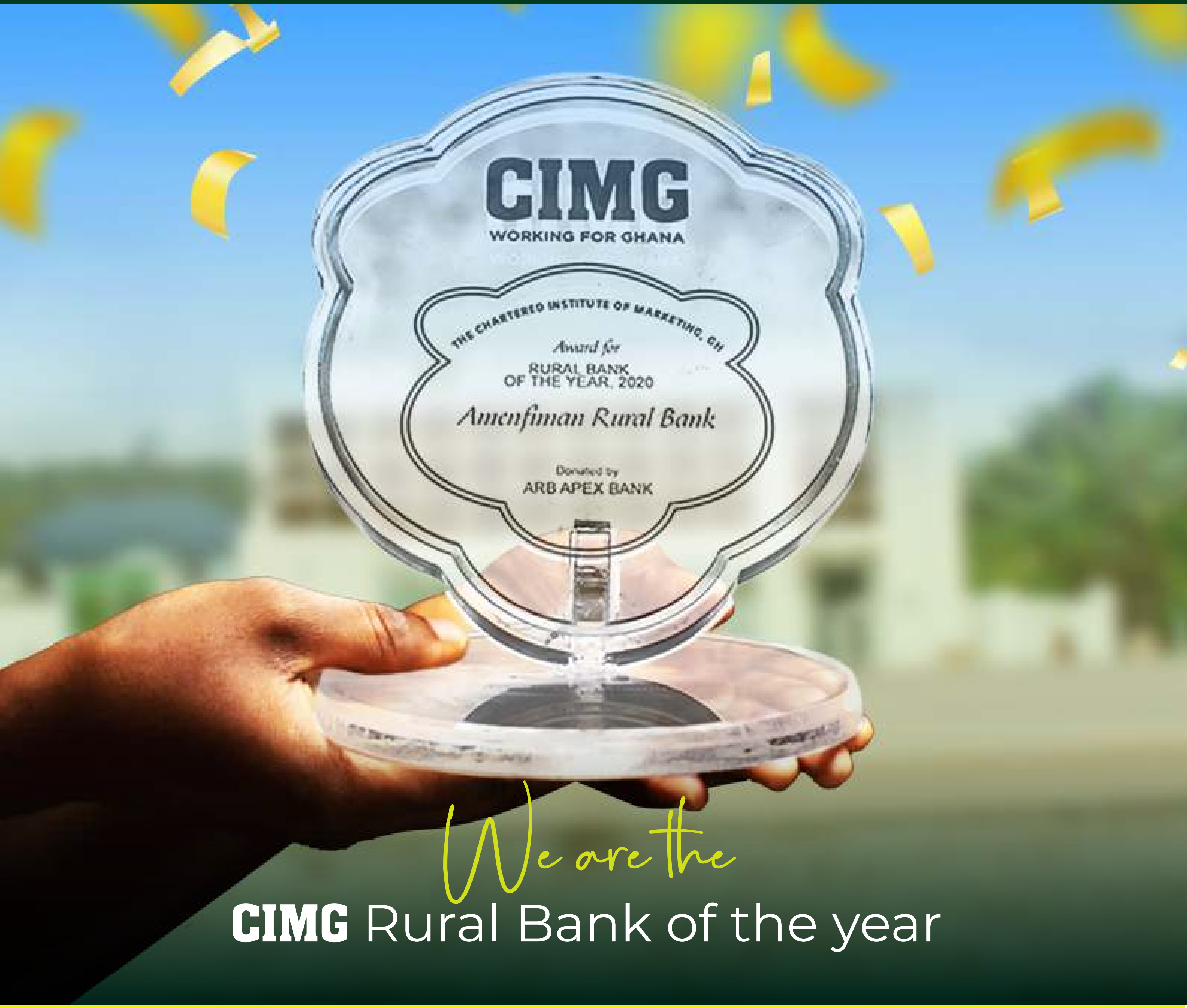
2021

ANNUAL REPORT

AMENFIMAN RURAL BANK



SAVINGS | INVESTMENTS | LOANS | MONEY TRANSFER

AMENFIMAN
RURAL BANK

...Your Success Our Pride!

Contents

NOTICE

NOTICE IS HEREBY GIVEN THAT the 38th Annual General Meeting of the members of the Company will be held on Saturday 11th June, 2022 at 10.00 am prompt at the Amenfiman Senior High School, Wassa Akropong for the following purposes:

AGENDA

1. Opening
2. To receive the report of the Chairman of the Board of Directors for the year.
3. To receive and consider the report of the Directors, the audited financial statements for the year ended 31st December, 2021 and the report of the auditors thereon.
4. To declare a dividend.
5. To authorize the Directors to fix the remuneration of the Auditors.
6. To approve the remuneration of Director.
7. To (re) elect Directors in place of those retiring.
8. To transact any other business which may be properly transacted at an Annual General Meeting and for which notice has been given.

By Order of the Board

Anthony Justice Quaidoo
(**Secretary to Board**)
Dated 16th May, 2022

Note:

Any member entitled to attend and vote may appoint a proxy to attend and vote on his/her behalf. Such proxy need not be a member of the Bank.
A copy of the Proxy Form can be downloaded from www.amenfimanbank.com and may be completed and sent via email to info@amenfimanbank.com or deposited at the registered office of the Bank, P. O. Box 14, Wasa Akropong not less than forty-eight (48) hours before the meeting.

GENERAL INFORMATION

BOARD MEMBERS

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

SECRETARY

Mr. Justice Anthony Quaidoo

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
Mr. Robert Asare
Mad. Rita Aidoo
Mad. Lydia Oduro

SOLICITORS

Nyanfeku Chambers
Shippers Council Roundabout
Takoradi

AUDITORS

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

BANKERS

ARB Apex Bank
CBG
GCB Bank
Republic Bank
Zenith Bank Gh

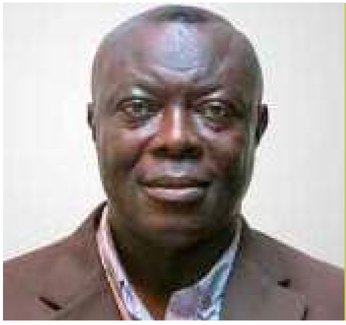
REGISTERED OFFICE

Wassa Akropong

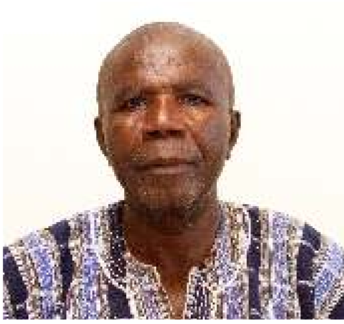
Box 14, Wassa Akropong, Western Region

BOARD OF DIRECTORS

DR. TONI AUBYNN
CHAIRMAN



MR. MOSES AMPONG
Vice Chairman.

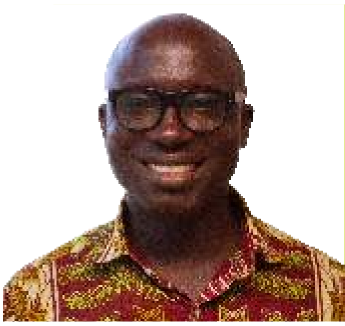


MR. ANTHONY JUSTICE QUAIDOO
Director / Secretary.

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

MR. ROBERT ASARE
Branch Manager

CHAIRMAN'S REPORT

INTRODUCTION

Distinguished Shareholders, Nananom, Fellow Board Members, Representatives from Bank of Ghana, ARB Apex Bank, Our Business Partners, friends from the media, Management and Staff of Amenfiman Rural Bank, Ladies and Gentlemen, on behalf of the Board of Directors, I once again welcome our shareholders to our 38th Annual General Meeting.

It is my pleasure to present to you my report on the performance of your Bank, Amenfiman Rural Bank Plc, for the year ended 31st December 2021 which demonstrates our resilience as we make progress towards our ambition to consolidate our leadership in rural banking in Ghana amidst the challenging environment. The COVID-19 pandemic which emerged as a socio-economic and humanitarian crisis worldwide infected millions and slowed down global economic activities. This triggered many countries including Ghana to impose tight restrictions on physical movement to compress the spread of the virus. As health concerns and mortality grew, substantial economic deterioration was clear and resulted in a record contraction in global economic growth. The imposition of border restrictions led to supply chain disruptions, adversely impacting global trade flow and resulted in lower demand for non-essential goods and services. Your Bank's response to these unprecedented challenges has been notable and we are exceedingly proud of how we supported our employees, customers and communities by keeping all business units. It is worth mentioning that all our branches and mobilization centers opened throughout the year. The financial industry was significantly impacted by the pass-through effects of the corona virus on our operations. The astonishing resilience exhibited by management and staff of the bank in the face of terrifying challenges made it possible for the bank to achieve strong financial performance for the year.

MACROECONOMIC ENVIRONMENT

The developments in the global economy had a knock-on effect on the Ghanaian economy. Ghana's Gross Domestic Product (GDP) growth rate was 5.4 percent in 2021 compared to 0.5 percent in 2020. The upturn in growth resulted from information and communication, real estate, transport and storage and a rebound in import trade, cocoa, hotels and restaurant sectors of the economy.

Headline inflation trended upwards from 10.4 percent in December 2020 to 12.6 percent in December 2021 driven mainly by sustained increased in food prices.

Interest rates on the money market broadly showed downward trends across the yield curve. The 91-day Treasury bill rate declined to 12.5 percent in December 2021 from 14.1 percent in 2020, and the 182-day Treasury bill rate fell to 13.2 percent in 2021 from 14.1 percent in 2020. The weighted average interbank rate declined to 12.7 percent from 13.6 percent, largely reflecting improved liquidity conditions. The monetary policy rate inched up by 100 basis points(bps) to 14.5 percent from 13.5 percent in November 2021 with the Monetary Policy Committee citing elevated inflationary risk.

The Ghana Cedi depreciated by 4.1 percent and 3.1 percent against the US Dollar and Pound respectively in 2021, compared with 3.9 percent and 7.1 percent depreciation in 2020. The Cedi however, appreciated by 3.5 percent against the Euro compared to a depreciation rate of 12.1 percent in 2020. The strong reserve position of the Country provided some buffers for the local currency despite demand pressures in 2021.

In spite of these macroeconomic and other external challenges, the bank still remained strong and resilient in the market.

BANKING INDUSTRY PERFORMANCE HIGHLIGHTS

The banking sector remained sound and well capitalized with strong growth in total assets and deposits throughout the year 2021 despite the effects of the challenges posed by COVID-19.

Total assets of the banking industry increased by 20.4 percent (year-on-year) to GH¢179.8 billion as of December 2021, higher than the 15.8 percent growth recorded in the same period of 2020 due to strong investment growth. Growth in gross loans and advances continued to pick up despite the pandemic-induced sluggish credit demand and supply conditions.

Gross loans and advances recorded a year-on-year increase of 12.6 percent to GH¢53.8 billion as of December 2021, higher than the 5.8 percent growth recorded in the previous year.

Growth in industry deposits was sustained with a year-on-year growth of 16.6 percent to GH¢121.1 billion. This was lower than the 24.4 percent growth recorded in 2020. Total borrowings increased by 51.9 percent in

2021 compared with a contraction of 29.0 percent in 2020. The industry's shareholders' funds remained strong, indicative of a strong capital base within the banking sector to withstand shocks. Shareholders' funds grew by 16.8 percent to GH¢24.8 billion as of December 2021 compared to the 20.8 percent growth in December 2020.

The profitability performance of the sector remained robust in 2021 despite the dip in the growth rate of profits. Profit before Tax recorded a 22.1 percent growth in 2021, relative to the 27.2 percent attained in the previous year. Industry total revenue increased by 14.6% to GH¢ 17.43 billion in 2021. Net interest income grew by 14.5 percent in 2021 compared to a growth of 20.9 percent in 2020. The strong growth in contingent liabilities and trade finance activities supported the growth in net fees and commissions by 24.8 percent in 2021, higher than the increase of 5.0 percent in 2020. Growth in operating expenses was higher at 14.2 percent in 2021 relative to the 8.2 percent growth a year earlier, driven by growth in staff costs and other operating expenses. Total provisions, however, contracted by 4.7 percent as of December 2021 from the 28.0 percent growth recorded a year ago.

