



2019

**REPORTS & FINANCIAL
STATEMENTS**



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Our Goals

Be the Model Rural Bank in Ghana



Our Vision

Be the Best Bank in our communities by all standards.



Our Mission

To provide first class financial services to our customers, by applying technology to provide value added services through our dedicated and motivated team to create maximum value for shareholders and be environmentally and socially responsible.



Our Values

RESPONSIVENESS

To meet the ever changing needs of our clients and communities.

HONESTY

To be transparent and trustworthy in our operations.

DEPENDABILITY

To be reliable and consistent in our service delivery.

MOTIVATION

To boost the morale of staff by rewarding them for effective, excellent and timely performance.

To create an environment that allows individual staff to use their initiative.



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NOTICE OF 39TH ANNUAL GENERAL MEETING

NOTICE is hereby given that the Thirty Ninth (39th) Annual General Meeting of **AKUPEM RURAL BANK LIMITED** will be held **VIRTUALLY** on the Zoom platform on Saturday 31st October, 2020 at **10:00 o'clock in the forenoon at Royal Lee's Hotel Conference Room, Tutu-Akuapem Mampong** to transact the following businesses:

AGENDA

ORDINARY BUSINESS RESOLUTIONS

1. To receive the report of the Chairman of the Board of Directors.
2. To receive and consider the report of the Directors, the Statement of Accounts and Financial Position for the year ended 31st December 2019 and the Auditors' report thereon.
3. To re-elect Directors retiring by rotation in accordance with Section 325 of the Companies Act, 2019 (Act 992).
4. To elect a new Director in accordance with Section 172 of the Companies Act, 2019 (Act 992).
5. To fix the remuneration of the Directors in accordance with Section 185 of the Companies Act, 2019 (Act 992).
6. To authorize the Directors to fix the remuneration of the Auditors in accordance with Section 139(2) of the Companies Act, 2019 (Act 992).
7. To approve a dividend payout policy of 40% maximum of the Bank's annual profit after tax.
8. To suspend the declaration of Dividend in compliance with the Bank of Ghana's Directive Notice Number BG/GOV/SEC/2020/03.

SPECIAL RESOLUTIONS

9. To change the name of the company from Akuapem Rural Bank Limited to Akuapem Rural Bank Public Limited Liability Company ("PLC") in compliance with Section 21(1)(b) of the Companies Act 2019 (Act 992).
10. To authorize to effect changes in the Company's Regulations/Constitution to make it compliant with the Companies Act 2019 (Act 992).
11. To amend the Company's Regulations/Constitution to accommodate the holding of Annual General Meetings by electronic or virtual.

NOTES:

1. In compliance with the current restrictions on public gatherings in force pursuant to the imposition of Restrictions Act, 2020 (Act 1012) and consequent Regulatory Directives, attendance and participation by all members and/or their proxies in this year's Annual General Meeting of the Company shall be strictly virtual (i.e. by online participation).
2. A member entitled to attend and vote at the Annual General Meeting may appoint a proxy to attend (via online participation) and vote on his/her behalf. Such a proxy need not be a shareholder of the company.
3. The appointment of a proxy will not prevent a member from subsequently attending and voting at the meeting (via online participation). Where a member attends the meeting in person (participates online), the proxy appointment shall be deemed to be revoked.
4. A copy of the Proxy Form can be downloaded from the Akuapem Rural Bank Limited website <https://www.akuapemruralbank.com> and may be filled and sent via email to info@akuapemruralbank.com or deposited at the registered office at Mamfe in the Akuapem North Municipality in the Eastern Region not later than 48 hours before the appointed time for the meeting.

ACCESSING AND VOTING AT THE VIRTUAL AGM

1. The meeting ID and Password will be sent to shareholders by SMS and email from 19th October, 2020 to give them access to the meeting. Shareholders who do not receive the meeting ID and Password can contact us on our telephone number 0303965730 or via email i.e. info@akuapemruralbank.com at any time after 19th October, 2020 but before 30th October, 2020 for theirs. Besides, the Annual General Meeting would be streamed live on our Facebook page: www.facebook.com/akuapemruralbank
2. To gain access to the Virtual voting at the Annual General Meeting, shareholders would be required to register with their unique Shareholder ID which would be sent to you via email or sms. You can also contact us on mobile number 0303965730 for your ID.
3. Further assistance on accessing the meeting and voting electronically will be sent to shareholders via sms and email and can also be found on the Bank's [website-www.info@akuapemruralbank.com](http://www.info@akuapemruralbank.com)
4. Shareholders are encouraged to submit their questions by email or phone call ahead of the Annual General Meeting to info@akuapemruralbank.com or 0322098076

BY ORDER OF THE BOARD

SIGNED

AMOAKO ADJEI ESQ.,
(COMPANY SECRETARY)

CORPORATE INFORMATION

DIRECTORS' PROFILE



**Mrs. Emma Cordelia
Owusu-Amoah (Chairperson)**

Mrs. Emma Owusu-Amoah holds a Master's Degree in Business Administration from Middlessex University, UK as well as an Associate of the Chartered Institute of Bankers, Ghana. She has over 27 years' banking experience with National Investment Bank Ltd, Ghana. She has held positions such as Branch Operations Manager, Deputy Head- International Banking Department, a Branch Manager and currently Manager at Compliance Department of the National Investment Bank.



**Mr. Kwame Gyeke-Amoako
(Vice Chairman)**

Mr. Kwame Gyeke-Amoako holds a Bachelor of Science Degree in Computer Science from the Kwame Nkrumah University of Science & Technology (KNUST), Kumasi. He has training in Geographic Information Systems (GIS) and Image Processing Technology. He has over 35 years' practicing experience in the Information and Technology Space. Currently, he is the Managing Director of Sambus Company Limited and a Director of Sambus Geospatial Company. He is also the Chairman of Angels Keepers Montessori School and a Volunteer for AFS Ghana.

CORPORATE INFORMATION

DIRECTORS' PROFILE



Dr. William Adjei Twumasi

Dr. William Adjei Twumasi holds an International Executive Master of Business Administration Degree (Banking and Finance) from the Paris Graduate School of Management as well as a Post Graduate Diploma in Management from GIMPA. He was admitted to pursue PHD in Doctorate of Finance in 2014 by Swiss Management Centre Distance Learning Program. He is a Chartered Administrator and a final year student of the Institute of Chartered Accountants' (Ghana) as well as the Chartered Institute of Bankers. In August 2013, an Honorary Doctorate Degree was conferred on him by the Accreditation for Christian Colleges & Seminaries (AICCS), USA for meritorious service to society. He was also adjudged National Best Worker-Ghana in 2019. He has over 24 years' experience as a Finance Officer, Bursar and Accountant. He is currently with the Presbyterian College of Education, Akropong as a Finance Officer and also Treasurer of the Association of Rural Banks-Eastern Chapter.



Mr. Samuel Dako

Mr. Samuel Dako is a Chartered Accountant (Merit Award) a member of the Institute of Chartered Accountants (Ghana). He holds MBA in Finance from the University of Leicester, UK, Bachelor of Law (GIMPA) BL (Candidate), Post Graduate Diploma in Management Information Systems (GIMPA). He is a Certified ISO 27001 Lead Implementer and Auditor

He has over twenty-five year's managerial experience in the Banking Sector. He joined the Agricultural Development Bank as a Finance Officer and has served in various capacities including Financial Controller, Head of Financial Reporting and Strategy, Manager Research and Branch Operations Manager. He also has relevant managerial experience in Branch Banking, Risk Management and Internal Audit and Assurance. He is currently the Chief Audit Executive of ADB PLC.

He also serves on the Audit Committee of a couple of Public Institutions.

CORPORATE INFORMATION

DIRECTORS' PROFILE



Dr. Ernest Obuobisa-Darko

Dr. Ernest Obuobisa-Darko holds a PhD in Economics from the University of Cape Coast, a Master's Degree in Economics from the University of Botswana and a Bachelor's Degree in Economics as well as a Diploma in Education from the University of Cape Coast. Also, he has a certificate in Investment Appraisal and Risk Analysis from the Queen's University, Canada. In addition to these qualifications, he is a Chartered Banker with about twenty-three years' experience in Banking out of which more than thirteen years have been in Managerial positions.

He started his banking career with the Credit Control Department at the Agricultural Development Bank (now adb Bank) in January 1995. From the Credit Control Department, he worked at the Recovery and Loss Prevention Department, Business Development Department and Loans and Advances Department before he joined the Corporate Banking Department at The Trust Bank Limited in June 1999 as a Credit Analyst. At the Trust Bank Limited he rose to become the Head of Credit Analysts and then the Head of Corporate Banking before the Trust Bank

Limited was acquired by Ecobank Ghana Limited in November 2011. He was also the Head of the Local Corporates Department at the Commercial Banking Division of Ecobank Ghana Limited until July 13, 2018 when he exited from the Bank to join P3 Developers Limited, a consulting firm as the Finance Specialist/Strategist.

Dr. Obuobisa-Darko has been handling Relationship Management, Business Development and Credit throughout his banking career and has dealt with all manner of customers including SMEs and large corporates. He has assisted in developing several schemes for SMEs through which a number of companies have been started and assisted to grow to become large corporates. As Head of Corporate Banking, he led the bank to participate in syndicated lending with other banks. He has been a resource person in training other staff members in Relationship Management, Business Development, Credit Analysis and Remedial Management. Thus, he is an expert in Credit Management, Relationship Management and Business Development.

Furthermore, he is an adjunct lecturer in Economics at the University of Cape Coast, Pentecost University College Graduate School and the Ghana Institute of Management and Public Administration (GIMPA) Business School. He has taught subjects such as Managerial Economics, Quantitative Methods, Financial Modelling, International Trade Finance and has supervised a number of students who have successfully completed their Masters' Degree programmes.

Dr. Obuobisa-Darko has published in refereed journals such as European Journal of Business and Management, Journal of Economics and Sustainable Development, Research on Humanities and Social Sciences and International Journal of African and Asian Studies. He has in conjunction with other consultants done studies on cocoa for the Ministry of Finance, USAID and Sigma One Corporation.

CORPORATE INFORMATION

DIRECTORS' PROFILE



Mr. Emmanuel Nii Awuku

Mr. Emmanuel Nii Awuku is a Retired Banker with over 30 years Banking experience from Barclays Bank Ghana Limited (now Absa Ghana) and Akuapem Rural Bank Limited. He holds Part 1 Diploma of the Chartered Institute of Bankers (CIB), Ghana and a student member of the Association of Certified Chartered Accountants (ACCA). He attended several Banking and Management Courses at the Barclays Bank Training Centre and the Ghana Institute of Management and Public Administration (GIMPA). Whilst at Barclays he worked in various capacities as Branch Accountant/Relieving Manager, Signing Officer as well as Internal Auditor. His role at Akuapem Rural Bank Limited as a former staff spanned from Branch Manager, Relieving General Manager, Head of Banking Operations and Acting General Manager. Besides these roles, he acted as the Company Secretary of Akuapem Rural Bank Limited.

Mr. Awuku's areas of specialization are in Credit Administration, Banking Operations and Branch Management and Administration.

