824,853</u>	<u>34,667,777</u>



Tetrete Okuamoah Sekyim II

CORPORATE SOCIAL RESPONSIBILITY ACTIVITIES



PROXY

ANNUAL GENERAL MEETING of the 37th Annual General Meeting of the members of Amenfiman Rural Bank Limited will be held on Saturday 29th May, 2021 at 10.00 am prompt at the Forecourt of Paramount Chief’s Palace, Wassa 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 May 29th, 2021.

Dated this.....day of.....2021.

.....
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 report of the Chairman of the Board of Directors for the year.		
2. To receive and consider the report of the Directors, the audited financial statements for the year ended 31st December, 2020 and the report of the auditors thereon.		
3. To authorize the Directors to fix the remuneration of the Auditors		
4. To approve the remuneration of Directors		
5. To (re) elect Directors in place of those retiring		
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 .

Please Cut Along This Line



AMENFIMAN

RURAL BANK



Championing Excellence **in** Rural Banking



Saturday, 29th May, 2021

SAVINGS | INVESTMENTS | LOANS | MONEY TRANSFER

Reach us on our hotlines:

020 203 0060,
020 203 0055

Website: www.amenfimanbank.com

E-mail: info@amenfimanbank.com



... Your Success Our Pride!