BUSINESS OPERATING RESULTS

Distinguished shareholders, despite the national and local macro-economic challenges due to the pandemic, I am pleased to inform you that our Bank made significant strides during the year under review.

Table 1 below provides summary of the key performance indicators

Financial Indicator	2021 GH¢	2020 GH¢	Variance GH¢	% Change
Operating Income	78,285,710.38	62,284,233.00	16,001,477.38	25.72%
Profit Before Taxation	10,111,863.00	11,518,730.00	-1,406,867.00	-12.21%
Investments	246,777,773.00	249,503,349.00	-2,725,576.00	-1.09%
Cash & Bank Balances	52,314,658.00	47,955,842.00	4,358,816.00	8.97%
Advances	155,299,646.00	107,879,884.00	47,419,762.00	43.97%
Total Assets	477,458,767.00	424,083,653.00	53,375,114.00	12.57%

Total Deposits	401,799,301.91	363,614,268.00	38,185,033.91	10.47%
Shareholders' Funds	46,921,955.00	38,860,728.00	8,061,227.00	20.61%

OPERATING INCOME

Distinguished Shareholders, 2021 was another strong year for your Bank. Despite the global and domestic economic challenges indicated above, your Bank's total income increased from GH¢62.2 million to GH¢78.2 million representing 25.7 percent increase over that of 2020.

PROFITABILITY

Dear Shareholders, I am happy to inform you that our Bank continues to operate profitably. Amenfiman Rural Bank recorded profit before Tax of GH¢10.1 million compared to GH¢11.5 million posted in 2020, a slight dip from the previous year's. The profit after tax was GH¢7.586 million after paying corporate tax of GH¢3.566 million. The dip in profit was a result of additional impairment provisioning booked to cover difficulties in the recovering of our lending to cocoa farmers due to climate challenges they experienced during the year. I can confirm that the Bank is on course to recover the amount involved. Notwithstanding these challenges, the bank recorded growth in interest income of GH¢85.4 million from GH¢67 million in the year 2020, up by 26.8 percent. Commission and fees also increased by 21.7 percent to GH¢ 8.4 million from GH¢ 6.9 million. This is a reflection of our consistent implementation of a diversified business model. We believe that the macroeconomic fundamentals and the business environment provide further opportunities for revenue generation, going forward. We will continue to expand our efforts to grow our non-funded income, manage our operating expenses, as well as strengthen risk management and internal control as we grow our revenue and managee risks even in the face of increased competition.

DEPOSIT

Ladies and gentlemen, customers deposits which remains a key balance sheet component grew by 10.4 percent from GH¢363.6 million in 2020 to

GH¢ 401.7 million in 2021. We say a very big thank you to our cherished customers for choosing to do business with us. You continue to show faith in us by continually entrusting us with your deposits.

The Board will continue to work with management to offer our customers excellent products and services to sustain these gains which have been very consistent over the years. As we introduce more innovation and technology and improve efficiency and service delivery, we are confident of even greater performance in the years ahead.

TOTAL ASSETS

Distinguished Shareholders, our bank closed the year 2021 with total assets of GH¢477.4 million compared to GH¢424 million recorded in 2020, representing year-on-year growth of 12.6 percent, driven mainly by 43.9 percent increase in loans and advances to support agriculture and Micro, Small and Medium Enterprises sectors of the economy. It is refreshing that your bank still maintained its leadership as the largest rural bank in Ghana in terms of total assets.

Loans and advances component of the Bank's asset portfolio witnessed a significant growth from GH¢107.8 million to GH¢155.2 million recording a positive variance of GH¢47.4 million this showed the Bank's readiness to deliver credit to expand the operations of micro economic units such as farmers and traders.

STATED CAPITAL

The Stated Capital of your bank stood at GH¢ 6.7 million, significantly above the regulatory requirement of GH¢1 million. This is an indication that your Bank is sufficiently capitalized for our business.

Ladies and Gentlemen, we remain relentless in our quest to continuously deliver value to you, our shareholders. With our strategic drive of revenue growth, service excellence, investment in our people and harnessing the current and emerging technologies to our advantage, your Bank is on the right path to realise its ambition to dominate the rural banking sector in Ghana.

PROPOSED DIVIDEND

Distinguished Shareholders, due to the estimated impact of the COVID-19 pandemic on banks in general, the Bank of Ghana directed all Banks and Deposit Taking Institutions not to declare or pay dividend in two financial years; 2019 and 2020. I am happy to announce a proposal for a dividend payment of Six pesewas (Gh6p) per share representing a 30% return on your investment for the year 2021. In all, 34,775,719 ordinary shares qualify for dividend as at the closure of register on September 30th 2021 and this amounts to GH¢2,086,543.14. The Board will continue to work harder to ensure dividend payment in subsequent years.

DIRECTORSHIP

Mr. Morgan Setordjie, a cherished Member of the Bank's Board of directors who served the Bank for 18 years is currently deceased and would be missed dearly by the Bank and its shareholders. May his Soul Rest in Peace.

Mr. Setordjie's passing has left a vacancy that needs to be filled. For effective succession, the Appointment Committee of the Board has requested for applications from prospective shareholders who have knowledge and experience in finance, taxation, accounting, banking and economics as such knowledge would bring valuable skills, expertise, and experience to the Bank.

Lawyer Rosemary Boakye-Yiadom, who was co-opted into the Board for her legal background, has been approved by the Bank of Ghana and the Board also presents her for your approval to continue to serve the Bank.

At the appropriate time, these individuals would be presented to you for your decision.

AWARDS AND OTHER ACHIEVEMENTS

Amenfiman Rural Bank is contributing tremendously to the growth and development of individuals and businesses across the country and this has led to our bank receiving awards and recognitions from Local and International organizations during the year 2021. Some of the recognition includes;

i. CIMG's Rural Bank of Year Award (Chartered Institute of Marketing)
ii. CICM Bank of the Year (Chartered Institute of Credit Management)
iii. Entrepreneurial Bank of the Year (Glory Award) from World Confederation of Business's which is a business association of over 300 corporate memberships based in the United States.

In addition, the bank also received an Award from Financial Advocacy Center – UK as Financial Inclusion Bank of the Year and at the local level, an Awarding Media Group by name Unique Empire awarded the bank as a top Business in the Wassa Community.

Our success story was made complete with the election of our CEO Dr. Alexander Asmah, as the Most Respected CEO of the Year 2021 in the rural banking category. This is a clear indication that to every successful business there is also a successful leadership. This is a great milestone demonstrating the quality of the Bank's Management.

CORPORATE SOCIAL RESPONSIBILITY PROJECTS

Fellow Shareholders, our Bank continue to initiate and support projects under its corporate social responsibility programs with the aim of giving back to society. For the year 2021, a total of GH¢1,143,130 was spent on social programmes for local communities as presented below. It was not by coincidence that the education sector received a significant part (78%) of the total value spent under CSR. This is largely due to the Bank's commitment towards improving the education opportunities and facilities for people within our communities and the establishment of the flagship Amenfi State University College.

Currently work is being done on the 2nd floor of the 4-storey structure which is to be the administration and lecture halls of the Amenfi state University. All these are geared towards meeting the standards set out by authorities for appropriate accreditation.

The Wasa Akropong Government Hospital, Asankrangwa Health Directorate and Asankrangwa Nursing and Midwifery College were 2021 beneficiaries of support initiatives geared towards improving the health, water and sanitation of our communities. A total value of GH¢60,200 was spent on projects undertaken in this regard.

The Amenfiman Senior High school also benefited from a project by the Bank in 2021 to renovate the assembly hall of the school. The Bank also constructed a toilet facility for the Ghana Education service, Prestea Huni-Valley directorate at Bogoso. We also supported the Ghana Education Service, Amenfi East directorate to procure various equipment to set up an examination printing center.

In 2021 we made a strategic foray into harnessing the benefit of sports. We provided some sponsorship to the Samartex Football club 1996, a division 1 league club in Samreboi. I must say that this initiative has served both the bank, the Club and indeed the football-loving people of our catchment areas and beyond very well. We have deepened the brand reach of the Bank and contributed to building a strong team which we are told has qualified, for the first time in 26 years to play in the Premier League division. This means that for the first time ever, the good people of Wasa Amenfi can watch the premier league matches in their own area.

Below are details of the projects and supports provided during the year.

AREAS OF SUPPORT	**BRIEF NARRATION**	**BENEFICIARY COMMUNITIES/ INSTITUTIONS**	**AMOUNT** GH¢
1. Health, water and Sanitation	1. Donation of industrial shelves to Wasa Akropong Government Hospital. 2. Donation 100 bags of cement to Asankrangwa Health Directorate. 3. Donation to support the construction of classroom block at Asankrangwa Nursing &Midwifery training college and Dadieso CHIP compound.	Wasa Akropong Hospital, Wasa Dadieso CHIP Compound, Amenfi West Municipal Health directorate-Asankrangwa, Nursing &midwifery training college, Asankrangwa	60,200.00

2. Education	1. Amenfi state university project 2. Cost of Exams centre for Wasa Akropong G.E.S office 3. Renovation of Wasa Ashireso, Akropong Methodist and Wasa Adansi basic schools. 4. Renovation of AMENSS SHS assembly hall. 5. construction of toilet facility for Bogoso GES office.	Wasa Akropong Methodist school, Wasa Adansi Basic School, Wasa Ashireso Basic school, Amenfiman Senior High School and Bogoso G.E.S office	892,000
3.Security	1. Repair of fire tender for Wasa Akropong fire office 2. Donation to support police station project at Bawdie.	Wasa Akropong fire station, proposed Bawdie police station.	17,500.00
4.Agriculture	Donation to support Farmers Day celebration	ASSEMBLIES Amenfi East, Amenfi West, Amenfi central, Prestea Huni Valley, Tarkwa Nsuaem, Aowin Suaman, Atwima Kwanwoma, Suame, Upper Denkyira East, Bibiani Awiaso,	38,160.00

		Bekwai and Sefwi Wiaso Municipal	
5.Sports	Sponsorship package for Samartex FC	Samartex football club- Samreboi	120,000
6.Other social needs	1. Donation of cement to support Manso Amenfi and Wasa Asikuma community durbar centres. 2. Donation to support the desilting of drainages in Wasa Akropong and others.	Manso Amenfi, Wasa Asikuma and Wasa Akropong.	62,270.00
Total			**1,143,130.00**

HUMAN RESOURCE DEVELOPMENT

Distinguished Shareholders, Ladies and gentlemen, as a leading rural bank, development of our people remains a critical part of our development and strategic plans. Human capital continues to be the primary pillar around which Amenfiman Rural Bank leverages to maintain its leadership position in the industry. The Board will continue to invest in this strategic asset; using the A-Tap Talent Academy Program – our flagship programme for developing staff of high potential in Amenfiman Rural Bank.

The programme is a key lever in the Bank's succession management strategy focused on developing internal talent at multiple levels of the organization, grooming them to fill critical business and leadership roles.

After the graduation of the second batch of A-Tap graduates, Management is currently putting in place a refresher orientation programme aimed at maximizing the skills, knowledge and competence of the two batches.

On the general staff front, the Board continues to support management towards ensuring that staff are well remunerated and motivated.

With the approval of the Board, Management has introduced welfare programmes such as, Employee wellness month, Bank approved medical facilities, weekly fitness programmes and others which are all geared towards improving employee engagement and productivity.

Amenfiman has one of the lowest employee attrition rates in the Rural Banking industry and perhaps across the banking industry in Ghana and it continues to be attractive to some of the best talents in the industry.

SHARES MANAGEMENT REGISTER AND POLL VOTING

Distinguished Shareholders, in the last three AGMs, we have invited members of the bank to update their records with the bank to ensure that their shareholding records are captured in our database. This important exercise will form the basis for the implementation of poll voting at our meetings in line with the provisions of the Companies Act 2019, Act 992. At this meeting, elections for the replacement of late Director, Mr. Setordjie, would be done via Poll Voting in compliance with the law. I would like to use this opportunity to encourage all members who have not updated their records with the Bank to visit the nearest branches of the Bank to do so.