Secretary:

Eric Oheneba Antwi-Bosiako

(Resigned, 11th December, 2019)

Tax Identification Number (TIN): P0009334297

CURRENT MANAGEMENT

Samuel Mbir	General Manager (Resigned Oct. 8, 2019)
Kingsley Kyere	Ag. General Manager (Dec. 2019)
Kingsley Kyere	Head, Finance (Jan. to Nov. 2019)
Eric Oheneba Antwi-Boasiako	Head, Legal (Resigned, 11 th Dec. 2019)
Kwaku Owusu	Head, Human Resource
Daniel Mensah	Head, Credit
Kwabena Gyeke-Lartey	Head, Information Technology (Effective Nov. 5, 2019)
Frank Bredu	Head, Internal Audit
Monica Ndebugre Tuntieya	Head, Microfinance
Kingsley Opere Asare	Head, Banking Operations
Samuel Larbi	Head, Corporate Support Department (Ag.)
Kofi Boakye	Head, Business Development Unit/Consumer Reporting Officer
Bernard Tetteh Kwablah	Compliance and Anti-Money Laundering Reporting Officer
Abigail Ofosu	Risk Officer
Irene Anang-Tetteh	Branch Manager, Mamfe
Doreen Adu	Branch Manager, Koforidua
Kofi Adamtey	Branch Manager, Madina (Transferred Sept. 10, 2019)
Nana Dartey Bekoe	Ag. Branch Manager, Madina (Sept. 10, 2019)
Moses Agyapong	Branch Manager, Nsawam
Ebenezer Adjei	Branch Manager, Aburi
Edna Keteku Laryea	Branch Manager, Adukrom

Solicitors

Amoako Adjei Law Consult
P. O. Box 1105
House No. OG/B75
Post office – Ministries Road
Koforidua – Eastern Region
Ghana

Registered Office and Principal Place of Business

Akuapem Rural Bank Limited
P. O. Box 5
Banking Premises
Mamfe-Akuapem
Tel: 0303-965730
E-mail: info@akuapemruralbank.com
Website: www.akuapemruralbank.com

Independent Auditors

UHY Voscon Chartered Accountants
2nd Floor, Cocoshe House,
Opposite Silver Star Tower
Agostinho Neto Close
Airport Residential Area
Accra- Ghana
Phone +233 30 2683 430/4
Email: Info@uhyvoscon-gh.com
Web: www.uhyvoscon-gh.com
GA:-057-1475

Bankers

ARB Apex Bank Limited
Barclays Bank of Ghana Limited (now Absa Bank Gh. Ltd.)

Company Registration Number: CS292772017
Tax Identification Number (TIN): C0006302203



REPORT OF BOARD CHAIRPERSON

1. INTRODUCTION

Distinguished Shareholders, Fellow Directors, Invited Guests, Ladies and Gentlemen, I welcome you all with a warmth pleasure to the Thirty-Ninth (39th) Annual General Meeting (AGM) of Akuapem Rural Bank Limited which is been held virtual due to the Covid 19 pandemic and to present to you a report on the performance of the Bank for the year ended 31st December, 2019.

2. THE GLOBAL ECONOMY

We now see signs of recovery in global growth as per an assessment by the IMF after a synchronized slowdown in global growth in the last quarter of 2019. Global growth is now projected to rise from an estimated 2.9 percent in 2019 to 3.3 percent in 2020, and 3.4 percent in 2021. The key risks to the global growth outlook are geopolitical tensions between the US and Iran and the worsening of relations between the US and its trading partners with the rising threat of protectionism and vulnerabilities in emerging markets. The outbreak of the Coronavirus poses a new risk to the global economy and its impact is yet to be assessed. The Brexit took effect in 2020 and it is not expected to adversely affect the global economic outlook.

Headline inflation in advanced and emerging market economies remained stable throughout 2019, reflecting moderated wage growth. In response to the low inflation environment, central banks in major advanced economies pursued accommodative monetary policy to support growth. For instance, the major central banks –US Federal Reserve and the European Central Bank, either cut or kept their

policy rate unchanged in the second half of 2019. These policy actions contributed significantly to favourable global financing conditions with positive effects on capital flows to emerging and developing market economies as investors searched for higher yields. **(Source: BOG Monetary Policy Report, January 2020).**

3. THE GHANAIAN ECONOMIC ENVIRONMENT - 2019

On the domestic front, headline inflation remained in single digits since June 2018 and more recently remained steady around the central path of 8.0 percent. The two readings since the last MPC meeting showed that inflation increased from 7.7 percent in October 2019 to 8.2 percent in November 2019 due to upward adjustment in some administrative prices. It declined however to 7.9 percent in December 2019 on the back of lower food prices amidst stable non-food prices. Alongside these trends, the various measures of underlying inflation remained well-contained and the Bank's core inflation (defined to exclude energy and utility) has declined since June 2019, supported by well-anchored inflation expectations.

The latest data from the Ghana Statistical Service point to firmer growth during 2019, although at a relatively slower pace than was recorded in 2018. GDP growth for the first three quarters of 2019 averaged 6.0 percent, almost unchanged from the 6.1 percent recorded in the same period of 2018. Similarly, non-oil GDP growth averaged 5.0 percent against 5.9 percent over the same comparative periods. Overall, GDP growth for 2019 is projected to be close to the target of 7.0 percent.

Similar to trends in GDP growth, the Bank of Ghana's updated Composite Index of Economic Activity (CIEA) recorded high growth, but at a slower pace than in 2018. The CIEA recorded 3.1 percent year-on-year growth in November 2019, compared with 4.8 percent in the same period of 2018. This was mainly supported by port activity, domestic VAT, and credit to the private sector by Deposit Money Banks' (DMBs). Results from the Bank's latest confidence surveys conducted in December 2019 showed significant improvement in consumer confidence reflecting optimism about current and future economic conditions. Business confidence, on the other hand, softened marginally on account of the exchange rate depreciation in November 2019. However, businesses expressed positive sentiments about industry prospects and declining interest rates.

DMBs' credit to the private and public sectors rebounded strongly in 2019. Private sector credit grew by 18.3 percent year-on-year to GH¢44.5 billion in December 2019, compared with 10.6 percent in 2018. In real terms, private sector credit growth was 9.7 percent. Distribution of the credit was broad-based and almost all the key economic sectors recorded higher credit growth in 2019 relative to what was observed in 2018. The major sector beneficiaries were Services with 24.1 percent, Commerce and Finance with 20.9 percent, and Manufacturing with 10.9 percent.

Gross International Reserves at the end of December 2019 was US\$8.4 billion, providing cover for 4.0 months of imports of goods and services. The reserve level compares with a position of US\$ billion, equivalent to 3.6 months of import cover recorded at the end of December 2018.

The Ghana cedi depreciated by 12.9 percent against the US dollar in 2019, compared with 8.4 percent depreciation in 2018. Against the British pound and Euro, the Ghana cedi cumulatively depreciated by 15.7 and 11.2 percent respectively, compared with 3.3 and 3.9 percent over the same period in 2018. By January 29, 2020, the Ghana cedi had recovered, appreciating by 0.3 percent compared with a depreciation of 2.5 percent in the same period of 2019.

Interest rates on the money market increased slightly across the various maturities of the yield curve. The 91-day Treasury bill rate inched up to 14.7 percent in December 2019 compared with 14.6 in the previous year. Interest rates on the 182-day instrument also moved up to 15.2 percent, from 15.0 percent in 2018. In contrast, rates on the secondary bond market broadly declined. Yields on the 10-year bond, however edged up slightly to 21.3 percent from 21.2 percent over the same review period.

The Monetary Policy Rate (MPR) reduced by 100 basis points from 17 per cent at the end of 2018 to 16.00 per cent at the end of 2019. **(Source: BOG Monetary Policy Report, January 2020).**

4. THE BANKING INDUSTRY

A year after the completion of the clean-up and recapitalization exercise, the performance of the banking sector has improved remarkably, signifying positive dividends from the reform programme. Enforcement of the new Corporate Governance Directives issued by the Bank of Ghana as part of recent reforms led to several board chairs of banks and CEOs ending their tenure. Board members who had also served for prolonged periods were also to be replaced.

The banking industry has built up a much stronger balance sheet and recorded strong asset growth, improved quality of loans and profitability during the year. All the financial soundness indicators, measured in terms of earnings, liquidity, and capital adequacy remained strong.

Total assets of the banking sector increased to GH¢129.06 billion at the end of December 2019,

representing a 22.8 percent year-on-year growth. The increased total assets were on account of significant growth of 22.2 percent year-on-year in deposits to GH¢83.46 billion underscoring renewed confidence in the banking sector. The industry's Capital Adequacy Ratio, computed in accordance with the Capital Requirement Directive under the Basel II/III capital framework, stood at 17.5 percent at the end of December 2019, and above the 13 percent minimum regulatory benchmark. Asset quality also improved significantly and the NPL ratio declined sharply to 13.9 percent in December 2019 from 18.2 percent in December 2018, reflecting increased loan recoveries, write-offs, and higher credit growth. **(Source: BOG Banking Sector Reports, January 2020).**

The Banking sector clean up exercise had initial setback on the banking industry, as some depositors resorted to panic withdrawals for fear of losing their funds. However confidence was later restored following the assurances given by the regulator (BOG) and the integrity exhibited by the remaining Banks.

5. THE BANK'S PERFORMANCE

Distinguished shareholders, I am delighted to report that our Bank (Akuapem Rural Bank Limited) experienced growth in majority of its key financial indicators in 2019. The areas we experienced some downward trend was loan portfolio which affected net interest income and profitability. The Bank had some of its funds locked up in some of the Fund Management Companies (Gold Coast Fund Management and Frontline Capital Advisors) which were closed down by the Securities and Exchange Commission. This affected the Bank's income stream and its bottom-line.

The Bank's operations at the recently opened agency at Madina is in its third year and we have not been able to break-even as at the end of 2019. We expect the year 2020 to be the recovery period, but considering the impact of the Covid 19, our anticipation is uncertain since the agency was affected by the lockdown. We look forward to good business in the coming years.

Net Interest Income decreased by 7.36% from GHS 10,562,203 in 2018 to GHS 9,784,606 in 2019. The continued downward trends in interest rates on securities including the Government treasury bills coupled with a decline in loan portfolio impacted negatively on the Bank's performance. The Bank still had substantial part of its earning Assets in Gov't securities and placement with Universal Banks as the banking regulations demand. The Bank's earning assets (Loans/Advances and Investment) increased by 11.26% from GHS 57,382,200.00 in 2018 to GHS 63,844,173 in 2019. The increase was basically coming from investments in GOG securities and placements with Universal Banks which had low yields.

The Bank's post-tax profit before other comprehensive income declined by 30.63% from GHS 901,176.00 in 2018 to GHS 448,277.00 in 2019. This was as result of a fall in interest income by 4.05 % and an increase in interest expense by 9.62% due to substantial increase in Time Deposits and Savings Deposits.

Total Assets grew by 9.53% from GHS 67,594,771.00 in 2018 to GHS 74,033,585.00 in 2019. The growth hinged on Deposit growth of 12.59%. We thank our cherished customers for the trust they have for us.

The Bank's performance for the last five (5) years is summarized as follows:-

YEAR	DEPOSITS	GROSS LOANS	SHORT TERM INVESTMENT	PROFIT BEFORE TAX	TOTAL ASSETS	NETWORTH
	GHS' 000	GHS' 000	GHS' 000	GHS' 000	GHS' 000	GHS' 000
2015	30,878.45	12,379.27	23,600.50	2,875.11	41,103.55	8,510.95
2016	39,958.15	14,751.63	30,350.50	2,640.78	50,901.85	9,500.00
2017	48,987.73	15,379.77	34,861.56	1,786.20	60,673.31	9,883.41
2018	54,875.42	17,424.46	37,958.80	1,101.94	67,594.77	10,133.62
2019	61,782.67	16,341.16	44,978.68	551.87	74,033.86	9,969.76

5.1 Deposits

Deposits grew by 12.59% from GHS 54,875,418.00 in 2018 to GHS 61,782,671.00 in 2019. We appreciate our cherished customers for their continued trust in the Bank as exhibited by lodging more of their hard-earned funds with us.