OUTLOOK

Distinguished Shareholders, given our leadership and legacy in rural banking in Ghana, we have acquired deep knowledge of the market. In order to deliver excellent service to our clients and effectively position our business for sustainable value creation to shareholders, we refreshed our strategy from the beginning of the year. Our strategy emphasized our renewed focus on:

- Refreshing Existing Product and Creating New Products, Service and Business Module.

- Optimizing Core Commercial Capabilities (Service, Sales, Marketing and Pricing).
- Building High Performance Team Culture.
- Analytics, Business Intelligence, System and Process Re-Engineering.

We will also continue to invest in technology and our people in order to ensure that we have the right talent at all times to support the achievement of the bank's goals, improve effectiveness and efficiency of our operations and deliver superior value to our stakeholders.

I would like to assure our esteem shareholders that we remain focused on realizing our ambition of dominating the market to consolidate our leadership in rural banking. Whiles we acknowledge the local and national economic challenges resulting from the raging Russia/Ukraine War and COVID-19 pandemic, we remain confident in our ability to continue to rise to the occasion and achieve an even stronger competitive position in 2022 and beyond.

ACKNOWLEDGEMENT

Ladies and gentlemen, I would like to thank the Board of Directors for their tireless response to duty in the service to the Bank. To our loyal customers, we thank you for the privilege of doing business with you in the past years. I would also like to acknowledge the management team and staff for their hard work and diligence that contributed to this astronomical performance for 2021. Their contribution and commitment year after year to ensure the continued growth and profitability of our Bank is highly commendable and appreciated.

Finally, I want to say thank you to our shareholders who have supported us in this journey. I am confident that we are well prepared to address the challenges and take advantage of the opportunities in 2022 with the view to building a sustainable business that providing value to our customers, shareholders, employees and all other stakeholders.

I would like to assure you that your Bank has put in place appropriate plans and will effectively execute them to realize our ambition to consolidate our leadership in the rural banking industry in Ghana.

Long Live Amenfiman Bank, God bless us all.

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, 2021.

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.

	2021 GHS	2020 GHS
Net Interest Income	**69,801,460**	**55,239,912**
Profit before tax	**10,111,863**	11,518,730
From which is added / (deducted):		
A provision for estimated income tax expense	**(3,566,828)**	(3,763,254)
Deferred Tax Credit	**1,041,522**	116,101
Making a profit after tax of	**7,586,557**	7,871,577
Transfer to :	**-**	-
Statutory Reserves Fund	**(948,320)**	(1,967,894)
Community Development Fund	**(694,191)**	(233,744)
Staff Fund	**(694,191)**	(116,872)
Scholarship Fund	**(379,328)**	-
Building Fund	**(1,000,000)**	(1,600,000)
Univeristy Project Fund	**(1,160,785)**	(467,487)
Anniversary Fund	**(200,000)**	(200,000)
Impaired Investment Fund	**-**	(2,889,013)
	2,509,742	396,567
which is to be added to the surplus brought forward of	**15,518,709**	14,113,714
Credit Risk Reserve	**1,148,392**	(266,588)
Fund Utilization	**3,836,702**	1,275,016
resulting in a balance to be carried forward on the Retained Earnings account as at 31st December	**23,013,545**	15,518,709

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 6,256,669 at the end of the previous year to GHS 6,731,339 resulting in an increase of GHS 474,670 which represents 7.6%. The increase emanates from the sale of shares of 2,373,349 at GHp 20.00 per share which amounted to GHS 474,670.
The number of shares also increased from 32,402,370 to 34,775,719 representing 7.32%

Dividend

The Directors recommend the payment of dividends of GHS 2,086,543.14 (2020: Nil) subject to Bank of Ghana approval. That is GHp 6.00 per share on share 34,775,719 Ordinary share which qualified for dividends as per closure of register of September 30, 2021.

Corporate Social Responsibility

The amount spent on Corporate Social Responsibility during the year by the Bank amounted to GHS 2,521,427.

Directors

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

Names of Directors	Designation	Share Holdings
Dr Toni 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. The directors attended training program during the year to build their capacity in accordance with Section 138 of the Companies Act,2019 (Act 992).

Conflict of Interest

The bank's directors have a statutory duty not to place themselves in a position which gives rise to a real or substantial possibility of conflict of interest or duty in relation to any matter which is, or is likely to be brought, before the board per sections 59 and 60 of the Directives. At no time during the year did any director hold a material interest in any contract of significance with the bank or any of its subsidiaries. The board reviews actual or potential conflict of interest annually.

Anti – Money Laundering

The Bank has established an anti-money laundering system in compliance with the requirements of Ghana's Anti-Money Laundering (Amendment) Act 2014 (Act 874) and AML/CFT&P Guidance, July 2018. These include due diligence for opening new accounts, customer identification, monitory of high risk accounts, record keeping and training of staff on money laundering which assist in reducing regulatory and reputational risk to its business.

Board Meetings

The Bank's Board held four board meetings during the year and an Annual General Meeting (AGM) in compliance with Bank of Ghana directives. Attendance at meetings are as follows:

Member	Board Meetings	Annual General Meeting
Dr. Toni Aubynn	4/4	1
Mr. Moses Ampong	4/4	1
Mr. Justice Anthony Quaidoo	4/4	1
Mr. Morgan Setordjie	4/4	1
Lawyer Rosemary Boakye Yiadom	4/4	1
Dr. Lucas Nana Wiredu Damoah	4/4	1
Mr. Edmund Afful	4/4	1

Corporate Governance

The Board of Directors is committed to ensuring good corporate governance in line with Bank of Ghana directives as a means of determining the direction and performance of the Bank. To this end, the Bank aims to comply with best practices in corporate governance.

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 2021.

Audit Fees

The audit fees payable for the year was GHS 61,000.

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).

Acknowledgement

The Board of Directors hereby expresses its sincere appreciation for the support, loyalty and dedicated service of the staff, management and all stakeholders of the Bank over the past years.

Approval of the Financial Statements

The Financial Statements were approved by the Board of Directors on 28th April, 2022 and were signed on their behalf by:

Dr. Toni Kwesi Aubynn
Board Chairman

Anthony Justice Quaidoo
Board Secretary

INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER, 2021

Opinion

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Bank as at 31st December, 2021, 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 31st December, 2021.
The financial statements comprise:

- the statement of comprehensive income for the year then ended;
- the statement of financial position as at 31st December, 2021;
- 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 statements, which include a summary of significant accounting policies.

Basis for Opinion

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.
We are independent of the Bank in accordance with the *International Code of Ethics for Professional Accountants (including International Independence Standards)* (the Code) issued by the International Ethics Standards Board for Accountants (IESBA) and we have fulfilled our other ethical responsibilities in accordance with the Code.

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 Non – Pledged Trading Assets

The Bank has invested Non- Pledged Trading Assets with various fund managers. The investments with Black Shield Fund Management and Mcottley Capital totaling GHS 24,525,697 have matured as at 31st December 2021 but repayments have not yet been received. Repayment from the companies have been of a challenge. Due to the significant judgment that is applied by management in determining whether an impairment loss has occurred and in estimating the expected amount and timing of future cash flows, we considered this to be a key audit matter.

Impairment of Loans and advances to customers

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

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

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

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

How our audit addressed the Key Audit Matters

Loan and Advances

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

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

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

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

Non- Pledged Trading Assets

We challenged the management's staging of the impaired non- pledged trading assets in the ECL module and tested facilities to ensure they have been included in the correct stage. We found that the assumptions used by management in estimating the expected amount and timing of future cash flows of the matured investments based on the assurance from the government and other discount houses involved to be fair and reasonable.

Other Information

The directors are responsible for the other information. The other information comprises the Report of the Directors, Chairman's Statement, Corporate Governance Report and Shareholders' Information but does not include the financial statements and our auditors 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 accounting records 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.
iv) 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
v) We are independent of the Bank in accordance with section 143 of the Companies Act, 2019 (Act 992)

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

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

We hereby state that:

i) The financial statements give a true and fair view of the state of affairs of the Bank and its results for the year under review.

ii) We were able to obtain all the information and explanation required for the efficient performance of our duties as auditors.

iii) The Bank's transactions are within its powers.

iv) The Bank has generally complied with the provisions of the Anti-Money Laundering (Amendment) Act 2014 (Act 874) and AML/CFT&P Guidance, and the Regulations made under these enactments.

v) The Bank has generally complied with the provisions of the Banks and Specialized Deposit- Taking Institutions Act,2016 (Act 930)

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

Richard Owusu-Afriyie
....

RICHARD OWUSU-AFRIYIE & ASSOCIATES: (ICAG/F/2022/084)
Chartered Accountants
House of Grace, Adum, Kumasi

29th April, 2022

STATEMENT OF COMPREHENSIVE INCOME YEAR ENDED 31ST DECEMBER, 2021

	(NOTES)	2021	2020
		GHS	GHS
Interest Income	(7)	**85,496,499**	67,054,422
Interest Expense	(8)	**(15,695,039)**	(11,814,510)
Net Interest Income		**69,801,460**	55,239,912
Commissions and Fees	(9)	**5,782,055**	4,966,196
Other Operating Income	(10)	**2,702,195**	2,078,125
Operating Income		**78,285,710**	62,284,233
Impairment charge on Financial Assets	(11)	**(5,946,228)**	(3,642,999)
Personnel Cost	(12)	**(30,501,309)**	(23,789,958)
Depreciation and Amortisation	(13)	**(1,896,673)**	(1,778,596)
Interest on Borrowings and Finance Cost	(14)	**(3,960,064)**	(2,519,055)
Other Operating Expenses	(15)	**(25,869,573)**	(19,034,895)
Net Operating Profit Before Taxation		**10,111,863**	11,518,730
Deferred Tax Credit	(16 i)	**1,041,522**	116,101
Income Tax Expense	(16 iii)	**(3,566,828)**	(3,763,254)
Profit for the year		**7,586,557**	7,871,577
Other Comprehensive Income		-	-
Total Comprehensive Income for the year		**7,586,557**	7,871,577

STATEMENT OF FINANCIAL POSITION AS AT 31ST DECEMBER, 2021

	(NOTES)	2021	2020
ASSETS		**GHS**	**GHS**
Cash and Balances with ARB Apex Bank	**(17)**	**42,275,125**	36,781,534
Due from Other Banks	**(18)**	**10,039,533**	11,174,308
Non - Pledged Trading Assets	**(19)**	**246,777,773**	249,503,349
Loans and Advances	**(20)**	**155,299,646**	107,879,884
Other Assets Accounts	**(21)**	**4,211,030**	5,646,123
Investments - (Long Term)	**(22)**	**244,152**	244,152
Deferred Tax Assets	**(16 v)**	**2,883,096**	317,850
Intangible Assets	**(23)**	**309,230**	344,891
Property, Plant & Equipment	**(24)**	**15,419,182**	12,191,562
TOTAL ASSETS		**477,458,767**	424,083,653
LIABILITIES			
Deposits and Current Accounts	**(25)**	**401,799,302**	363,614,268
Interest Payable and Other Liabilities	**(26)**	**10,144,876**	10,056,617
Due to Other Financial Institution	**(27)**	**15,000,000**	10,000,000
Current Corporate Tax Liabilities	**(16 iii)**	**1,965,305**	1,448,434
Deferred Tax Liability	**(16 v)**	**1,627,316**	103,592
Other Liabilities		**13**	13
TOTAL LIABILITIES		**430,536,812**	385,222,925
SHAREHOLDERS FUNDS			
Stated Capital	**(28)**	**6,731,339**	6,256,669
Statutory Reserve Fund	**(29)**	**8,936,927**	7,988,607
Credit Risk Reserve	**(30)**	**90,406**	1,238,798
Retained Earnings	**(31)**	**23,013,545**	15,518,708
Development Fund	**(32)**	**489,077**	195,795
Staff Fund	**(33)**	**438,636**	117,970
Building Fund	**(34)**	**2,862,894**	2,804,644
Scholarship Fund	**(35)**	**937,852**	558,524
Anniversary Fund	**(36)**	**-**	797,200
University Project Fund	**(37)**	**532,266**	494,799
Impaired Investment Fund	**(38)**	**2,889,013**	2,889,013
TOTAL SHAREHOLDER FUNDS		**46,921,955**	38,860,728
TOTAL SHAREHOLDERS FUNDS AND LIABILITIES		**477,458,767**	424,083,653