5.2 Loans and Advances

Total loans/Advances of GHS 36,238,414.00 were disbursed for the year 2019 with 66.11% (GHS 23,957,200.00) coming from the Credit with Education (CwE) Scheme of the Microfinance operations. The Bank's Loans and Advances Portfolio saw a decrease by 7.95% from GHS 17,386,661.00 in 2018 to GHS 16,004,590.00 in 2019.

5.3 Interest Income

Net Interest Income decreased from GHS 10,562,203.00 in 2018 to GHS 9,784,606.00 in 2019 representing 7.36% decrease over the previous year. The lower interest rates in our investments with the Universal Banks contributed to this. The reduction in the loan portfolio also contributed to the decrease in interest income.

5.4 Share Capital

The Bank's paid up capital stood at GHS 2,153,013.00 in 2019. Share purchases made for the year was GhS 46,626.00 which is yet to be registered. We appreciate your continued patronage of the Bank's shares and urge you all to buy more shares to boost our paid-up capital to enable the Bank to do more business. In view of this, we would seek your approval at this Annual General Meeting to transfer an amount GHS 2,800,361.00 (Two Million Eight Hundred Thousand, Three Hundred and Sixty-One Ghana Cedis) from our retained earnings to Stated Capital.

5.5 Operating Expenses

The Bank's Operating Expenses decreased from GHS 10,968,159.00 in 2018 to GHS 10,775,153.00 in 2019 representing a decrease of 1.76%. Staff costs and director's remuneration showed a decrease.

5.6 Dividend

For the year 2019, we have not proposed payment of dividend due to the Bank of Ghana's Directive concerning payment of dividend (Notice Number BG/GOV/SEC/2020/03).

6. OTHER DEVELOPMENTS

6.1 Ghana Club 100 Awards

Our Bank maintained its membership of the prestigious Ghana Club 100 for the year 2019, placing the 92nd position amongst the top 100 performing corporate entities. Our collective efforts contributed to this feat. We will work harder to maintain our membership and improve upon our rankings.

6.2 Installation of Automated Teller Machines (ATMs)

The Bank now has three (3) ATM's at the Mamfe, Madina and Nsawam branches. This is part of the measures to make our services available to our customers 24/7. We continue to entreat all existing and potential customers to patronize the ATMs especially during this period of the COVID 19 pandemic to reduce our risk.

6.3 Appointment of General Manager

Fellow shareholders, I wish to inform you that Mr. Samuel Mbir the General Manager resigned in October 2019 and a new General Manager Mr. Kingsley Kyere was appointed in July 2020.

6.4 New Directors

Out of the four (4) Directors presented to the Bank three (3) were cleared. These were Dr. Ernest Obuobisa-Darko, Mr. Samuel Dako and Mr. Emmanuel Nii Awuku. We have still not received clearance for Mr. Stephen Asare-Mintah. We look forward to the Bank of Ghana's response before the close of year 2020.

6.5 Quarterly Ratings by ARB Apex Bank

The bank was ranked the 14th position by the Efficiency Monitoring Unit (EMU) of the ARB Apex Bank at the end of December 2019 amongst the 144 RCB's operating in Ghana, however the Bank ranked 4th as at June, 2020. The quarterly ranking uses 16 criteria grouped under the target areas of Capital, Asset quality, Asset utilisation, Earnings/

Profitability and Liquidity (CAEL). Efforts are being made to improve upon this performance.

7.0 ACKNOWLEDGEMENTS

Distinguished Shareholders, I thank you for keeping faith with us over the years, colleague Board members for your unflinching support and contributions. I also acknowledge Management and Staff for their commitment and hard work in this difficult time as well as our cherished customers for doing business with us and keeping faith with even in abnormal times. We would continue to be your financial partner with flexible solutions to your financial needs.

Finally, to our regulators, advisory bodies especially Bank of Ghana, ARB Apex Bank, the Association of Rural Banks-Ghana both the National and Eastern Regional Chapter, our External Auditors and our External Lawyer we are grateful for your guidance and directions.

Thank you for your attention.

Awards





BOARD OF DIRECTORS' REPORT

TO THE MEMBERS OF AKUAPREM RURAL BANK LIMITED

The Directors are pleased to present their report together with the audited financial statements for the year ended 31 December 2019, which disclose the statement of the affairs of Akwapem Rural Bank Limited (the "Bank").

BOARD OF DIRECTORS

- 1) Emma Cordelia Owusu-Amoah - Chairperson
- 2) Kwame Gyeke-Amoako - Vice Chairman
- 3) Dr. William Adjei Twumasi - Member
- 4) Samuel Dako - Member
- 5) Dr. Ernest Obuobisa-Darko - Member
- 6) Emmanuel Nii Awuku - Member

In accordance with section 325(a) of the Companies Act, 2019 (Act 992), Emma Cordelia Owusu-Amoah and Dr. William Adjei Twumasi retire by rotation. However, Dr. William Adjei Twumasi offer himself for re-election as he is eligible to serve a further term on the Board in compliance with section 325(e).

By virtue of section 325(f) of the Companies Act, 2019 (Act 992) a person is not eligible to the office unless not less than three (3) days and not more than twenty-eight (28) days before the date appointed for the general meeting a notice in writing

- i. Of the intention to propose that person for election, signed by a member entitled to attend and vote at the meeting; and
- ii. Of the consent to be elected as a director, signed by the person proposed, is lodged at the registered office of the company.

Directors' responsibilities in respect of the financial statements

Statement of Directors' responsibilities

The Directors are required to ensure that adequate accounting records are maintained so as to disclose at reasonable adequacy, the financial position of the Bank. They are also responsible for steps to safeguard the assets of the Bank and to prevent and detect fraud and other irregularities. They must present financial statements for each financial year, which give a true and fair view of the affairs of the Bank, and the results for that year. In preparing these financial statements, they are required to:

- Select suitable accounting policies and apply them on a consistent basis using reasonable and prudent judgment.
- State whether or not the Companies Act, 1963 (Act 179) (repealed) and subsequently by the Companies Act, 2019 (Act 992), the Bank and Specialised Deposit-Taking Institutions Act, 2016 (Act 930) and in accordance with International Financial Reporting Standards ("IFRS") have been adhered to and explain material departures thereto.
- Use the going concern basis unless it is inappropriate.

The Board acknowledges its responsibility for ensuring the preparation of the annual financial statements in accordance with IFRS and the responsibility of external auditors to report on these financial statements. The Board is responsible for ensuring the maintenance of adequate accounting records and an effective system of internal controls and risk management.

Nothing has come to the Board's attention, to indicate any material breakdown in the functioning of the internal controls and systems during the year under review, which could have a material impact on the business.

The financial statements are prepared from the accounting records on the basis of consistent use of appropriate records supported by reasonable and prudent judgments and estimates that fairly present the state of affairs of the Bank. The financial statements have been prepared on a going concern basis and there is no reason to believe that the Bank will not continue as a going concern in the next financial year. The Directors confirm that in preparing the financial statements, they have:

- selected suitable accounting policies and applied them consistently.
- made judgments and estimates that are reasonable and prudent.
- followed the International Financial Reporting Standards.
- prepared the financial statements on the going concern basis.

The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Bank and to enable them ensure that the financial statements comply with the Companies Act, 1963 (Act 179) (repealed) and subsequently by the Companies Act, 2019 (Act 992), the Bank and Specialised Deposit-Taking Institutions Act, 2016 (Act 930) and in accordance with International Financial Reporting Standards ("IFRS"). They are also responsible for safeguarding the assets of the Bank and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Five year financial summary and financial highlights

(All amounts are stated in Ghana cedis unless otherwise stated)

Five year financial summary	2019	2018	2017	2016	2015
Interest income	12,588,812	13,120,249	12,904,828	11,710,440	9,003,952
Interest expense	(2,804,206)	(2,558,046)	(2,389,235)	(1,736,235)	(1,155,465)
Net interest income	9,784,606	10,562,203	10,515,593	9,974,205	7,848,487
Fees and commission income	1,177,451	1,319,527	581,860	610,151	494,921
Other operating income	260,371	238,665	122,589	142,869	337,409
Profit before tax	551,874	1,101,938	1,786,196	2,640,783	2,875,110
Tax expenses	(103,597)	(200,762)	(487,126)	(625,699)	(222,145)
Profit after tax	492,121	901,176	1,299,070	2,015,084	2,652,965
Total assets	74,033,858	67,594,771	60,673,306	50,901,851	41,103,548
Equity	9,969,755	10,133,620	9,883,410	9,517,287	8,510,946
Total equity and liabilities	74,033,858	67,594,771	60,673,306	50,901,851	41,103,548

Financial highlights	2019	2018	Percentage change (%)
Interest income	12,588,812	13,120,249	(4.05)
Interest expense	(2,804,206)	(2,558,046)	9.62
Net Interest Income	9,784,606	10,562,203	(7.36)
Commission and fees	1,177,451	1,319,527	(10.77)
Other operating income	260,371	238,665	9.09
Profit before taxation	551,874	1,101,938	(49.14)
Total Assets	74,033,858	67,594,771	9.53
Equity	9,969,755	10,133,620	0.83
Total equity and liabilities	74,033,858	67,594,771	9.53

Financial results

Detailed financial results for the year are set out in the attached audited financial statements with an extract as below.

	2019	2018
Profit before tax for the year	551,874	1,101,938
from which is deducted income tax expense of	(103,597)	(200,762)
giving profit after tax of	448,277	901,176
to which is added balance on retained earnings account brought forward	4,802,652	5,250,053
Prior year adjustment and bad debt	(456,340)	(663,145)
Restated balance	4,346,312	4,586,908
Leaving a balance before statutory and other transfers of	4,794,588	5,488,084
From which the following transfers were made:		
Transfer to statutory reserve	(56,035)	(112,647)
Transfer to dividend account	(478,481)	(572,785)
Other movement of:		
Regulatory credit risk reserve*	-	-
	4,260,073	4,802,652

* The bank did not perform impairment on loans based on IFRS 9 criteria.

The increase in the statutory reserve was due to the provision in the section 34(b) of the Bank and Specialised Deposit-Taking Institutions Act, 2016 (Act 930). The Directors consider the state of affairs of the Bank to be satisfactory.

Stated capital and capital adequacy ratio

The stated capital of the Bank at the end of the reporting was GHS 2,153,013 and deposit for shares of GHS 46,626.08. The Bank met the minimum capital requirement and the 10% minimum capital adequacy ratio. The Capital adequacy ratio was 22.61%.

Principal activities

The principal business of the Bank is to provide banking services.

Appointment, retirement and re-election of Board Members

Dr. Ernest Obuobisa-Darko, Samuel Dako and Emmnuel Nii Awuku were elected on 29th September, 2018 but clearance was given by Bank of Ghana on 10th May, 2019.

The Directors in office at the end of the reporting year are as follows:

Board of Directors	Position	Qualification/ Profession	Date appointed	Date of Birth/Age (yrs)
Mrs. Emma Owusu-Amoah	Chairman	Banker	25/5/2014	31/01/1967(53)
Mr. Kwame Gyeke-Amoako	Vice Chairman	Business Executive	23/5/2015	19/10/1954(65)
Dr. William Adjei Twumasi	Non-Executive Director	Accountant	23/5/2015	28/02/1961(59)
*Dr. Ernest Obuobisa-Darko	Non-Executive Director	Banker/Economist	29/9/2018	23/11/1962(57)
*Mr. Samuel Dako	Non-Executive Director	Banker	29/9/2018	17/5/1968(52)
*Emmanuel Nii Awuku	Non-Executive Director	Retired Banker	29/8/2018	05/07/1954(65)

Four (4) additional directors were elected on 29th September, 2018 to replace retiring directors. A letter was written to Other Financial Institutions Department (OFISD) of the Bank of Ghana for clearance as below.

Proposed director	Date of letter to OFISD	Remarks	Date of letter to OFISD	Remarks
Mr. Daniel Asare-Mintah	5 th February, 2019	Submission of additional information on the completed personal note forms	2 nd January, 2019	Submission of completed personal note forms
*Mr. Emmanuel Nii Awuku			3rd December, 2018	Submission of personal notes forms
*Mr. Samuel Dako			31 October, 2018	Submission of personal notes forms
*Dr. Ernest Obuobisa-Darko			31 October, 2018	Submission of personal notes forms

**Clearance by Other Financial Institutions Supervision Department of Bank of Ghana on 10th May, 2019.*

Training and Continuous Professional Development (CPD)

During the year, various training to management has involved some of the Board of Directors to help the Bank to achieve its goals though no formal and tailored programme were organized for the Board of Directors. Training of the Directors will continually update their skills, their knowledge and familiarity with the Bank's businesses, their awareness of sector, risk, regulatory, legal, and financial and other developments to enable them to fulfil effectively their role on the board and Committees of the Board.

Code of Conduct

Akuapem Rural Bank Limited has a Code of Conduct policy approved by the Board of Directors of the Bank. This addresses areas like complying with local laws and regulations, the Bank not offering, giving, or accepting inappropriate gifts or benefit to or from third parties, prevention of money laundering and fraud, avoidance of conflict of interest, openness and honesty with regulators, confidentiality amongst others.

Conflict of interest and compliance

The Bank's Code of Conduct addresses conflicts of interest i.e. actual and potential conflict of interest. Further, personal conflict of interest and business conflict of interest are addressed by the Code.

Events after reporting year

The Directors are not aware of any adjusting events after the reporting year except the disclosure on note 34 regarding the Corona Virus pandemic.

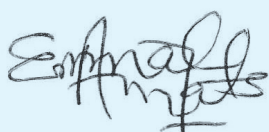
Corporate social responsibilities

The Donation and community development by the Bank amounted to GHS 7,290 in the reporting year under review. Sampled organisations like Ghana National Fire Service, Ghana Police Service, Larteh, Adukroman Council, Akwapem Adontenman Council, Farmers Day celebration, Ghana Education Service, Nsawam etc. benefited from the above.

Related party transactions

Related party transactions are transactions that each counter party has the ability to influence the outcome of the transaction for economic benefits. Related party transactions and balances are also disclosed in notes to the financial statements. All the Directors and key management personnel have interest in shares but no debt interest was issued by the Bank during the year under review of the Bank. Other than service contracts, no Director has a material interest in any contract to which the Bank was a party during the year. Note 28 has disclosures on related party transactions.

By the order of the Board:



Emma Cordelia Owusu-Amoah
Chairperson

Approval of financial statements

The financial statements for the year set out on pages 25 to 59, which have been prepared on a going concern basis, were approved by the Board of Directors and signed on their behalf by:

Dividend

No dividend was proposed by the Directors in line with the Bank of Ghana directives for the 2019 reporting year.

Auditors

The Auditors, Messrs. UHY Voscon Chartered Accountants will continue in office in accordance with Section 81 (4) of the Banks and Specialised Deposit Taking Institutions Act, 2016 (Act 930).



Kwame Gyeke-Amoako
Vice Chairman



INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF AKUAPEM RURAL BANK LIMITED

Report on the audited financial statements

Opinion

In our opinion, Akuapem Rural Bank Limited has kept proper accounting records and the financial statements are in agreement with the records in all material respects and report in the prescribed manner, information required by the Companies Act, 1963 (Act 179) (repealed) and subsequently by the Companies Act, 2019 (Act 992), and the Banks and Specialised Deposit-Taking Institutions Act, 2016 (Act 930). The financial statements give a true and fair view of the financial position of the Bank as at 31 December, 2019, and of its financial performance and statement of cash flow for the year then ended and are drawn up in accordance with the International Financial Reporting Standards, issued by the International Accounting Standards Board (IASB).

What we have audited

We have audited the accompanying financial statements of the Akuapem Rural Bank Limited for the year ended 31 December, 2019.

The financial statements comprise:

- statement of comprehensive income for the year then ended;
- statement of financial position as at 31 December, 2019;
- statement of changes in equity for the year ended;

- 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.

Emphasis of matter- Effects of enactment of the Companies Act, 2019 (Act 992)

We draw your attention to Note 37 of the financial statements, which describe the effects of the enactment of the Companies Act, 2019 (Act 992) which came into force on 5th August, 2019. Our opinion is not modified in respect of this matter.

Independence

We are independent of the Bank within the meaning International Ethics Standards Board for Accountants' (IESBA) Code of Ethics for Professional Accountants as adopted by the Institute of Chartered Accountants Ghana (ICAG). We have fulfilled our other ethical responsibilities with IESBA Code.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These 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.

Key Audit Matters	How our audit addressed the key audit matter
<p>Legal and regulatory matters-Estimation Uncertainty</p> <p>There are a number of pending and ongoing legal disputes involving the Bank. In certain litigation and regulatory matters significant judgment is required by the Bank to determine whether a present obligation exists and whether a provision should be recognised. If there is a present obligation, there are significant judgments in determining the measurement of provisions, which are subject to the future outcome of legal or regulatory processes.</p>	<p>Our procedures included:</p> <p>Enquiry of lawyers</p> <p>Correspondence with the Bank's internal lawyer at Mamfe, Akuapem to understand the nature and status of legal disputes and regulatory developments in order to determine whether or not a provision should be recognised.</p> <p>To corroborate the above we also had correspondence with the Bank's external Counsel, Amoako Adjei Law Consult to understand the nature and status of legal disputes and regulatory developments in order to determine whether or not a provision should be recognised.</p>
<p>Loan loss provision</p> <p>The Bank carries out an impairment of its loans and advances in compliance with IAS 39 – Financial Instruments: Recognition and Measurement, which requires the amount of loss to be measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the loan asset's original effective interest rate.</p> <p>The Bank reviews its loans and advances for impairment at the end of each reporting period. Due to the judgements made in the following areas;</p> <ul style="list-style-type: none"> - Percentage of realization <p>Years to realization</p> <ul style="list-style-type: none"> - Emergence period <p>Due to the significant judgements that are applied by management in determining whether an impairment loss has occurred, we considered this to be a key audit risk.</p> <p>In addition to specific provisions against individually impaired loans and advances, the Bank also makes a collective impairment against the remainder of the loans and advances in relation to which specific impairment losses have not been made. We focused on this area, since the determination of the amount of the collective provision is an estimation process which is based on historical loss experience and therefore involves significant judgment.</p>	<p>We evaluated and tested the design, implementation and operating effectiveness of the key controls over the computation of impairment loss. In performing the tests of controls, we considered the appropriateness of the control 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.</p> <p>We performed an evaluation of management's key assumptions over specific impairment calculation, including the calculation, methodology and the realizable value of collaterals and expected period of realization of the collaterals.</p> <p>We determined whether the short-term investments which were used as collaterals were suitably valued and up to the quantum of the loan amount and that the Bank had lien over the collaterals.</p> <p>We tested the adequacy of the collective loan loss provision by evaluating the assumptions and historical loss rates used by management in the calculation of the collective impairment provision. We considered geographic sectorial statistics and current economic and other relevant conditions, including changes in factors such as lending policies, nature and volume of the portfolio, volume and severity of recently identified impaired loans.</p> <p>We found that the assumptions used by management were comparable with historical performance and have been assessed as reasonable. We considered the disclosure of loan impairment to appropriate and adequate.</p>

Key Audit Matters	How our audit addressed the key audit matter
<p>Loan loss provision</p> <p>The Bank is also required to compute loan provision in accordance with the 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.</p> <p>The Bank is also required to make transfers from retained earnings to regulatory credit risk reserve based on the excesses of IFRS impairment and Bank of Ghana provision.</p> <p>The disclosures relating to impairment of loans and advances to customers which are included in notes to the financial statements are considered important to the users of the financial statements given the level of judgment and estimation involved.</p>	<p>We further assessed also as appropriate the classifications of the Bank's loans and advances in accordance with Bank of Ghana, prudential guidelines and the transfer of any excess provision over the IFRS computed provisions to the regulatory credit Risk Reserve.</p>

Other Information

The Directors are responsible for the other information. The other information comprises the Report of the Directors, including the Board Chairman's statement which we obtained prior to the date of this auditor's report. The other information does not include the financial statements, and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and we do 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 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. Based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, if 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.

Going concern

The financial statements of the Bank have been prepared using the going concern basis of accounting. The use of this basis of accounting is appropriate unless management either intends to liquidate the Bank or to cease operations, or has no realistic alternative but to do so. As part of our audit of the financial statements, we have concluded that management's use of the going

concern basis of accounting in the preparation of the Bank's financial statements is appropriate.

Management has not identified a material uncertainty that may cast significance doubt on the Bank's ability to continue as a going concern, and accordingly none is disclosed in the financial statements of the Bank. Based on our audit of the financial statements of the Bank, we also have not identified such a material uncertainty.

However, neither management nor the auditor can guarantee the Bank's ability to continue as going concern.

Responsibilities of Directors for the financial statements

The Directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards (IFRSs), Companies Act, 1963 (Act 179) (repealed) and subsequently by the Companies Act, 2019 (Act 992), and the Banks and Specialised Deposit Taking Institutions Act, 2016 (Act 930). These responsibilities include designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error, selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. The Directors are responsible for overseeing the Bank's financial reporting process.

Auditor's responsibilities for the audit of the financial statements

The objectives of our audit are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatements, 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 planning and performance of the audit. We also:

- Identify and assess the risks of material misstatements 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 the 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 entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- 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.
- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and based on the evidence obtained, whether a material uncertainty exists relating 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 Bank's financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- We communicate with the Audit Committee 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.
- We also provide a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards. From the matters communicated with the Audit Committee and the Directors, we determine those matters that were of most significance in the audit of the financial statements of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interests benefits of such communication.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities and business activities within the Bank to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the Bank audit. We remain solely responsible for our audit opinion.

Other matter paragraph

We have nothing to report on other matters on which we are required to report except by below.

The Companies Act, 1963 (Act 179) (repealed) and subsequently by the Companies Act, 2019 (Act 992), requires that in carrying out our audit work we consider and report on the following matters. We confirm that:

1. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
2. In our opinion proper books of account have been kept by the Bank, so far as appears from our examination of those books; and
3. The statement of financial position and statement of comprehensive income of the Bank are in agreement with the books of account.

In accordance with Section 85 (2) of the Banks and Specialised Deposit-Taking Institutions Act, 2016 (Act 930), we hereby confirm that:

1. The accounts give a true and fair view of the state of affairs of the Bank and its results of operations for the year under review;
2. We were able to obtain all the information and explanation required for the efficient performance of our duties as auditors;
3. The Bank's transactions were within its powers;

4. In our opinion, the Bank has generally complied with the provisions of the Anti-Money Laundering Act, 2008 (Act 749), the Anti-Terrorism Act, 2008 (Act 762) and the regulations enactments; and
5. The Bank has generally complied with the provisions in the Banks and Specialised Deposit-Taking Institutions Act, 2016 (Act 930).