The Financial Statements were approved by the Board on 28th April ,2022 and were signed on their behalf by:

Dr. Toni Kwesi Aubynn
Board Chairman

Anthony Justice Quaidoo
Board Secretary

STATEMENT OF EQUITY CHANGES

2021	STATED CAPITAL GHS	STATUTORY RESERVE FUND GHS	CREDIT RISK RESERVE GHS	RETAINED EARNINGS GHS	BUILDING FUND GHS	COMM DEVELOPMENT FUND GHS	SCHOLARSHIP GHS	OTHER FUNDS GHS	TOTAL GHS
Balance as at 1 Jan	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
Profit for the Year	-	-	-	7,586,557	-	-	-	-	7,586,557
Share Purchases	474,670	-	-	-	-	-	-	-	474,670
Transfer to:									
Statutory Reserve	-	948,320	-	(948,320)	-	-	-	-	-
Movement for the Year	-		(1,148,392)	(2,980,103)	1,000,000	694,191	379,328	2,054,976	-
Utilisation				3,836,702	(941,750)	(400,909)	-	(2,494,043)	-
Balance as at 31 Dec	**6,731,339**	**8,936,927**	**90,406**	**23,013,545**	**2,862,894**	**489,077**	**937,852**	**3,859,915**	**46,921,955**
2020								-	
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 for 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**

STATEMENT OF CASH FLOW YEAR ENDED 31ST DECEMBER, 2021

	2021 GHS	2020 GHS
CASH FLOWS FROM OPERATING ACTIVITIES		
Net Profit Before Taxation	**10,111,863**	11,518,729
Depreciation Charge	**1,861,012**	1,742,876
Amortisation-Software	**35,661**	35,720
Other Non- Cash Movement	**(1,639,134)**	196,725
Impairment charge on Financial Assets	**5,946,228**	3,642,999
Profit before Changes in Working Capital	**16,315,630**	17,137,050
CHANGES IN OPERATING ASSETS AND LIABILITIES		
Changes in Loans & Advances to Customers	**(51,726,856)**	(18,363,223)
Changes in Other Assets Accounts	**1,435,093**	12,231,068
Changes in Customers Deposits	**38,185,034**	108,978,890
Changes in Interest Payable and Other Liabilities	**88,259**	(8,458,356)
	4,297,160	111,525,430
Tax Paid	**(3,049,958)**	(2,300,000)
Net cash from Operating Activities	**1,247,202**	109,225,430
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Property and Equipment	**(2,512,682)**	(1,959,370)
Purchase of Intangible Assets	**-**	(356,611)
Increase in Capital Work -in-Progress Expenditure	**(2,575,950)**	(786,515)
Changes in Non -Pledged Trading Assets	**2,725,576**	(116,342,363)
Net Cash From(Used in) Investing Activities	**(2,363,056)**	(119,444,859)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of Shares	**474,670**	224,442
Loan Received	**30,000,000**	20,000,000
Repayment of Loan	**(25,000,000)**	(10,000,000)
Net cash from Financing Activities	**5,474,670**	10,224,442
Net Increase /(Decrease) in Cash and Cash Equivalents	**4,358,816**	5,013
Cash and Cash Equivalents at Start	**47,955,842**	47,950,829
Cash and Cash Equivalents at Close	**52,314,658**	47,955,842
ANALYSIS OF CASH AND CASH EQUIVALENTS		
Cash on Hand	**18,578,842**	15,451,493
Bank Balances with ARB Apex Bank - Current	**1,618,496**	3,558,219
- 5% Apex Deposit	**19,445,781**	17,467,205
ACOD	**2,500,000**	245,000
91 Days T. Bills	**132,006**	59,617
Balances with Other Banks	**10,039,533**	11,174,308
	52,314,658	47,955,842

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

b) Fees and Commission

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

c) Other income

Other incomes are recognised as and when they are earned.

d) Dividends income

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

e) Right of Use

Payments for office rent are recognised in profit or loss on a straight-line basis over the term of the lease after discounting it over the lease period. Contingent lease payments are accounted for by revising the minimum lease payments over the remaining term of the lease when the lease adjustment is confirmed.

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 Employee Benefits

The Bank contributes to two defined contribution schemes (Social Security Fund and Provident Fund) on monthly basis on behalf of employees and the last month outstanding contribution is included in creditors and accruals.

I. Social Security and National Insurance Trust (SSNIT)

Under a National Deferred Benefits Pension Scheme, the Bank contributes 13% of employees' basic salary in addition to 5.5% deduction from employees' basic salary to SSNIT for employee pensions.

II. Provident Fund

The Bank has a provident fund scheme for all employees who have completed probation with the Bank. Employees contribute 5% of their basic salary to the fund whilst the Bank contributes 12.5%. The obligation under the plan is limited to the relevant contribution and these are settled on due dates

III. Termination Benefits

Termination benefits are recognised as an expense when the Bank is demonstrably committed, without realistic possibility of withdrawal, to a formal detailed plan to terminate employment before the normal retirement date.

IV. Short-term benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

A provision is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Bank has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

3.4 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.

Cash and cash equivalents are carried at amortised cost or fair values in the statement of financial position depending on the business model for managing the asset or the cash flow characteristics of the asset.

3.5 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%

3.6 Property, Plant and Equipment (PPE)

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, Lawn and Mower	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.

3.7 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.

3.8 Financial Assets and Liabilities

i) Recognition

The Bank initially recognises loans and advances, deposits and debts securities issued on the date that they are originated. All other financial assets and liabilities (including asset and liabilities designated fair value through profit or losses are initially recognised on the trade date at which the Bank becomes a party to the contractual provisions of the instrument.

ii) De-recognition

The Bank de-recognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial assets in a financial transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial asset that is created or retained by the Bank is recognised as a separate asset or liability.

The Bank de-recognises a financial liability when its contractual obligations are discharged or cancelled or expired. The Bank enters into transactions whereby it transfers assets recognised on its Statement of Financial Position, but retains all risks and rewards of the transferred assets or a portion of them. If all or substantially all risks and rewards are retained, then the transferred assets are not de-recognised from the balance sheet. Transfers of assets with retention of all or substantially all risks and rewards include, for example, securities lending and repurchase transactions.

iii) Offsetting

Financial assets and liabilities are set off and the net amount presented in the financial position when and only when the Bank has a legally enforceable right to set off the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Income and expenses are presented on a net basis only when permitted by the accounting standards, or for gains and losses arising from similar transactions.

iv) Amortised cost measurement

The amortised cost of a financial asset or liability is the amount at which the financial asset or liability is measured at initial recognition, minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between the initial amount recognised and the maturity amount, minus any reduction for impairment.

v) Fair value measurement

The determination of fair values of financial assets and financial liabilities is based on quoted market prices or dealer price quotations for financial instruments traded in active markets. For all other financial markets or for all other financial instruments fair value is determined by using valuation techniques. Valuation techniques include net present value techniques, the discounted cash flow method, comparison to similar instruments for which market observable prices exist and valuation models.

vi) Identification and measurement of impairment

At each reporting date the Bank assesses whether there is objective evidence that financial assets not carried at fair value through profit or loss are impaired. Financial assets are impaired when objective evidence demonstrates that a loss event has occurred after the initial recognition of the asset and that loss event has an impact on the future cash flows on the asset that can be estimated reliably.

The Bank considers evidence of impairment at both an individual and collective level. All individual significant financial assets are assessed for specific impairment. All significant assets found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified. Assets that are not individually significant are then collectively assessed for impairment by grouping other financial assets (carried at amortised cost) with similar risk characteristics.

Objective evidence that financial assets (including equity securities) are impaired can include default or delinquency by a borrower, restructuring of a loan or advance by the Bank on terms that the Bank would not otherwise consider, indications that a borrower or issuer will enter bankruptcy, the disappearance of an active market for a security, or other observable data relating to a group of assets such as adverse changes in the payment status of borrowers or issuers, or economic conditions that correlate with defaults in the group. In assessing collective impairment, the Bank uses statistical modelling of historical trends of the probability of default, timing of recoveries and the amount of loss incurred, adjusted for managements judgement as to whether current economic and credit conditions are such that the actual losses are likely to be greater or less than suggested by historical modelling

Default rates, loss rates and the expected timing of future recoveries are regularly benchmarked against actual outcomes to ensure that they remain appropriate. Impairment losses are assets carried at amortised costs are measured as the difference between the carrying amount of the financial assets and the present value of estimated cash flows discounted at the assets' original effective interest rate. Losses are recognised in profit or loss and reflected in an allowance account against loans and advances. Interest on the impaired assets continues to be recognised on the unimpaired portion through the unwinding of the discount. When a subsequent event causes the amount of impairment loss to decrease, the impairment loss is reversed through profit or loss. Impairment losses on available-for-sale investment securities are recognised by transferring the difference between the amortised acquisition cost net of any principal repayment and amortisation and current fair value, less any impairment loss previously recognised in profit or loss out of equity to profit or loss. When a subsequent event that can be related to the event causes the amount of impairments loss on an available-for-sale debt security to decreases, the impairment loss is reversed through profit or loss, otherwise, the decrease is recognised through SOCI.
However, any subsequent recovery in the fair value of an impaired available-for-sale equity security is recognised directly inequity. Changes in impairment provisions attributable to time value are reflected as a component of inters income.

vii) Designation at fair value through profit or loss

The Bank has designated financial assets and liabilities at fair value through profit or loss when either:

- the assets or liabilities are managed, evaluated and reported internally on a fair value basis;
- the designation eliminated or significantly reduces an accounting mismatch which would otherwise arise or;
- the asset or liability contains an embedded derivative that significantly modifies the cash flows would otherwise be required under the contract.

The notes set out the amount of each class of financial asset or lability that has been designated at fair value through profit or loss. A description of the basis for each designation is set out in the note for the relevant asset or liability class.

3.9 Trading Assets and Liabilities

Trading assets and liabilities are those assets and liabilities that the Bank acquires or incurs principally for the purpose of selling or repurchasing in the near term, or holds as part of a portfolio that is managed together for short-term profit or position taking.
Trading assets and liabilities are initially recognised and subsequently measured at fair value in the statement of financial position with transaction costs taken directly to profit or loss. All changes in fair value are recognised as part of net trading income in profit or loss. Trading assets and liabilities are not reclassified subsequent to their initial recognition.

3.10 Loans and Advances

Loans and advances are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and that the Bank does not intend to sell immediately or in the near term. When the Bank is the lessor in a lease agreement that transfers substantially all of the risks and rewards incidental to ownership of an asset to the lessee, the financial asset is recognised within loans and advances. When the Bank purchases a financial asset under a commitment to sell the asset (or a substantially similar asset) at a fixed price on a future date ("reverse repo or stock borrowing"), the financial asset is accounted for as a loan, and the underlying asset is not recognised in the Bank financial statements. Loans and advances are initially measured at fair value plus incremental direct transaction costs, and subsequently measured at their amortised cost using the effective interest method, except when the Bank chooses to carry the loans and advances at fair value through profit or loss as described in accounting policy.

3.11 Investment Securities

Investment securities are initially measured at fair value plus incremental direct transaction costs and subsequently accounted for depending on their classification as either hold-to-collect, hold-to-sell or hold-to-collect and sell.

(i) Hold-to-collect

Hold-to-collect investments are non-derivative assets with fixed or determinable payments and fixed maturity that the Bank has the positive intent and ability to hold to collect, and which are not designated at hold to sell or hold to collect and sell. Hold-to-collect investments are carried at amortised cost using the effective interest method. It must be noted that IFRS 9 only considers fair value and amortised cost based on the business models for managing the financial asset and the contractual cash flow characteristics of the financial asset. Thus, all hold to collect assets is classified as amortised costs.

(ii) Hold to sell

The Bank carries some investment securities at fair value, with fair value changes recognised immediately in profit or loss as described in the accounting policy.