The engagement partner on the audit resulting in this independent auditor's report is **Emmanuel K.D. Abbey (ICAG/P/1167)**



Signed by:

For and on behalf of:

UHY Voscon (ICAG/F/2020/086)

Chartered Accountants

P. O. Box LA 476, La, Accra

2nd Floor, Cocoshe House

Opposite Silver Star Tower

Agostinho Neto Close Airport

Residential Area Accra - Ghana.

Phone +233 30 2683 430 / 4

Email: info@uhyvoscon-gh.com

Web: www.uhyvoscon-gh.com

GA:-057-1475

Date: 20/06/2020

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER

(All amounts are stated in Ghana cedis unless otherwise stated)

	Note	2019	2018
Interest income	4	12,588,812	13,120,249
Interest expense	5	(2,804,206)	(2,558,046)
Net interest income		9,784,606	10,562,203
Commissions and fees	6	1,177,451	1,319,527
Other operating income	7	260,371	238,665
Total operating income		11,222,428	12,120,395
Other operating expenses	8	(10,775,153)	(10,968,159)
Impairment of loan	9	104,599	(50,298)
Profit before taxation		551,874	1,101,938
Taxation	10.1	(103,597)	(200,762)
Profit after taxation		448,277	901,176
Other comprehensive income			-
Revaluation surplus-equity investment		276,053	206,197
Total comprehensive income attributable to the shareholders		724,330	1,107,373
Earnings per share:			
Basic		0.464	0.942
Diluted*		0.464	0.942

**There were no compound financial instruments potentially convertible during the period under review*

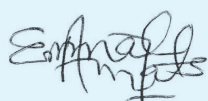
The notes on pages 30 to 59 are integral part of these financial statements.

STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER

<i>(All amounts are stated in Ghana cedis unless otherwise stated)</i>	Notes	2019	2018
Assets			
Cash and bank balances	11	5,199,046	4,688,833
Short-term and trading investments	12	47,205,410	39,637,414
Equity investments	13	634,178	358,125
Loans and advances to customers	14	16,004,585	17,386,661
Other assets	17	1,472,733	1,884,107
Current tax		-	-
Property, plant and equipment	15.1	3,218,740	3,604,970
Intangible asset	16.1	299,166	34,661
Total assets		74,033,858	67,594,771
Equity			
Stated capital	18	2,153,013	2,153,013
Deposit for shares		46,626	
Retained earnings		4,260,073	4,802,652
Revaluation reserve		635,885	359,832
Statutory reserve fund		2,786,648	2,730,613
Regulatory credit risk reserve		87,510	87,510
Total equity		9,969,755	10,133,620
Liabilities			
Customer deposits	20	61,782,671	54,875,418
Current tax	10.2	103,214	64,771
Deferred tax	10.3	123,060	225,770
Payables and accruals	21	866,779	1,548,772
Dividend payable	22	814,704	746,420
Long-term borrowing	24	373,674	
Total liabilities		64,064,104	57,461,151
Total equity and liabilities		74,033,858	67,594,771

The notes on pages 30 to 59 are integral part of these financial statements. These financial statements were approved by the Board and signed on their behalf by:



Emma Cordelia Owusu-Amoah
Chairperson



Kwame Gyeke-Amoako
Vice Chairman

Dated: 20/6/2020

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER, 2019

(All amounts are stated in Ghana cedis unless otherwise stated)

For the year end 31 December, 2019	Stated capital	Deposit for share	Retained earnings	Statutory reserve	Revaluation reserve	Credit reserve	Total
Balance as at 1 January	2,153,013	46,626	4,802,652	2,730,613	359,832	87,510	10,180,246
Prior year adjustment			(456,340)				(456,340)
Balance as restated	2,153,013	46,626	4,346,312	2,730,613	359,832	87,150	9,723,906
Net profit or loss			448,277				448,227
Dividend payable			(478,481)				(478,481)
Revaluation reserve					276,053		276,053
Transfer to statutory reserve			(56,035)	56,035			-
Balance at 31 December	2,153,013	46,626	4,260,073	2,786,648	635,885	87,510	9,969,755

The notes on pages 30 to 59 are integral part of these financial statements.

For the year end 31 December, 2018	Stated capital	Retained earnings	Statutory reserve	Revaluation reserve	Credit reserve	Total
Balance as at 1 January	1,774,246	5,250,053	2,617,966	153,635	87,510	9,883,410
Prior year adjustment		(663,145)				(663,145)
Balance as restated	1,774,246	4,586,908	2,617,966	153,635	87,510	9,220,265
Net profit or loss	-	901,176	-	-	-	901,176
Dividend payable	-	(572,785)	-	-	-	(572,785)
Proceeds from issue of shares	378,767	-	-	-	-	378,767
Revaluation reserve	-	-	-	206,197	-	206,197
Transfer to statutory reserve		(112,647)	112,647			
Balance at 31 December	2,153,013	4,802,652	2,730,613	359,832	87,510	10,133,620

The notes on pages 30 to 59 are integral part of these financial statements.

STATEMENT OF CASH FLOW

FOR THE YEAR ENDED 31 DECEMBER, 2019

	Notes	2019	2018
Cash flows from operating activities			
Cash generated from/ (used in) operations	23	1,226,369	1,822,262
Tax paid		(167,863)	(310,751)
Net cash generated from operating activities		1,058,506	1,511,511
Cash flows from investing activities			
Purchase of property, plant and equipment		(265,466)	(545,403)
Purchase of intangible assets		(294,593)	(10,008)
Proceeds from sale of fixed assets		1,661	6,679
Net cash used in investing activities		(558,398)	(548,732)
Financing activities			
Proceeds from issue of shares		-	378,767
Deposit for shares		46,626	-
Long-Term Borrowing		92,518	-
Dividend paid		(373,675)	(527,248)
Net Cash flow from financing activities		(10,104)	(148,481)
Increase in cash and cash equivalents		510,212	814,298
Cash and cash equivalents at the beginning of the year		4,688,834	3,874,535
Cash and cash equivalents at the end of the year	11	5,199,046	4,688,833
Analysis of cash and cash equivalents			
Cash on hand		1,664,390	1,244,957
Bank balances		3,534,656	3,443,876
At year end		5,199,046	4,688,833

The notes on pages 30 to 59 are integral part of these financial statements.

Employee OF THE YEAR 2019



Antionette Juliana Adzie Afi

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER, 2019

(All amounts are stated in Ghana cedis unless otherwise stated)

1.0 Reporting entity

Akuapem Rural Bank Limited (ARB Ltd) formerly Akwapim Rural Bank was incorporated under the Companies Act, 1963, (Act 179) on 18th May 1978 and issued with certificate to commence business on 30th July, 1980. The Bank was officially commissioned on 29th August, 1980.

Akuapem Rural Bank Limited is domiciled in Ghana and headquartered at Mamfe- Akuapem with its registered address opposite Mamfe lorry station in the Akuapem North District and Eastern Region of Ghana. Akuapem Rural Bank is regulated under the Banks and Specialised Deposit- Taking Institutions Act, 2016 (Act 930).

1.1 Principal activity

The nature of business which the bank is authorised to carry out is banking services.

2.1 Basis of preparation

2.1.1 Statement of compliance

The financial statements of Akuapem Rural Bank Limited have been prepared in accordance with International Financial Reporting Standards as issued by the International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board (IASB) and Interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC) and in the manner required by the Companies Act, 1963 (Act 179) (repealed) and subsequently by the Companies Act, 2019 (Act 992), and the Banks and Specialised Deposit Taking Institutions Act, 2016 (Act 930).

2.1.2 Approval of the audited financial statements

The financial statements were approved by the Board of Directors on the date signed under the financial position.

2.1.3 Basis of presentation of the financial statements

The Bank presents its statement of financial position broadly in order of liquidity. Financial assets and financial liabilities are offset and the net amount reported in the statement of financial position only when there is a current legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or to realize the assets and settle the liability simultaneously. Income and expenses are not offset in profit or loss unless required or permitted by any accounting standard or interpretation, and as specifically disclosed in the accounting policies of the bank.

2.1.4 Basis of measurement

The financial statements have been prepared under the historical cost convention as modified to include the fair valuation of certain financial instruments to the extent required or permitted under the Bank's accounting policies and set out below.

2.1.5 Functional and presentation currency

These financial statements are presented in Ghana Cedis (GH¢), which is the Bank's functional currency.

2.1.6 Use of estimates and judgments

In the process of applying the Bank's accounting policies, management has exercised judgment and estimates in determining the amounts recognised in the financial statements. The most significant uses of judgment and estimates are as follows:

2.1.6.1 Going concern

The Bank's management has made an assessment of the Bank's ability to continue as going concern and is satisfied that the Bank has the resources to continue in business for the foreseeable future. Furthermore, management is not aware of any material uncertainties that may cast significant doubt upon the Bank's ability to continue as a going concern. Therefore, the financial

statements continue to be prepared on the going concern basis.

2.1.6.2 Impairment losses on loans and advances

The Bank reviews its individually significant loans and advances at each reporting date to assess whether an impairment loss should be recorded in profit or loss. In particular, management's judgment is required in the estimation of the amount and timing of future cash flows when determining the impairment loss. These estimates are based on assumptions about a number of factors described in the next paragraph and actual results may differ, resulting in future changes to the allowance.

Loans and advances that have been assessed individually and found not to be impaired and all individually insignificant loans and advances are then assessed collectively, in groups of assets with similar risk characteristics, to determine whether the provision should be made due to incurred loss events for which there is objective evidence, but the effects of which are not yet evident. The collective assessment takes account of data from the loan portfolio (such as levels of arrears, credit utilization, loan-to-collateral ratios, etc.), and judgments on the effect of concentrations of risks and economic data (including levels of unemployment, real estate prices indices, country risk and the performance of different individual groups).

2.1.6.3 Deferred tax assets

Deferred tax assets are recognized in respect of tax losses to the extent that it is probable that future taxable profit will be available against which the losses can be utilized. Judgment is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits, together with future tax-planning strategies. Tax losses can be used indefinitely.

2.1.6.4 Property, plant and equipment

Critical estimates are made by Directors in determining depreciation rates for property, plant and equipment.

2.2 Summary of significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements, and have been applied consistently by the Bank.

2.3 Foreign currency transactions

Assets and liabilities expressed in foreign currencies are translated into Ghana Cedis at the rates of exchange ruling at the reporting date. Transactions during the year are translated at the rates ruling at the dates of the transactions. Gains or losses on exchange if any are recognized in the profit and loss.

Transactions in foreign currencies are initially recorded by the Bank at their respective functional currency spot rates at the date the transaction first qualifies for recognition.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date. Differences arising on settlement or translation of monetary items are recognised in profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions.

2.4 Revenue, interest income, fee and commission income and dividend income

2.4.1 Revenue recognition

The Bank recognizes revenue in the financial statements on the accrual basis when the amount of revenue can be reliably measured and it is probable that future economic benefits will flow to the entity and when specific criteria have been met for each of the Bank's activities. The Bank bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

2.4.1.1 Interest income

Interest income, including income arising from loans and advances and other financial instruments are recognized in the statement of profit or loss using the effective interest method.