(iii)Hold to collect and sell

Hold to collect and sell investments is non-derivative investments that are not designated as another category of financial assets. Unquoted equity securities whose fair value cannot be reliably measured are carried at amortised cost. All other hold to collect and sell investments are varied at fair value. Other fair value changes are recognised directly in equity until the investment is sold or impaired and the balance in equity is transferred to profit or loss.

3.12 Pre-payment

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

3.13 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.

3.14 Earnings per Share

The Bank presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Bank by the number of shares existing as at 31st December. Diluted EPS is determined by the number of shares existing at the end of December.

3.15 Dividend

Dividend distribution to the Bank's shareholders is recognized as a liability in the Bank's financial statements in the period in which the dividends are declared. Dividend receivable from unquoted investments is recognised when the bank's right to receive the dividend is established.

3.16 Income Tax Expense

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

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

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects either accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the date of the statement of financial position and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. The carrying value of the Bank's investment property is assumed to be realised by sale at the end of use.
The capital gains tax rate applied is that which would apply on a direct sale of the property recorded in the statement of financial position regardless of whether the Bank would structure the sale via the disposal of the subsidiary holding the asset, to which a different tax rate may apply. The deferred tax is then calculated based on the respective temporary differences and tax consequences arising from recovery through sale.

Deferred income tax 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.

3.17 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.

3.18 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 capitalized, are presented net in the statement of profit or loss within finance costs and finance income respectively.

4 Quantitative Disclosures

	2021	2020
Capital Adequacy Ratio	16.51%	17.51%
Non-Performing Loans Ratio	6.37%	2.95%
Loan Loss Provision Ratio	6.12%	5.11%
Liquid Ratio	62.54%	73.30%

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.

5.11 Critical accounting estimates and assumptions

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

(a) Income taxes

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

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

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

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

5.12 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.

6. Application of new and revised International Financial Reporting Standards (IFRSs)

In July 2014, the IASB issued the final version of IFRS 9 Financial Instruments that replace IAS 39 Financial Instruments: Recognition and Measurement and all previous versions of IFRS 9. IFRS 9 brings together all three aspects of the accounting for financial instruments: classification and measurement impairment and hedge accounting. It is effective for annual periods beginning on or after 1 January, 2018 with early application permitted. The Bank adopted this standard effective 1 January, 2018 and will not restate comparative information or apply it retrospectively.

i) Classification and measurement

The Bank does not expect a significant impact on its statement of financial position or equity in applying the classification and measurement requirements of IFRS 9. It expects to continue measuring at fair value all financial assets currently held at fair value.

ii) Impairment

IFRS 9 requires the Bank to record expected credit losses on all of its debt securities, loans and trade receivables, either on a 12-month or lifetime basis. The Bank applies the general approach and calculates expected losses on all its instruments.

Impairment Loss Schedules – 2021

Impairment Loss Classification per IFRS 9	Stage 1 12-Months ECL	Stage 2 Lifetime ECL Non-credit impaired	Stage 3 Lifetime ECL Credit impaired	Total
	GHS	GHS	GHS	GHS
IFRS Impairment	259,268	120,905	9,739,957	10,120,130
Impairment per BOG Guidelines				10,210,536
Transfer to Credit Risk Reserves				90,406

Application of new and revised International Financial Reporting Standards

The Board of Directors has overall responsibility for the establishment and oversight of the Bank's risk management framework. The Board has established the Audit, Finance and Credit Committees which responsible for developing and monitoring the Bank's management policies in their specified areas.

	2021 GHS	2020 GHS
7. INTEREST INCOME		
Interest on Loans and Advances	**50,281,016**	45,967,105
Interest on Investments	**35,215,483**	21,087,317
	85,496,499	67,054,422
8. INTEREST EXPENSE		
Interest Paid on Savings	**6,909,626**	6,028,683
Interest Paid on Fixed Deposit	**8,785,413**	5,785,827
	15,695,039	11,814,510
9. COMMISSIONS AND FEES		
Commitment Fees	**3,970,450**	3,212,825
Commission Received	**1,811,605**	1,753,371
	5,782,055	4,966,196
10. OTHER OPERATING INCOME		
Sundry Income	**2,702,195**	2,078,125
	2,702,195	2,078,125
11. NET IMPAIRMENT CHARGES ON FINANCIAL ASSETS		
Loans and Advances	**4,307,094**	3,642,999
Impairment of unvalidated Short Term Investment	**1,639,134**	-
	5,946,228	3,642,999
12. PERSONNEL COST		
Salaries and Wages	**20,742,373**	15,689,084
Social Security Contribution	**1,742,301**	1,332,361
Provident Fund Contribution	**819,189**	631,513
Medical Expenses	**601,203**	412,009
Staff Training Expenses	**858,586**	254,269
Staff Gratuity	**373,525**	274,965
Annual Bonus	**4,082,985**	3,252,000
Funerals & Staff Welfare	**1,281,147**	1,943,757
	30,501,309	23,789,958
13. DEPRECIATION & AMORTISATION		
Depreciation of Property, Plant & Equipment	**1,861,012**	1,742,876
Amortisation of Intangible Assets	**35,661**	35,720
	1,896,673	1,778,596
14. INTEREST ON BORROWINGS AND FINANCE COST		
Interest on Borrowings & Processiong Fees	**3,960,064**	2,519,055
	3,960,064	2,510,055

		2021	2020
		GHS	GHS
15.	**OTHER OPERATING EXPENSES**		
	Occupancy Cost	**5,566,714**	4,413,766
	General & Administrative Expenses	**20,302,859**	14,621,129
		25,869,573	19,034,895
15a.	**GENERAL & ADMINISTRATIVE EXPENSES: include**		
	Auditors Remuneration	**61,000**	55,200
	- Fees	**61,000**	55,200
15b.	**DIRECTORS EMOLUMENTS**	**1,303,956**	725,589
	Board Meetings Expense	**24,717**	115,782
	Directors Fees	**172,250**	112,900
	Directors Transportation	**212,230**	128,582
	Directors Sitting Expenses	**894,759**	368,325

16. INCOME TAX

i. Income tax expense

The major tax expense components of income tax expense for the years ended 31 December 2021 and 2020 are:

Statement of profit or loss		
Current income charge	**3,566,828**	3,763,254
Deferred tax charge / (credit)	**(1,041,522)**	(116,101)
Income tax reported in the statement of profit or loss	**2,525,306**	3,647,152

ii. Reconciliation of Effective Tax

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

Accounting Profit before income tax	**10,111,863**	11,518,730
Statutory income tax rate of 25%	**2,527,966**	2,879,683
Non- deductible expenses for tax purposes	**358,640**	1,649,015
Effect on non-chargeable income	**(109,544)**	(89,741)
Effect on capital allowance utilised	**(764,111)**	(675,703)
Change in recognised temporary differences	**(1,041,522)**	(116,101)
Income tax reported in the statement of profit or loss	**971,429**	3,647,152
Effective tax rate	**9.61**	31.66

		2021	2020
		GHS	GHS

iii. CURRENT CORPORATE TAX ACCOUNT

Year of Assessment	Balance as at Jan 1	(Over) / Under Prov. In Prior Years	Payments During the Year	Provision for the Year	Balance as at Dec 31
	GHS	GHS	GHS	GHS	GHS
2017	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
2021	1,448,435	**-**	**(3,049,958)**	**3,566,828**	**1,965,305**

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

	2021 GHS	2020 GHS
Balance at January 1	**(214,258)**	(98,157)
Origination / reversal of temporary differences:		
recognised in the statement of profit or loss (Note 16 i)	**(1,041,522)**	(116,101)
Balance at December 31	**(1,255,780)**	(214,258)

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

	2021 GHS	2020 GHS
Deferred tax assets	**(2,883,096)**	(317,850)
Deferred tax liability	**1,627,316**	103,592
Net Deferred Tax Assets	**(1,255,780)**	(214,258)

17. CASH & BALANCES WITH ARB APEX BANK

	2021 GHS	2020 GHS
Cash on Hand	**18,578,842**	15,451,493
Balances with ARB Apex Bank - Current	**1,618,496**	3,558,219
- 5% Apex Deposit	**19,445,781**	17,467,205
91 Days T. Bills	**132,006**	59,617
ACOD	**2,500,000**	245,000
	42,275,125	36,781,534

18. BALANCES WITH OTHER BANKS

	2021 GHS	2020 GHS
GCB Bank	**556,004**	158,412
Zenith Bank and Other Banks	**9,483,529**	11,015,896
	10,039,533	11,174,308

19. NON - PLEDGED TRADING ASSETS

These are made up of:

	2021 GHS	2020 GHS
Government Securities (T. Bills/Bonds)	**222,252,076**	212,120,520
Money Placements with Discount Houses	**24,525,697**	37,382,829
	246,777,773	249,503,349

	2021	2020
	GHS	GHS
20. LOANS AND ADVANCES		
(a) Analysis by type of Product		
Overdrafts	**14,546,436**	11,080,617
Loans	**150,873,340**	102,612,303
	165,419,776	113,692,920
Less: Impairment charge	**(10,120,130)**	(5,813,036)
	155,299,646	107,879,884
(b) Analysis by Business Segment		
Agriculture	**8,594,812**	4,833,370
Transport	**3,820,503**	2,563,173
Trading	**100,938,299**	76,757,041
Others	**52,066,162**	29,539,336
	165,419,776	113,692,920
Less: Impairment charge	**(10,120,130)**	(5,813,036)
	155,299,646	107,879,884
(c) Analysis by Type of Customer		
Individuals	**158,113,761**	101,451,050
Private Enterprise	**7,306,015**	12,241,870
	165,419,776	113,692,920
Less: Impairment charge	**(10,120,130)**	(5,813,036)
	155,299,646	107,879,884
(d) Impairment Charges /Allowances		
Individual allowances for impairment		
Balance at 1 January	**5,813,036**	2,170,037
Impairment Charge for the year:	**4,307,094**	3,642,999
Balance at 31 December	**10,120,130**	5,813,036
21. OTHER ASSET ACCOUNTS		
Interest and Commission Receivable	**742,400**	1,757,619
Rent Prepaid (Right of Use)	**2,824,431**	3,212,794
Inter Agency Balance	**2,025**	-
Office Account	**400,012**	424,138
Stationery Stock	**242,162**	251,572
	4,211,030	5,646,123
22. INVESTMENTS (LONG-TERM)		
WERBA Investmert	**115,293**	115,293
Shares in ARB APEX Bank Ltd.	**128,859**	128,859
	244,152	244,152

23. INTANGIBLE ASSETS

	2021	2020
	GHS	GHS
COST		
Balance as at 1 Jan	**386,611**	30,000
Additions during the year	**-**	356,611
Balance as at 31 Dec	**386,611**	386,611
Amortisation		
Balance as at 1 Jan	**41,720**	6,000
Charge during the year	**35,661**	35,720
Balance as at 31 Dec	**77,381**	41,720
NET BOOK VALUE-31/12/21	**309,230**	344,891

24. PROPERTY, PLANT & EQUIPMENT

	Land & Building	Motor Vehicle	Office Furniture Equipment	Computers	Safe & Lawn Mower	Generator	Temporal Structure	Solar Energy	Leasehold Property	CWIP	Total
2021											
COST	**GHS**	**GHS**	**GHS**	**GHS**	**GHS**	**GHS**	**GHS**	**GHS**	**GHS**	**GHS**	**GHS**
Balance as at 1/1/21	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
Additions during the year	204,000	930,479	211,713	738,090	188,900	88,000	-	150,000	1,500	2,575,950	5,088,632
Transfer / Disposal	(17,045)	-	17,045	-	-	-	-	-	-	-	-
Balance as at 31/12/21	**5,482,286**	**1,707,453**	**3,753,784**	**4,442,901**	**450,170**	**559,768**	**292,415**	**329,638**	**87,278**	**4,566,583**	**21,672,276**
DEPRECIATION											
Balance as at 1/1/21	660,882	316,936	1,849,627	1,378,933	81,344	39,846	38,989	23,952	1,573	-	4,392,082
Charge for the year / Disposal	130,805	304,860	595,716	681,400	21,193	32,627	58,483	35,928	-	-	1,861,012
Balance as at 31/12/21	**791,687**	**621,796**	**2,445,343**	**2,060,333**	**102,537**	**72,473**	**97,472**	**59,880**	**1,573**	**-**	**6,253,094**
NET BOOK VALUE-31/12/21	**4,690,599**	**1,085,657**	**1,308,441**	**2,382,568**	**347,633**	**487,295**	**194,943**	**269,758**	**85,705**	**4,566,583**	**15,419,182**
2020											
COST											
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
Transfer	-	-	-	-	-	-	-	-	-	-	-
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**

	2021	2020
	GHS	GHS
25 DEPOSITS AND CURRENT ACCOUNTS		
(a) Analysis by Type of Deposits		
Current Accounts	**66,995,510**	57,781,489
Savings Accounts	**251,817,520**	242,233,269
Time Deposits	**82,648,772**	63,595,252
Other Deposit	**337,500**	4,258
	401,799,302	363,614,268
(b) Analysis by Type of Customer		
Individuals	**401,799,302**	363,614,268
	401,799,302	363,614,268
26. INTEREST PAYABLE AND OTHER LIABILITIES		
Interest and Bills Payable	**6,789,026**	4,920,710
Inter-Agency Balaance	**-**	7,209
Managed Funds	**784,881**	1,490,808
Sundry Creditors	**2,488,226**	3,070,509
Accrued Charges	**82,743**	567,381
	10,144,876	10,056,617
27. SHORT-TERM BORROWING		
Commercial Banks	**15,000,000**	10,000,000
	15,000,000	**10,000,000**
28. STATED CAPITAL	**Number '000**	**Number '000**
i) Authorised Ordinary Shares of No Par Value	**100,000**	100,000
ii) Issued Ordinary Shares of No Par Value	**34,775,719**	32,402,370
	GHS	**GHS**
iii) Proceeds Issued for Cash-Ordinary Shares	**5,080,643**	4,605,973
iv) Transfer from Income Surplus /Retained Earnings	**1,650,696**	1,650,696
	6,731,339	6,256,669

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

29. STATUTORY RESERVE FUND		
Balance at 1 January	**7,988,607**	6,020,713
Add: Transfer from Retained Profits	**948,320**	1,967,894
Balance as at 31 December	**8,936,927**	7,988,607

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

		2021	2020
		GHS	**GHS**
30.	**CREDIT RISK RESERVE**		
	Balance at 1 January	**1,238,798**	972,210
	Add: Movement for the year	**(1,148,392)**	266,588
	Balance as at 31 December	**90,406**	1,238,798
			-
31.	**RETAINED EARNINGS ACCOUNT**		
	Balance as at 1 January	**15,518,709**	14,113,714
	Profit for the year transferred		
	from Statement of Comprehensive Income	**7,586,557**	7,871,577
		23,105,266	21,985,291
	Transfers to:		
	Statutory Reserve Fund	**(948,320)**	(1,967,894)
	Impaired Investment Fund	**-**	(2,889,013)
	Community Development Fund	**(694,191)**	(233,744)
	Scholarship Fund	**(379,328)**	-
	Staff Fund	**(694,191)**	(116,872)
	Building Fund	**(1,000,000)**	(1,600,000)
	Anniversary Fund	**(200,000)**	(200,000)
	University Project Fund	**(1,160,785)**	(467,487)
	Credit Risk Reserve	**1,148,392**	(266,588)
	Funds Utilization	**3,836,702**	1,275,016
	Balance as at 31st December	**23,013,545**	15,518,709
32.	**COMMUNITY DEVELOPMENT FUND**		
	Balance as at 1 January	**195,795**	982,614
	Transfer from Retained Earnings	**694,191**	233,744
		889,986	1,216,358
	Utilization during the year	**(400,909)**	(1,020,563)
		489,077	195,795
33.	**STAFF FUND**		
	Balance as at 1 January	**117,970**	276,063
	Transfer from Retained Earnings	**694,191**	116,872
		812,161	392,935
	Utilization during the year	**(373,525)**	(274,965)
		438,636	117,970

This represents portion of Retained Earnings set aside for Development projects

	2021 GHS	2020 GHS
34. BUILDING FUND		
Balance as at 1 January	**2,804,644**	1,204,644
Transfer from Retained Earnings	**1,000,000**	1,600,000
	3,804,644	2,804,644
Utilization during the year	**(941,750)**	-
	2,862,894	2,804,644
This represents portion of Retained Earnings set aside for Development projects		
35. SCHOLARSHIP FUND		
Balance as at 1 January	**558,524**	562,524
Transfer from Retained Earnings	**379,328**	-
	937,852	562,524
Utilization during the year	**-**	(4,000)
	937,852	558,524
This represents portion of Retained Earnings set aside for Development projects		
36. ANNIVERSARY FUND		
Balance as at 1 January	**797,200**	600,000
Transfer from Retained Earnings	**200,000**	200,000
	997,200	800,000
Utilization during the year	**(997,200)**	(2,800)
	-	797,200
This represents portion of Retained Earnings set aside for Development projects		
37. UNIVERSITY PROJECT FUND		
Balance as at 1 January	494,799	-
Transfer from Retained Earnings	**1,160,785**	467,487
Transfer from Community Development Fund	**-**	586,000
	1,655,584	1,053,487
Utilization during the year	**(1,123,318)**	(558,688)
	532,266	494,799
This represents portion of Retained Earnings set aside for Development projects		
38. IMPAIRED INVESTMENT FUND		
Balance as at 1 January	2,889,013	-
Transfer from Retained Earnings	**-**	2,889,013
	2,889,013	2,889,013
Utilization during the year	**-**	-
	2,889,013	2,889,013

	2021	2020
	GHS	GHS

39. EARNINGS PER SHARE

Basic Earnings Per Share

The calculation of basic earnings per share at 31 December 2021, was based on the profit attributable to ordinary shareholders of GHS 7,586,557 (2020: GHS 7,871,577) and number of ordinary shares of 34,775,719(2020: 32,402,370), calculated as follows:

	2021	2020
	GHS	**GHS**
Profit attributable to ordinary shareholders	**7,586,557**	7,871,577
Net Profit for the period attributable to equity holders		
Weighted average number of ordinary shares		
Issued ordinary shares at 1 January	**32,402,370**	31,280,160
Effect of shares issued as at 31 December	**2,373,349**	1,122,210
Number of ordinary shares at 31 December	**34,775,719**	32,402,370
	0.218	**0.243**

Diluted Earnings Per Share

The calculation of diluted earnings per share at 31 December, 2021 was based on the profit attributable to ordinary shareholders of GHS 7,586,557 (2020: GHS 7,871,577) and number of ordinary shares after adjustment for the effects of all dilutive potential ordinary shares of 34,775,719 (2020: 32,402,370), calculated as follows:

	2021	2020
	GHS	**GHS**
Profit attributable to ordinary shareholders		
Net Profit for the period attributable to equity holders	**7,586,557**	7,871,577
Weighted average number of ordinary shares		
Number of Ordinary Shares (Basic)	**34,775,719**	32,402,370
Effect of Shares Purchased after 31 December	**-**	-
Number of ordinary shares (Diluted) at 31 December	**34,775,719**	32,402,370
	0.218	0.243

40. DIVIDEND PER SHARE

At the Annual General Meeting to be held in 2022, the directors recommend for approval, the payment of dividend of GHS 2,086,543.14 for the period ended 30 September, 2021 (2020 - Nil). This is subject to Bank of Ghana approval. The propsed dividend is GHS 0.06 per share on 34,775,719 ordinary shares.

41. Commitments

There were no capital commitments at 31 December 2021, (2020 : Nil).

42. Contingent liabilities

There were no contingent liabilities at 31 December 2021, (2020 : Nil).

43. Related party transactions and balances

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

-

a. Loans to Directors and Connected Persons

	2021	**2020**
	GHS	**GHS**
Loans outstanding as 1st Jan	**5,863,415**	3,469,898
Loans granted during the year	**3,000,000**	5,537,665
Loans repayment during the year	**(807,925)**	(3,144,148)
Loans outstanding as 31st Dec	**8,055,490**	5,863,415

The loans to directors and key management personnel are repayable from various cycles ranging from monthly to annually over the tenor and have average interest rates of 30%.

b. Loans to Key Management Staff and connected persons

	2021	**2020**
	GHS	**GHS**
Loans outstanding as 1 Jan	**1,984,963**	2,009,879
Loans granted during the year	**1,644,305**	927,223
Loans repayment during the year	**(285722)**	(952,138)
Loans outstanding as 31st Dec	**3,343,546**	1,984,963

c. Key management personnel and directors emoluments

	2021 GHS	2020 GHS
Directors Emoluments Fees	172,250	112,900
Directors Sitting Expenses	894,759	368,325
Directors Transportation	212,230	128,582
Board Meeting Expenses	24,717	115,782
Key Management Salaries	2,176,257	1,259,163

44. Financial risk management

Introduction and overview

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

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

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

Risk Management Framework

The Board of Directors and Senior Management have developed and established policies and procedures to facilitate effective risk management. These policies and procedures provide guidance on risk appetite/tolerance limit, risk identification, monitoring and control and adherence to set risk limits. The risk management policies and procedures are continually reviewed to reflect changes in economic and financial landscape as well as products and services offered.

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

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

(a) Credit Risk Management

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

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

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

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

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

Managing problems of Loans and Advances

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

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

Provisioning for Loans and Advances

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

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

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

Impairment losses

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

		2021		2020	
		Gross Amt	Impairment	Gross Amt	Impairment
		GHS	GHS	GHS	GHS
Current	0-30 days	**151,914,927**	3,109,859	**102,862,780**	3,251,794
Olem	31-90 days	**2,959,480**	295,948	**7,479,027**	747,903
Sub-Standard	91- 180 days	**3,311,424**	827,856	**1,050,059**	262,515
Doubtful	181 - 360 days	**2,514,144**	1,257,072	**1,500,462**	750,231
Loss	> 360 days	**4,719,801**	4,719,801	**800,592**	800,592
		165,419,776	**10,210,536**	**113,692,920**	**5,813,036**

Exposure to credit risk

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

	2021	2020
	GHS	GHS
Cash and Balances with Other Banks	52,314,658	47,955,842
Non– Pledged Trading Assets	246,777,773	249,503,349
Loans and advances	155,299,646	107,879,884
Other assets Account	4,211,030	5,646,123
	458,603,107	411,003,198

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

At 31st December, 2021, the Bank's Financial Assets were categorized under IFRS 9 as follows:

Stage 1- At initial recognition Performing

Stage 2 – Significant increase in Credit risk since initial recognition Underperforming –

Stage 3 – Credit Impaired Non-Performing

	Stage 1 GHS	Stage 2 GHS	Stage 3 GHS	Total GHS
Cash and Cash Equivalents	52,314,658	-	-	52,314,658
Non - Pledged Trading Assets	246,777,773	-	-	246,777,773
Investment other than securities	244,152	-	-	244,152
Loans and Advances to Customers	100,815,943	21,554,203	43,049,630	165,419,776
Other Assets (Less Prepayments)	1,386,599	-	-	1,386,599
Gross Carrying Amount	401,539,125	21,554,203	43,049,630	466,142,958
Loss Allowances	(287,696)	(1,243,810)	(8,588,624)	(10,120,130)
Net Carrying Amount	401,251,429	20,310,393	34,461,006	456,022,828

2020

	Stage 1 GHS	Stage 2 GHS	Stage 3 GHS	Total GHS
Cash and Cash Equivalents	47,955,842	-	-	47,955,842
Non - Pledged Trading Assets	246,777,773	-	-	246,777,773
Investment other than securities	244,152	-	-	244,152
Loans and Advances to Customers	102,862,780	7,479,027	3,351,113	113,692,920
Other Assets (Less Prepayments)	2,433,329	-	-	2,433,329
Gross Carrying Amount	400,273,876	7,479,027	3,351,113	411,104,016
Loss Allowances	(1,286,278)	(1,175,645)	(3,351,113)	(5,813,036)
Net Carrying Amount	398,987,598	6,303,382	-	405,290,980

Impaired loans and Securities

Impaired loans and securities are loans and securities for which the Bank determines that it is probable that it will be unable to collect all principal and interest due according to the contractual terms of the loan/securities agreement(s). Interest on these loans are calculated and treated on nonaccrual basis and portions shall only be considered when payments (settlement) are made

Loans with renegotiated terms

Loans with renegotiated terms are loans that have been restructured due to deterioration in the borrower's financial position and where the Bank has made concessions that it would not otherwise consider. The status or risk grade of a restructured facility does change until there is evidence of performance over a reasonable period of time.