The effective interest method is a method of calculating the amortized cost of a financial asset. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter year to the net carrying amount of the financial asset. When calculating the effective interest rate, the Bank estimates cash flows considering all contractual

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

Once a financial asset or a group of similar financial assets has been written down as a result of an impairment loss, interest income is recognized using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. The recognition of interest income ceases when the payment of interest or principal is in doubt. Interest is included in income thereafter only when it is received. Loans are re-evaluated on the accrual basis only when doubts about their collectability are removed and when the outstanding arrears of interest and principal are received.

2.4.1.2 Fee and commission income

Fees and commissions are generally recognized on an accrual basis when the service is provided. Commission and fees arising from negotiation or participation in the negotiation of a transaction such as the arrangement for a loan are recognized upon completion of the underlying transaction. The Bank earns commissions and fees from a range of services provided to its customers. Income earned on customer's current account (commission on turnover) is recognized when the services are provided.

Commissions and facility fees are credited to income when earned with reasonable certainty and in the case of facility fees, in the year in which the related loan is granted.

2.4.1.3 Dividend income

Dividend income on shares held by the Bank are recognized in the statement of profit or loss in 'dividend income' when the Bank's right to receive payment is established. Additional income taxes that arise from the distribution of dividends are recognized at the same time as the liability to pay the related dividend is recognized.

2.5 Interest expense

Interest expense is recognized in the profit or loss for all interest-bearing financial instruments measured at amortized cost, this include savings and fixed term using the effective interest rate method.

The effective interest method is a method of calculating the amortized cost of a financial liability and of allocating the interest expenses. The effective interest rate is the rate that exactly discounts the estimated future cash payments over the expected life of the instrument or where appropriate, a shorter year to the net carrying amount of the financial liability

The effective interest rate is calculated on initial recognition of the financial liability, estimating the future cash flows after considering all the contractual terms of the instrument.

2.6 Administration, general and other operating expenses

These expenses are recognized when incurred not when paid.

2.7 Cash and cash equivalents

Cash and cash equivalents include notes and coins on hand, unrestricted balances held with ARB Apex Bank Limited and highly liquid financial assets with original maturities of less than three months, which are subject to insignificant risk of changes in their fair value, and are used by the Bank in the management of its short-term commitments. Cash and cash equivalents are carried at amortized 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.

2.8 Financial assets and liabilities

2.8.1 Date of recognition

The Bank initially recognizes financial assets and financial liabilities on the trade date. i.e., the date that the Bank becomes a party to the contractual provisions of the instrument.

2.8.2 Initial measurement of financial instruments

The classification of financial instruments at the initial recognition depends on the purpose and management's intention for which the financial instruments were acquired and their characteristics.

All financial instruments are measured initially at their fair value plus transaction costs, except in the case of financial assets and financial liabilities recorded at fair value through profit or loss.

2.8.2.1 Financial assets or financial liabilities held for trading

Financial assets or financial liabilities held for trading are recorded in the statement of financial position at fair value. Changes in fair value are recognized in net interest income.

The Bank has not designated any financial instrument as held for trading.

2.8.2.2 Financial assets or financial liabilities designated at fair value through profit or loss

Financial assets and financial liabilities classified in this category are those that have been designated by management on initial recognition. Management may only designate an instrument at fair through profit or loss upon initial recognition when the following criteria are met, and designation is determined on an instrument basis.

The designation eliminates or significantly reduces the inconsistent treatment that would otherwise arise from measuring the assets or liabilities or recognizing gains or losses on them on a different basis.

The assets and liabilities are part of the bank's financial assets, financial liabilities, or both which are managed and their performance evaluated on a fair value basis, in accordance with a documented risk management or investment strategy.

The financial instrument contains one or more embedded derivatives which significantly modify the cash flows that otherwise would be required by the contract.

Financial assets and financial liabilities at fair value through profit or loss are recorded in the statement of financial position at fair value. Changes in fair value are recorded in profit or loss. The Bank has not designated any financial instrument as fair value through profit or loss.

2.8.2.3 Held to maturity financial instruments

Held to maturity financial investments are non-derivative financial assets with fixed or determinable payments and fixed maturities, which the Bank has the intention and ability to hold to maturity.

After initial measurement, held to maturity financial investments are subsequently measured at amortized

cost using the effective interest rate method (EIR), less impairment.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees that are an integral part of the EIR. The amortization is included in interest and similar income in profit or loss. If the Bank were to sell or reclassify more than an insignificant amount of held to maturity investments before maturity (other than in certain specific circumstances), the entire category would be tainted and would be reclassified as available for sale.

Furthermore, the Bank would be prohibited from classifying any financial asset as held to maturity during the following two years.

2.8.2.4 Loans and advances

Loans and advances to customers includes loans and advances to customers originated by the Bank which are not classified as held for trading or designated at fair value. Loans and advances are recognized when cash is advanced to the borrower. They are derecognized either when the borrower repay their obligations or are written off.

They are initially recognized at fair value plus and they are initially recognized at fair value plus any directly attributable transaction cost and are subsequently measured at amortized cost using the effective interest rate method less impairment loss.

2.9 Framework for impairment of financial assets

At each reporting date, the Bank assesses whether, as a result of one or more events (loss event) occurring after initial recognition, there is objective evidence that financial assets or group of financial assets has become impaired.

Evidence of impairment may include indications that the borrower or group of borrower or group of borrowers is experiencing significant financial difficulty, default or delinquency in interest or principal payments, or the fact that the debt is being restructured to reduce the burden on the borrower.

2.9.1 Impairment of financial assets

The Bank makes an allowance for unrecoverable loans and receivables, held to maturity investments and available for sale financial assets when there is an

objective evidence that the carrying amount may not be recoverable. Significant management judgment is required to determine when objective evidence of impairment exists, and also in estimating future cash flows from the assets.

2.9.2 Impairment of financial assets carried at amortized cost

For financial assets carried at amortized cost, the Bank first assesses individually whether objective evidence of impairment exists for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Bank determines that no objective evidence of impairment exists for an individually assessed financial asset, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognized are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the assets carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred). The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognized in the profit and loss.

Interest income continues to be accrued on the reduced carrying amount and is accrued using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss.

The interest income is recorded as part of 'Interest and similar income. Loans together with the associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realized or has been transferred to the Bank. If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognized, the previously recognized impairment loss is increased or reduced by adjusting the allowance account. If a future write-off is later recovered, the recovery is credited to the 'Credit loss expense'

2.9.3 Impairment of available for sale investments

If there is objective evidence that the cost may not be recovered, an available-for-sale equity security is considered to be impaired.

Objective evidence that the cost may not be recovered, in addition to qualitative impairment criteria, includes a significant or prolonged decline in the fair value below cost

If an available-for-sale equity security is impaired based upon the Bank's qualitative or quantitative impairment criteria, any further declines in the fair value at subsequent reporting dates are recognized as impairments. Therefore, at each reporting period, for an equity security that is determined to be impaired based upon the Bank's impairment criteria, an impairment is recognized for the difference between the fair value and the original cost basis, less any previously recognized impairments.

2.10 De-recognition of financial assets

2.10.1 Financial assets

A financial asset (or, where applicable a part of a financial asset or part of similar financial assets) is derecognized when:

The rights to receive cash flows from the asset have expired.

The Bank has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under 'pass through' arrangement; and either the Bank has transferred substantially all the risks and rewards of the assets, or the Bank has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Bank has transferred its right to receive cash flows from an asset or has entered into a 'pass through' arrangement, and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Bank's continuing involvement in the asset. In that case, the Bank also recognizes an associated liability. The transferred asset and the

associated liability are measured on a basis that reflects the rights and obligations that the Bank has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Bank could be required to repay.

2.10.2 Financial liabilities

A financial liability includes due to customers, other liabilities and interest payable are derecognized when the obligation under the liability is discharged or cancelled or expires.

Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a de-recognition of the original liability and the recognition of a new liability.

The difference between the carrying value of the original financial liability and the consideration paid is recognized in profit or loss.

The Bank enters into transactions whereby it transfers assets recognized on its balance sheet, 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 derecognized 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.

2.11 Offsetting

Financial assets and liabilities are set off and the net amount presented in the statement of financial position when, and only when, the Bank currently has a legally enforceable right to set off the amounts and intends either to settle on a net basis or to realize 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 a group of similar transactions such as in the Bank's trading activity.

2.12 Renegotiated loans

Where possible, the Bank seeks to restructure loans rather than to take possession of collateral. This may involve extending the payment arrangements and the agreement of new loan conditions. Once the terms have been renegotiated any impairment is measured using the original EIR as calculated before the modification of terms and the loan is no longer considered past due. Management continually reviews renegotiated loans to ensure that all criteria are met and that future payments are likely to occur. The loans continue to be subject to an individual or collective impairment assessment, calculated using the loan's original effective interest rate.

2.13 Fair value measurement

The Bank measures financial instruments, such as, available for sale financial assets at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible to by the Bank. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest. A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use. The Bank uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

2.14 Income tax expense

Income tax expense comprises current and deferred tax. Income tax expense is recognised in the profit or loss except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

2.14.1 Current tax

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the statement of financial position date, and any adjustment to tax payable in respect of previous years.

2.14.2 Deferred tax expense

Deferred tax is provided using temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the following temporary differences: the initial recognition of goodwill, the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit, and differences relating to investments in subsidiaries to the extent that they probably will not reverse in the foreseeable future. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

2.15 Provisions

Provisions are recognized when the Bank has:

- a present obligation (legal or constructive) as a result of a past event,
- and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation,
- And a reliable estimate can be made of the amount of the obligation.

The amount of a provision is the present value of the expenditure to be required to settle the obligation. Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, the reimbursement shall be recognised when, and only when, it is virtually certain that the reimbursement will be received if the entity settles the obligation. The reimbursement shall be treated as a separate asset. The amount recognised for the reimbursement shall not exceed the amount of the provision.

Provisions are not recognised for future operating losses. If an entity has a contract that is onerous, the present obligation under the contract shall be recognised and measured as a provision. Contingent assets and contingent liabilities are not recognised in the financial statements. Contingencies are disclosed in the notes to these financial statements if the probability of the required cash flow cash outflow to discharge the obligation is possible.

2.15.1 Provision for restructuring/reorganization

A restructuring or reorganization is a programme that is planned and controlled by management which will materially change the scope and manner in which the business is conducted e.g. the termination or sale of business. A provision for restructuring can only be recognized if there is a constructive obligation which is established if the following conditions are met:

- There is a detailed formal plan that identifies the part of the business, location and employees who will be affected by the restructuring
- A valid expectation has been created to those who will be affected by the restructuring. Provision for restructuring is made if a constructive obligation exists before the end of the financial year. However, if the constructive obligation arises after year end, and the provision is material, the material effect is disclosed in the financial statements in accordance with IAS 10.

Restructuring provision cost include direct expenditures that will be incurred because of the restructuring and excludes any cost associated with ongoing activity of the entity. E.g. training of staff, relocation of staff, marketing and investment in new machinery

2.16 Employee benefits

2.16.1 Short term employment benefits

The cost of short-term employee benefits, (those payable within 12 months after the service is rendered, such as paid vacation leave and sick leave, bonuses, and non-monetary benefits such as medical care) are recognised in the year in which the service is rendered and are not discounted.

2.16.2 Leave benefits

Annual leave is provided in the period that the leave accrued and outstanding leave is not converted to cash and no provision is made and recognised in the statement of profit or loss.

The expected cost of profit sharing and bonus payments is recognised as an expense when there is a legal or constructive obligation to make such payments as result of past performance.

2.16.3 Social security contributions

A defined contribution plan is a pension plan under which the Bank pays fixed contributions into a separate entity. The Bank contributes to the defined contribution schemes (the Social Security Fund) on behalf of employees. This is a national pension scheme under which the Bank pays 13% of qualifying employees' basic monthly salaries to a state managed Social Security Fund for the benefit of the employees.

The Bank has no legal or constructive obligations to pay further contributions if the fund does hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior years.

Payments to defined contribution retirement benefits plans are charged as an expense as they fall due.

2.16.4 Other employee benefits- Provident fund

The Bank has a provident fund scheme for all employees who have completed their probation with the Bank. Employees of the Bank contribute 7.5% of their basic salary to the fund while the Bank contributes 7.5%. Obligations under the scheme are limited to the relevant contributions made and any related investment income generated.

2.16.5 Retirement benefits

Retirement benefits shall be determined by the Board or as provided under the Association of Rural Banks Conditions of Service and also the rule governing the operation of the provident fund scheme.

2.16.6 Termination benefits

Termination benefits are recognized 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. Termination benefits for voluntary redundancies are recognized if Bank has made an offer encouraging voluntary redundancy, it is probable that the offer will be accepted, and the number of acceptances can be estimated reliably.

2.17 Inventories

Inventories are initially measured at cost. Cost of inventories are measured using the weighted average method. Subsequently inventories are measured at the lower of cost and net realizable value.

Net realizable value is the estimated selling price in the ordinary course of business less the estimate costs of completion and the estimated costs necessary to make the sale.

Cost of inventories comprises of all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. The inventories are stationeries of the Bank.

2.18 Share capital and equity

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Ordinary shares are classified as part of equity.

2.19 Borrowing cost

Borrowing cost deals with the capitalization of interest cost and funds used in the construction, production and acquisition of a qualifying asset. IAS 23 allows borrowing cost to be capitalized if it relates to the production of a qualifying asset. Qualifying asset that takes a substantial year of time to get the asset ready for its intended use or eventual sale. A qualifying asset can be tangible or intangible asset. Borrowing costs are interest and other costs (finance lease charges, exchange differences) that

an entity incurs in connection with the borrowing of funds. The following conditions must be met before the capitalization of borrowing cost;

- The borrowing cost capitalized should relate to the cost incurred on the project.
- The borrowing cost capitalized cannot exceed the total cost for the year
- Borrowing cost capitalized should commence when the expenditure on the project is being incurred and undertakes activity necessary to prepare the asset for its use or eventual sale which is not necessary from the date the funds are borrowed. The activities necessary to prepare the asset for its intended use or sale encompass more than the physical construction of the asset.
- They include technical and administrative work prior to the commencement of physical construction, such as the activities associated with obtaining permits prior to the commencement of the physical construction
- Borrowing cost capitalized should cease when the asset is ready for its intended use or eventual sale.
- Borrowing cost capitalized should be suspended in the year of inactivity or no active development of the qualifying asset.

Borrowing cost does not apply to inventories manufactured on large quantities on a repetitive basis. Borrowing costs that do not meet the capitalization criteria must be expensed into the income statement. Borrowing costs cannot be capitalized for assets measured at fair value. The interest rate for the borrowing cost is the effective rate which incorporates amortization for discounts, premium and other expenses like issue costs. Any investment income from the temporal investment of the funds for the construction or purchase of the qualifying assets during the construction year should be net against the borrowing cost eligible to be capitalized.

Any investment income during year of inactivity in the construction year will be credited to the income statement separately. Any investment income outside the construction year will be credited to the income statement separately.

2.20 Related parties

Related parties are individuals and companies, where the individual and the Bank have the ability directly or indirectly, to control the other party or exercise significant influence on the other party in making financial and operating decisions. Related party transactions and balances are disclosed in the notes to the financial statements.

2.21 Property, plant and equipment

The Bank recognizes an item of property, plant and equipment as an asset when it is probable that future economic benefits will flow to it, the amount meets the materiality threshold set by the Bank, and can be reliably measured.

All property, plant and equipment are initially stated at cost. Cost includes amount incurred initially to acquire or construct an item of property, plant and equipment and expenditure that is directly attributable to the acquisition or construction of the asset.

Subsequent expenditures are included in the asset's carrying amount or are 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 the replaced part is derecognized. All other repair and maintenance costs are charged to profit or loss during the financial year in which they are incurred.

Land is not depreciated. Depreciation of other assets is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives, as follows:

Class of asset	Estimated Useful life
Computers and accessories	25%
Office equipment	25%
Motor vehicles	20%
Furniture and fittings	20%
Building	5%
Generator	10%
Leasehold improvement	10%
Intangible	25%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting year. Assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. The recoverable amount is the higher of the asset's fair value less costs to sell and value in use. No property and equipment were impaired as at 31 December 2019 (2018: nil).

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the income statement.

2.22 Impairments of assets and other non-financial assets

The Bank assesses at each end of the reporting year whether there is any indication that an asset may be impaired. If any such indication exists, that an asset may be impaired, the recoverable amount is estimated for the individual asset. If it is possible to estimate the recoverable amount of the individual asset, the recoverable amount of the Cash-Generating Unit (CGU) to which the asset belongs is determined. The recoverable amount of a cash generating unit is the higher of its fair value less costs to sell and its value in use. If the recoverable amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. This reduction is an impairment loss.

An impairment loss of assets carried at cost less than any accumulated depreciation or amortization is recognised immediately in profit or loss. Any impairment loss of a revalued asset is treated as a downward revaluation.

A reversal of an impairment loss of assets carried at cost less accumulated depreciation or amortization other than goodwill is recognised immediately in profit or loss. Any reversal of an impairment loss of a revalued asset is treated as an upward revaluation.

2.23 Earnings per Share

Basic earnings per share (EPS) is calculated by dividing the profit after tax for the year attributable to equity

holders of the Bank by the weighted average number of ordinary shares outstanding during the year.

3.1 Standards, amendments and interpretations not yet adopted

Accounting standards, interpretations, and amendments effective for accounting years beginning on or after 1 January, 2018.

IFRS 9 Financial Instruments

On 1 January, 2018, the Bank had not adopted IFRS 9, Financial Instruments which supersedes IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 includes revised guidance on the classification and measurement of financial assets and liabilities, new guidance for measuring impairment on financial assets, and new hedge accounting guidance.

In accordance with transitional requirements, the Bank has not restated prior periods and had not reclassified the financial assets held at 1 January, 2018, retrospectively based on the new classification requirements and the characteristics of each financial instrument as at the transition date.

Classification and measurement of financial instruments

Under IFRS 9, financial assets are classified and measured based on the business model which they are held and the characteristics of their contractual cash flows. IFRS 9 contains three primary measurement categories for financial assets: measured at amortised cost, fair value through other comprehensive income (FVTOCI), and Fair value through profit or loss (FVTPL).

Impairment of financial assets

IFRS 9 replaces the incurred loss model in IAS 39 with an expected credit loss (ECL) model. This applies to financial assets classified at amortised cost and debt instruments classified at FVTOCI. Under IFRS 9, credit losses are recognised earlier than under IAS 39. 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.

Disclosure

Amendments were also made to IFRS 7 introducing expanded qualitative and quantitative disclosure related to IFRS 9.

IFRS 15 Revenue from Contracts with Customers

IFRS 15 Revenue from Contracts with Customers IFRS 15 is effective from 1 January 2018, and replaces IAS 18 Revenue. IFRS 15 is conceptually similar to IAS 18, but includes more granular guidance on how to recognise and measure revenue, and also introduces additional disclosure requirements. The Bank has not performed an assessment of the new standard on the operations related to the revenue of Akuapem Rural Bank. IFRS 15 replaces the below standards and interpretation:

- IAS 11 Construction contracts
- IAS 18 Revenue
- IFRIC 13 Customer Loyalty Programmes
- IFRIC 15 Agreements for the Construction of Real Estate
- IFRIC 18 Transfers of Assets from Customers
- SIC-31 Revenue - Barter Transactions Involving Advertising Services

Disclosures

The disclosure objective stated in IFRS 15 is for an entity to disclose sufficient information to enable users of financial statements to understand the nature, amount, timing and uncertainty of revenue and cash flows arising from contracts with customers. Therefore, an entity should disclose qualitative and quantitative information about all of the following:

- its contracts with customers;
- the significant judgments, and changes in the judgments, made in applying the guidance to those contracts; and
- any assets recognised from the costs to obtain or fulfil a contract with a customer.

Entities will need to consider the level of detail necessary to satisfy the disclosure objective and how much emphasis to place on each of the requirements. An entity should aggregate or disaggregate disclosures to ensure that useful information is not obscured.

3.2 New Accounting Standards in issue but not yet effective

These were standards that were in issue but not effective at the end of the reporting date. However, earlier adoption of these Standards is accepted.

The effective date of IFRS 16 is 1 January 2019 and the standard. IFRS 16 introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. A lessee is required to recognise a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments. IFRS 16 substantially carries forward the lessor accounting requirements in IAS 17 Leases. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently.

Disclosure

The objective of IFRS 16 disclosures is for information to be provided in the notes that, together with information provided in the statement of financial position, statement of profit or loss and statement of cash flows, gives a basis for users to assess the effect that leases have.

IFRIC 23 Uncertainty over income tax treatments

IFRIC 23 is effective from 1 January 2019. It clarifies the accounting for uncertainties in income taxes.

The interpretation is to be applied to the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under IAS 12.

4. Interest income	2019	2018
Interest on loans	5,916,570	6,291,449
Interest on overdraft	538,720	275,795
Interest on investment	6,133,522	6,553,005
	12,588,812	13,120,249

5. Interest expense	2019	2018
Interest deposits liabilities	1,946,594	1,858,439
Interest on savings	857,612	699,607
	2,804,206	2,558,046

6. Commission and fees income	2019	2018
Commission on turnover	787,637	606,658
Commitment fees	360,266	664,598
Cheque clearing fees	29,548	48,271
	1,177,451	1,319,527

7. Other operating income	2019	2018
Processing fees	54,482	48,779
Bad debt recovered	-	5,653
Profits on disposals	1,661	1,240
Sundry income	204,228	182,993
	260,371	238,665

8. Operating expenses	2019	2018
Staff costs	6,460,730	6,680,285
Depreciation	681,784	657,337
Directors remuneration	106,979	171,821
Audit fees	35,438	27,600
Other operating expenses	3,490,223	3,431,116
	10,775,153	10,968,159

9. Impairments loss on financial assets	2019	2018
Balance b/f	575,418	525,120
Loans written off	-	-
	575,418	525,120
Increase/(decrease) in provision charged to profit/loss	(104,599)	50,298
	470,819	575,418

10. Taxation

10.1 Income tax expenses

	2019	2018
Current tax expense	206,306	292,863
Charge to income statement for deferred tax	(102,710)	(92,101)
	103,597	200,762

10.2 Current tax

Year of assessment	Balance at 01/01/2019	Adjustment	Payments	Charge for the year	Balance at 31/12/2019
2017	(107,518)	158,210	(21,925)	-	28,768
2018	-	-	(275,000)	292,863	17,863
2019	64,771	-	(167,863)	206,306	103,214
	(42,747)	158,210	(464,788)	499,169	149,844

The above tax position is subject to the agreement of the domestic tax division of the Ghana Revenue Authority.