When the contractual cash flows of a financial asset are renegotiated or otherwise modified and the renegotiation or modification does not result in the derecognition of that financial asset, a Bank shall recalculate the gross carrying amount of the financial asset and shall recognise a modification gain or loss in profit or loss. The gross carrying amount of the financial asset shall be recalculated as the present value of the renegotiated or modified contractual cash flows that are discounted at the financial asset's original effective interest rate (or credit-adjusted effective interest rate for purchased or originated credit-impaired financial assets). Any costs or fees incurred adjust the carrying amount of the modified financial asset and are amortised over the remaining term of the modified financial asset.

Allowances for Impairment

The Bank establishes an allowance for impairment losses that represents the estimate of incurred losses in the loan portfolios. The main components of this allowance are a specific loss component that relates to individually significant exposures, and a collective loan loss allowance established for groups of homogeneous assets in respect of losses that have been incurred but have not been identified on loans subject to individual assessment for impairment

Write-off Policy

The Bank writes off loans when it determine that the loans are uncollectible. This determination will be reached after considering information such as the occurrence of significant changes in the borrower's financial position such that the borrower can no longer discharge the obligation, or that proceeds from collateral will not be sufficient to pay back the entire exposure. Related and connected lending is not permitted to be written off unless with the approval of Bank of Ghana.

Collateral of Impaired exposures

The Bank holds collateral against loans and advances to customers in the form of cash deposits, mortgage interests over property, other registered securities over assets, and guarantees. Estimates of fair value are based on the value of collateral assessed at the time of borrowing, and generally are not updated except when a loan is individually assessed as impaired. Collateral is not normally held for loans and advances to Bank, when securities are held as part of reverse repurchase and securities borrowing activity. Collateral is not usually held against investment securities, and no such collateral was held at 31 December 2021 and 2020. An estimate of the fair value of collateral and other security enhancements held against financial assets is shown below. It must, however, be noted that collateral values of impaired loans are at cash flows of the forced sale values less estimated costs of sale as discounted to present values:

	Loans & Advances to Customers 2021 GHS	Loans & Advances to Customers 2020 GHS
Cash and Near Cash Instruments	**11,971,048**	5,777,880

Repossessed Assets

The Bankdid not repossess any customer's asset during the period. If the Bank would haverepossessed, the type and carrying amount of collateral would have been the lower of its carrying amount and fair value less costs to sell. All assets repossessed if any are to be sold within one year of possession and approval would be sought from Bank of Ghana for those which efforts towards sale have not been successful within one year. The Bankmonitors concentrations of credit risk by sector. An analysis of concentrations of credit risk at the reporting date is shown below:

	2021 GHS	2020 GHS
Agriculture	**8,594,812**	4,833,370
Transport	**3,820,503**	2,563,173
Trading	**100,938,299**	76,757,041
Others	**52,066,162**	29,539,336
	165,419,776	113,692,920
Credit Impairment Loss	**(10,120,130)**	(5,813,036)
	155,299,646	107,879,884

(b) Liquidity Risk

Liquidity risk is the risk that the Bank will not be able to meet its financial obligations as they fall due. The risk arises from mismatches in cash flows.

Management of Liquidity Risk

The Bank's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses that will damage to the Bank's reputation.

The Head office receives information from other branches regarding the liquidity profile of their financial assets and liabilities and details of other projected cash flows arising from projected future business. The Head office then maintains a portfolio of short-term liquid assets, largely made up of short-term liquid investment securities, loans and advances to banks and other inter-bank facilities, to ensure that sufficient liquidity is maintained within the Bank as a whole. The liquidity requirements of branches are met through short-term loans from Head Office to cover any short-term fluctuations and longer term funding to address any structural liquidity requirements. When an operating branch is subject to a liquidity limit, it manages the regulatory limit in co-ordination with Head Office, Head

Office monitors compliance of branches with local regulatory limits on a daily basis. The daily liquidity position is monitored and regular liquidity stress testing is conducted under a variety of scenarios covering both normal and more severe market conditions. All liquidity policies and procedures are subject to review and approval by the Finance and operation committee. Daily reports cover the liquidity position of the Bank. A summary report, including any exceptions and remedial action taken, is submitted regularly to the finance and operations committee.

Exposure to Liquidity Risk

The key measure used by the Bank for managing liquidity risk is the ratio of net liquid assets to deposits from customers. For this purpose net liquid assets are considered as including cash and cash equivalents and investment grade debt securities for which there is an active and liquid market less any deposits from banks, debt securities issued, other borrowings and commitments maturing within the next month. Details of the net liquid assets to deposits and customers at the reporting date and during the reporting period were as follows:

	2021
	%
At 31 December	**69.60**
Average for the period	**79.73**
Maximum for the period	**89.87**
Minimum for the period	**66.33**

(c) Market risk

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

The Bank's exposure to the risk of changes in market interest rates relates primarily to its long-term borrowings with floating interest rates. All of its borrowings are at floating interest rates. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return on risk.

Management of Market Risk

The Bank separates its exposure to market risk between trading and non-trading portfolios. Trading portfolios mainly are held by the treasury unit, and include positions arising from market making and proprietary position taking, together with financial assets and liabilities that are managed on a fair value basis. Overall authority for market risk is vested in credit committee. The Bank is responsible for the development of detailed risk management policies (subject to review and approval by credit committee) and for the day-to-day review of their implementation.

Exposure to market risk – trading portfolios

The principal tool used to measure and control market risk exposure within the Bank's trading portfolios is Value at Risk (VaR). The VaR of a trading portfolio is the estimated loss that will arise on the portfolio over a specified period of time (holding period) from an adverse market movement with a specified probability (confidence level). The VaR model used by the Bank is based upon a 99 percent confidence level and assumes a 10-day holding period. The VaR model used is based mainly on historical simulation. Taking account of market data from the previous two years, and observed relationships between different markets and prices of plausible future scenarios for market price movements. Although VaR is an important tool for measuring market risk, the assumptions on which the model is based do give rise to some limitations, including the following:

- A 10-day holding period assumes that it is possible to hedge or dispose of positions within that period. This is considered to be a realistic assumption in almost all cases but may not be the case in situations in which there is severe market illiquidity for a prolonged period.

- A 99 percent confidence level does not reflect losses that may occur beyond this level. Even within the model used there is a one percent probability that losses could exceed the VaR.

- VaR is calculated on an end-of-day basis and does not reflect exposures that may arise on positions during the trading day.
-The use of historical data as a basis for determining the possible range of future outcomes may not always cover all possible scenarios, especially those of an exceptional nature.

- The VaR measure is dependent upon the Bank's position and the volatility of market prices. The VaR of an unchanged position reduces if the market price volatility declines and vice versa.

The Bank uses VaR limits for total market risk, interest rate, equity and other price risks. The overall structure of VaR limits is subject to review and approval by credit and marketing committee. VaR limits are allocated to trading portfolios. VaR is measured at least daily and more regularly for more actively traded portfolios.

Daily reports of utilisation of VaR limits are submitted to Bank risk and regular summaries are submitted to the credit and marketing committee.

The limitations of the VaR methodology are recognized by supplementing VaR limits with other position and sensitivity limit structures, including limits to address potential concentration risks within each trading portfolio. In addition, the Bank uses a wide range of stress tests to model the financial impact of a variety of exceptional market scenarios on individual trading portfolios and the Bank's overall position.

Exposure to interest rate risk – non-trading portfolios

The principal risk to which non-trading portfolios are exposed is the risk of loss from fluctuations in the future cash flows or fair values of financial instrument because of a change in market interest rates. Interest rate risk is managed principally through monitoring interest rate gaps and by having pre-approved limits for repricing bands.
The credit and marketing committee is the monitoring body for compliance with these limits and is assisted by finance and operations department in its day-to-day monitoring activities. The management of interest rate risk against interest rate gap limits is

supplemented by monitoring the sensitivity of the Bank's financial assets and liabilities to various standard and non-standard interest rate scenarios. Standard scenarios that are considered on a monthly basis include a 100 basis point (bp) fall or rise in all financial market interest rates. Overall non-trading interest rate risk positions are managed by Central Treasury, which uses investment securities, advances to banks, deposits from banks and derivative instruments to manage the overall position arising from the Bank's non-trading activities.

Exposure to other market risks – non-trading portfolios

Credit spread risk (not relating to changes in the obligor / issuer's credit standing) on debt securities held by Central Treasury and equity price risk is subject to regular monitoring by Bank risk, but is not currently significant in relation to the overall results and financial position of the Bank.

(d) Operational risk

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the Bank's processes, personnel, technology and infrastructure, and from external factors other than credit, market and liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards of corporate behaviour. Operational risks arise from all of the Bank's operations and are faced by all business entities. The Bank's objective is to manage operational risk so as to balance the avoidance of financial losses and damage to the Bank's reputation with overall cost effectiveness and to avoid control procedures that restrict initiative and creativity. The primary responsibility for the development and implementation of controls to address

operational risk is assigned to senior management within each business unit. This responsibility is supported by the development of overall Bank standards for the management of operational risk in the following areas:

- requirements for appropriate segregation of duties, including the independent authorization of transactions
- requirements for the reconciliation and monitoring of transactions
- compliance with regulatory and other legal requirements
- documentation of controls and procedures
- requirements for the periodic assessment of operational risks faced, and the adequacy of controls and procedures to address the risks identified
- requirements for the reporting of operational losses and proposed remedial action
- development of contingency plans
- training and professional development
- ethical and business standards
- risk mitigation, including insurance where this is effective.

(e) Compliance and regulatory risk

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

(f) Legal risk

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

(g) Reputational risk

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

(h) Capital Risk Management

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

45. Financial assets and financial liabilities

Fair values

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

	Carrying amount		Fair Value	
	Dec. 31 2021 GHS	Dec. 31 2020 GHS	Dec. 31 2021 GHS	Dec. 31 2020 GHS
Financial assets				
Cash and Balances with Other Banks	52,314,658	47,955,842	52,314,658	47,955,842
Non-Pledged Trading Assets	246,777,773	249,503,349	246,777,773	249,503,349
Loans and advances	155,299,646	107,879,884	155,299,646	107,879,884
Other assets	4,211,030	5,646,123	4,211,030	5,646,123
Total	**458,603,107**	**410,985,198**	**458,603,107**	**410,985,198**
Financial Liabilities				
Current Accounts	66,995,510	57,781,489	66,995,510	57,781,489
Savings Accounts	251,817,520	242,233,269	251,817,520	242,233,269
Time Deposits	82,648,772	63,595,252	82,648,772	63,595,252
Other Deposits	337,500	4,258	337,500	4,258
Interest Payable and Other Liabilities	10,144,876	10,056,617	10,144,876	10,056,617
Due to Other Financial Institutions	15,000,000	10,000,000	15,000,000	10,000,000
Total	**426,944,178**	**383,670,885**	**426,944,178**	**383,670,885**

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

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

• Cash and short-term deposits, loans and advances, deposits and current accounts and other current liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.

• Long-term fixed-rate and variable-rate receivables/borrowings are evaluated by the Bank based on parameters such as interest rates. Based on this evaluation, allowances are taken to account for the expected losses of these receivables. As at December 31, 2020, the carrying amounts of such receivables, net of allowances, were not materially different from their calculated fair values.

46. Fair value hierarchy

As at 31 December 2021 the Bank held the following financial instruments carried at fair value on the statement of financial position: The bank uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

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

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

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

As at 31 December 2021, the Bank held the following financial instruments measured at fair value:

2021	Total GHS	Level 1 GHS	Level 2 GHS	Level 3 GHS
Financial assets				
Cash and Balances with Other Banks	52,314,658	-	52,314,658	-
Non - Pledged Trading Assets	246,777,773	-	246,777,773	-
Loans and advances	155,299,646	-	155,299,646	-
Other Assets Account	4,211,501	-	4,211,501	-
Total	**458,603,578**	**-**	**458,603,578**	**-**
Financial Liabilities				
Current Accounts	66,995,510	-	66,995,510	-
Savings Accounts	251,817,520	-	251,817,520	-
Time Deposits	82,648,772	-	82,648,772	-
Other Deposits	337,500		337,500	
Interest Payable and Other Liabilities	10,144,876	-	10,144,876	-
Due to Other Financial Institutions	15,000,000		15,000,000	
Total	**426,944,178**	**-**	**426,944,178**	**-**

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

2020	Total GHS	Level 1 GHS	Level 2 GHS	Level 3 GHS
Financial assets				
Cash and Balances with Other Banks	47,955,842	-	47,955,842	-
Non - Pledged Trading Assets	249,503,349	-	249,503,349	-
Loans and advances	107,879,884	-	107,879,884	-
Other Assets Account	5,646,123	-	5,646,123	-
Total	**410,985,198**	**-**	**410,985,198**	**-**
Financial Liabilities				
Current Accounts	57,781,489	-	57,781,489	-
Savings Accounts	242,233,269	-	242,233,269	-
Time Deposits	63,595,252	-	63,595,252	-
Other Deposits	4,258		4,258	
Interest Payable and Other Liabilities	10,056,617	-	10,056,617	-
Due to Other Financial Institutions	10,000,000		10,000,000	
Total	**383,670,885**	**-**	**383,670,885**	**-**

During the reporting period ending 31 December 2020, there were transfers between Level 1 and Level 3 fair value measurements. No other transfers were made.

47. Value Added Statement

	2021 GHS	2020 GHS
Interest earned and other operating income	93,980,749	74,098,743
Direct cost service	(45,352,427)	(33,255,560)
Value added by banking services	48,628,322	40,843,183
Non-banking services	1,041,522	116,101
Impairments on Financial Assets	(5,946,228)	(3,642,999)
Value added	43,723,616	37,316,285
Distributed as follows:		
To Employees:		
Directors (without executives)	172,250	112,900
Executive directors		
Other employees	30,501,309	23,789,958
To Government:		
Income Tax	3,566,828	3,763,254
To providers of capital		
Dividends to shareholders	-	-
To expansion and growth		
Depreciation	1,861,012	1,742,876
Amortisation -Software	35,661	35,720
Retained earnings	7,586,557	7,871,577
	43,723,616	37,316,285

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

	2021	2020
PERSONNEL COST	**GHS**	**GHS**
Salaries and Wages	**20,742,373**	15,689,084
Social Security Contribution	**1,742,301**	1,332,361
Provident Fund Contribution	**819,189**	631,513
Medical/Welfare Expenses	**601,203**	412,009
Staff Training Expenses	**858,586**	254,269
Staff Gratuity	**373,525**	274,965
Annual Bonus	**4,082,985**	3,252,000
Funerals & Staff Clothing	**1,281,147**	1,943,757
	30,501,309	23,789,958
OCCUPANCY COST		
Repairs and Maintenance	**375,513**	224,616
Rent	**905,063**	661,044
Electricity and Water	**1,063,959**	882,247
Generator Running	**295,256**	251,350
Security Expenses	**1,853,374**	1,352,810
Sanitation & Cleaning Expenses	**1,073,549**	1,041,699
	5,566,714	4,413,766
GENERAL & ADMINISTRATION EXPENSES		
Travelling and Transport	**1,345,822**	870,841
Printing and Stationery	**480,907**	636,061
Hospitality to Guest & Protocol Expenses	**1,474,194**	1,491,779
Micro Finance	**6,567**	32,262
Board Meeting Expenses	**24,717**	115,782
Directors Fees	**172,250**	112,900
Specie Movement Expenses	**139,996**	103,855
Deposit Mobilisation Programme	**1,758,526**	1,310,205
Audit Fees	**61,000**	55,200
Vat on Audit Fees	**11,743**	10,005
Internal Audit Expenses	**126,800**	45,910
Office Expenses	**2,730,958**	2,600,312
Insurance	**1,451,872**	329,763
Postages and Telecommunications	**201,303**	171,774
Defalcation	**218,933**	6,607
Motor Vehicle Running Expenses	**1,935,869**	1,830,505
Legal Expenses	**599,589**	353,343
Newspapers, Subscriptions and Periodicals	**126,382**	99,489
Bank Charges	**337,737**	360,655
SFC	**106,988**	69,822
Advertising and Publicity	**557,356**	415,987
Annual General Meeting Expenses	**664,749**	187,398
Motor Vehicle Repairs and Maintenance	**967,789**	858,590
Directors Transportation	**212,230**	128,582
Directors Sitting Expenses	**894,759**	368,325
Tax Consultancy and Professional charges	**10,000**	8,152
Social Responsibility	**2,521,427**	1,000,051
Computerization Expenses	**1,162,396**	1,046,974
	20,302,859	14,621,129
TOTAL OPERATING EXPENSES	**56,370,882**	42,824,853

ANALYSIS OF SHAREHOLDINGS AS AT 31ST DECEMBER, 2021

Number of Shareholders

The Bank had Seven Thousand ,Seven Hundred and Thirty -Nine (7,739) Ordinary Shareholders as at 31st December, 2021 distributed as follows:

Category	Number of	Number of	Percentage
1-1,000	6,269	1,114,491	**3.20%**
1,001-5,000	888	2,274,382	**6.54%**
5,001-10,000	231	1,830,276	**5.26%**
Over 10,000	351	29,556,570	**84.99%**
Total	**7,739**	**34,775,719**	**100.00%**

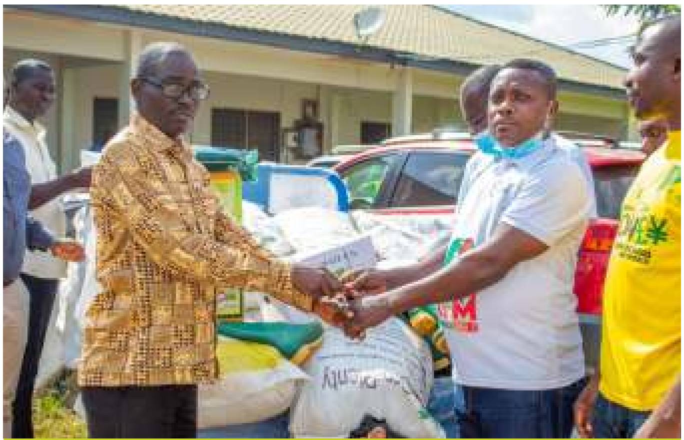
Directors' shareholding

	Name of Director	Number of	Percentage
1	Dr. Tony Aubynn	359,244	1.03
2	Mr. Moses Ampong	166,422	0.48
3	Mr. Justice Anthony Quaidoo	173,894	0.50
4	Mr. Morgan Setordjie	190,006	0.55
5	Dr. Lucas Nana Wiredu Damoah	115,653	0.33
6	Mr. Edmund Afful	55,308	0.16
7	Lawyer Rosemary Boakye Yiadom	-	-
	Total	**1,060,527**	3.05

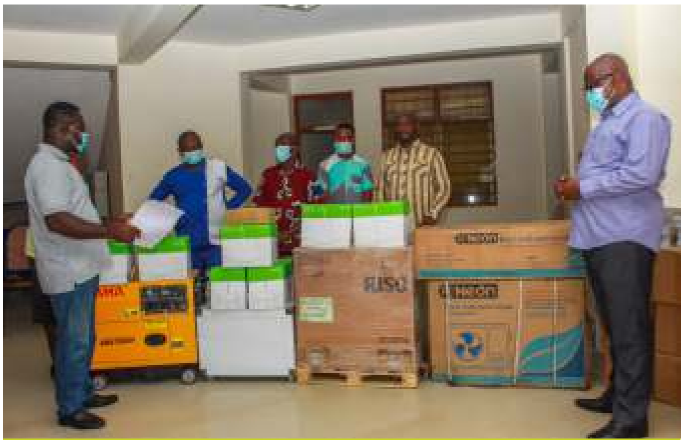
Twenty (20) largest Shareholders

	Name of Shareholder	Number of Shares	Percentage Holding (%)
1	Nartey Desmond Afutu	1,642,978	4.72
2	Anthony Peter Amissah	1,268,792	3.65
3	Wasa Amenfi Traditional Council	1,245,436	3.58
4	Wasa Amenfi Dist Assembly	1,189,138	3.42
5	Essien Vincent Blaychie	888,000	2.55
6	Dadzie Samuel	872,200	2.51
7	Martha Buabin	777,842	2.24
8	Nartey Sophie	623,198	1.79
9	Agyapomah Ernestina Dwamena	621,600	1.79
10	Banao Abdul-Karim	500,000	1.44
11	Dennis Mensah Nkrumah	463,110	1.33
12	Adei Stephen	444,000	1.28
13	Agyeman Aboagye Abraham	378,304	1.09
14	Aubynn Kwesi Anthony	359,244	1.03
15	Michael Oppong Mensah	328,560	0.94
16	Asare E. Boatemaa Ito Raymond Twumasi	250,000	0.72
17	Asare Elizabeth Boatemaa Ito Henry Twumasi	250,000	0.72
18	Antobam Kwabena Jerry	245,340	0.71
19	Agyekum Job	223,627	0.64
20	Fordjour Kwaku Minka	207,160	0.60
	Reported Totals	**12,778,529**	36.75
	Unreported Totals	**21,997,190**	63.25
	Totals	**34,775,719**	100

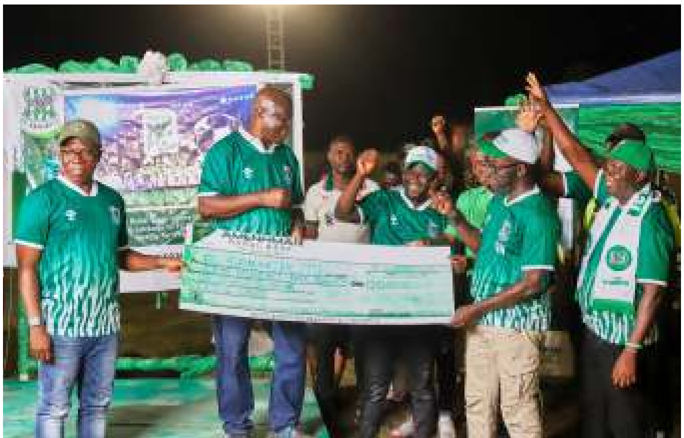
AMENFIMAN RURAL BANK CSR PROJECTS



Donated farm inputs to eleven MDAs in the catchment areas towards the Farmers Day Celebration at cost of GHC 38,160.00.



Donated office equipment to Wassa Amenfi East Educational Directorate for a set up to be used as an Examination Center at a cost of GHC 41,976.00.



Offered GHC 120,000.00 Sponsorship Package to FC Samartex to Qualify for Premier.

Constructed 3-Seater Washroom Facility to Bogoso Prestea Huni - Valley Education Directorate at the cost of GHC 25,000.00.

Renovated Wassa Akropong Freeman Methodist Primary/JHS.

Ongoing Construction of Amenfi State University College.

AMENFIMAN RURAL BANK LTD

I………………………………………………………………………………………….. of

……………………………………………………………………………… being a

Member of the above-named Company hereby appoint ………………………

of ……………………………………………………………………………….. as

my proxy to vote for *me* on *my* behalf at the Annual General Meeting of the

Company to be held on 11th June, 2022 and at any adjournment thereof.

Signed this ……………….. Day of 2022

This form is to be used:

RESOLUTION	**FOR**	**AGAINST**
To receive the 2021 Financial Statements and the Report of the Directors and Auditors thereon		
To authorise the Directors to fix the remuneration of the Auditors		
To approve the remuneration of Directors		
To (re) elect Directors in place of those retiring by rotation		

……………………………………………………………………………………………

……………………………………………………………………………………………

.

……………………………………………………………………………………………

Unless otherwise instructed, the proxy will vote as he/she thinks fit.
**Strike out whichever is not desired.*