10.3 Deferred tax

	2019	2018
Balance at year start	225,770	317,871
Charge to income statement	(102,710)	(92,101)
	123,060	225,770

Reconciliation of tax expense to product of accounting profit and applicable rate	2019	2018
Profit before taxation	551,874	1,101,938
Tax at applicable rate (25%)	137,968	275,485
Add (Deduct):		
Tax effect of non-deductible expenses	215,813	176,909
Tax effect of loans written off	-	-
Tax effect of capital allowances	(161,799)	(157,807)
Tax effect of deductible income	-	(311)
Tax effect of origination and reversal of temporary difference	(102,710)	(92,101)
Deduct tax effect of bad debt recovered	-	(1,413)
Tax expense	89,272	200,762
Effective tax rate	16.18%	18.22%

11. Cash and bank balances

	2019	2018
Cash holdings	1,664,390	1,244,957
Bank	3,534,656	3,443,876
	5,199,046	4,688,833

11.1. Bank balance

	2019	2018
Apex bank	3,475,482	3,387,380
Other banks	59,174	56,496
	3,534,656	3,443,876

12. Trading investment	2019	2018
91/182 Day treasury bill	8,700,000	9,210,500
1 year T-bill	4,600,002	1,000,000
Treasury bill	13,300,002	10,210,500
GOG Bonds	6,818,051	-
Fixed deposit	21,060,625	22,348,299
Apex certificate of deposit	3,800,000	5,400,000
	44,978,678	37,958,799
Accrued interest	2,458,382	1,976,169
Unearned discount	(231,650)	(297,554)
	47,205,410	39,637,414

13. Equity investment	2019	2018
Apex Bank shares	634,178	358,125

14. Loans and advances	2019	2018
a. Analysis by type of facility		
Overdrafts	875,842	1,185,460
Term loans	15,465,321	16,239,004
Gross loans and advances	16,341,163	17,424,464
Interest receivable	199,229	581,588
Interest in suspense	(64,988)	(43,973)
Deferred commission/fees	-	-
Less: provision for credit losses	(470,819)	(575,418)
Net loans and advances	16,004,585	17,386,661

b. Analysis by type of customer	2019	2018
Individuals	8,245,802	8,743,219
Private enterprise	473,266	522,056
Public enterprises & institutions	823,165	113,359
Others	6,798,934	8,045,830
	16,341,168	17,424,464
Interest receivable	199,229	581,588
Interest in suspense	(64,988)	(43,973)
Deferred commission/fees	-	-
Less: provision for Credit losses	(470,819)	(575,418)
Net loans and advances	16,004,590	17,386,661

15.1. Property, plant and equipment 2019

Cost/valuation	1 January	Additions	Reclassification	Disposal/write off	31 December
Building	2,799,249	3,842	19,190		2,822,281
Furniture and fittings	329,407	2,934	850		333,191
Office equipment	557,062	30,209	(34,713)		552,558
Computer	652,221	207,797	3,873		863,891
Motor vehicles	813,693	-	-		813,693
Generator plant	244,336	7,734	-		252,070
Capital work in progress	77,763	23,750	-		101,513
Leasehold improvements	224,230	-	-		224,230
Total	5,697,961	276,266	(10,800)		5,963,427

Accumulated depreciation	1 January	Charge for the year	Disposal	31 December
Building	618,160	144,624		762,784
Furniture and fittings	141,081	61,701		202,782
Office equipment	346,679	82,848		429,527
Computer	190,636	182,497		373,133
Motor vehicle	490,697	132,517		623,214
Generator plant	103,928	25,089		129,017
Capital work in progress	-	-		-
Leasehold improvements	201,810	22,420		224,230
Total	2,092,991	651,696		2,744,687

Carrying value:

Building	2,059,497
Furniture and fittings	130,409
Office equipment	123,031
Computer	490,758
Motor vehicle	190,479
Generator plant	123,053
Capital work in progress	101,513
Leasehold improvements	-
31 December, 2019	3,218,740

15.2. Property, plant and equipment 2018

Cost/valuation	1 January	Additions	Transfer from WIP	Disposal/write off	31 December
Building	2,733,725	66,858	-	(1,334)	2,799,249
Furniture and fittings	441,066	41,580	-	(153,239)	329,407
Office equipment	834,458	37,969	-	(315,365)	557,062
Computer	615,239	309,265	16,630	(288,913)	652,221
Motor vehicles	847,212	11,968	-	(45,487)	813,693
Generator plant	259,503	-	-	(15,167)	244,336
Capital work in progress	16,630	77,763	(16,630)	-	77,763
Leasehold improvements	224,230	-	-	-	224,230
Total	5,972,063	545,403	-	(819,505)	5,697,961

Accumulated depreciation	1 January	Charge for the year	Disposal	31 December
Building	497,154	122,340	(1,334)	618,160
Furniture and fittings	224,078	69,809	(152,806)	141,081
Office equipment	516,548	140,490	(310,359)	346,679
Computer	365,774	113,775	(288,913)	190,636
Motor vehicle	379,227	156,957	(45,487)	490,697
Generator plant	101,993	17,102	(15,167)	103,928
Capital work in progress	-	-	-	-
Leasehold improvements	179,387	22,423	-	201,810
Total	2,264,161	642,896	(814,066)	2,092,991

Carrying value:

Building	2,181,089
Furniture and fittings	188,326
Office equipment	210,383
Computer	461,585
Motor vehicle	322,996
Generator plant	140,408
Capital work in progress	77,763
Leasehold improvements	22,420
31 December, 2018	3,604,970

16.1. Intangible asset

Cost/ valuation 2019	1 January	Additions	Reclassification	31 December
Computer software	49,379	283,793	10,800	343,972
Accumulated amortization	1 January	Charge		31 December
Computer software	14,718	30,088		44,806
Carrying value				
31 December 2019				299,166

16.2. Intangible Asset

Cost/ valuation 2018	1 January	Additions	31 December
Computer software	39,371	10,008	49,379
Amortisation	1 January	Charge	31 December
Computer software	1,641	13,077	14,718
Carrying value			
31 December 2018			34,661

17. Other assets

	2019	2018
Rent prepaid	762,434	876,674
Inventory	60,221	75,125
Sundry debtors	273,433	686,588
Disbursed managed funds	324,937	-
Uncleared effects	32,620	80,960
E-zwich operations	-	164,760
Interagency Account	19,088	-
	1,472,733	1,884,107

18. Stated capital

	2019		2018	
	Number	Amount	Number	Amount
Authorised no. of shares of no par value	5,000,000,000		5,000,000,000	
Issued and fully paid				
Issued for cash consideration	79,101,920	1,389,679	79,101,920	1,389,679
Issued for consideration other than cash	16,594,216	763,334	16,594,216	763,334
	95,696,136	2,153,013	95,696,136	2,153,013

19. Dividend paid and proposed

The Directors proposed a dividend of GHS0.0050 per share amounting to GHS 478,481.00 in 2018 out of which GHS 410,197 was paid in 2019.

20. Customer Deposits

	2019	2018
Demand deposits	13,557,260	12,015,626
Time deposits	15,058,613	14,632,342
Savings deposits	31,711,488	27,843,052
E-Zwich	865,080	202,733
Accrued interest	590,230	181,665
	61,782,671	54,875,418

21. Payables and Accruals

	2019	2018
Audit fees	35,438	27,600
Sundry creditors	2,525	743,368
Professional Charges	3,189	-
Controller & Accountant General	-	5,331
Managed funds	-	36,579
Payment order/bills payable	26,195	735,608
Office Accounts	799,432	-
Interagency	-	286
	866,779	1,548,772

22. Dividend payable

	2019	2018
Balance as at 1st January	746,420	700,883
Declared during the year	478,481	572,785
Payment during the year	(410,197)	(527,248)
Balance at 31st December	814,704	746,420

23. Cash generated from/ (used in) operations

	2019	2018
Cash flows from operating activities:		
Profit before tax	551,874	1,101,938
Add: depreciation and amortization	681,784	657,337
Charge for loan impairment	(104,599)	50,298
Prior year error	(456,340)	(399,474)
Profit on sale of fixed assets	(1,661)	(1,240)
Cash Inflow before changes in assets and liabilities	671,057	1,408,859
Changes in assets and liabilities		
(increase) in investment	(7,567,996)	(3,163,877)
Increase/decrease in loans and advances	1,486,676	(2,796,580)
Increase/decrease in other assets	411,374	(279,188)
Increase/decrease in customer deposit	6,907,253	5,887,691
Increase/ decrease in other liabilities	(681,996)	765,357
Cash generated from/ (used in) operations	1,226,369	1,822,262

24. Long term borrowings

	2019	2018
ATM Facility	92,517	-
T24 License	281,157	-
	373,674	-

25. Capital commitments

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

26. Contingencies

There were no contingent assets or liabilities provided for at 31 December 2019 (2018: Nil).

27. Legal confirmation

There were legal confirmations to confirm a number of legal proceedings against the Bank at the reporting date.

28. Related party disclosures

The objective of IAS 24 is to ensure that an entity's financial statements contain the disclosures necessary to draw attention to the possibility that its financial position and profit or loss may have been affected by the existence of related parties and by transactions and outstanding balances with such parties.

A related party is a person or entity that is related to the entity that is preparing its financial statements referred to as the reporting entity.

- a) A person or a close member of that person's family is related to a reporting entity if that person:
 - has control or joint control over the reporting entity;
 - has significant influence over the reporting entity; or
 - is a member of the key management personnel of the reporting entity or of a parent of the reporting entity.
- b) An entity is related to a reporting entity if any of the following conditions applies:
 - The entity and the reporting entity are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
 - One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
 - Both entities are joint ventures of the same third party.
 - One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
 - The entity is a post-employment defined benefit plan for the benefit of employees of either the reporting entity or an entity related to the reporting entity. If the reporting entity is itself such a plan, the sponsoring employers are also related to the reporting entity.

- The entity is controlled or jointly controlled by a person identified in (a).
- A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).
- The entity, or any member of a group of which it is a part, provides key management personnel services to the reporting entity or to the parent of the reporting entity.

The following are deemed not to be related for the reporting purposes of Akuapem Rural Bank Limited.

- two entities simply because they have a director or key manager in common.
- two venturers who share joint control over a joint venture.
- providers of finance, trade unions, public utilities, and departments and agencies of a government that does not control, jointly control or significantly influence the reporting entity, simply by virtue of their normal dealings with an entity (even though they may affect the freedom of action of an entity or participate in its decision-making process).
- a single customer, supplier, franchiser, distributor, or general agent with whom an entity transacts a significant volume of business merely by virtue of the resulting economic dependence.

Related party transactions

A related party transaction is a transfer of resources, services, or obligations between related parties, regardless of whether a price is charged.

Disclosure

Relationships between parents and subsidiaries. Regardless of whether there have been transactions between a parent and a subsidiary, an entity must disclose the name of its parent and, if different, the ultimate controlling party.

If neither the entity's parent nor the ultimate controlling party produces financial statements available for public use, the name of the next most senior parent that does so must also be disclosed.

Management compensation. Disclose key management personnel compensation in total and for each of the following categories: short-term employee benefits, post-employment benefits, other long-term benefits termination benefits and share-based payment benefits.

Key management personnel are those persons having authority and responsibility for planning, directing, and controlling the activities of the entity, directly or indirectly, including any directors (whether executive or otherwise) of the entity.

If an entity obtains key management personnel services from a management entity, the entity is not required to disclose the compensation paid or payable by the management entity to the management entity's employees or directors. Instead the entity discloses the amounts incurred by the entity for the provision of key management personnel services that are provided by the separate management entity.

Related party transactions disclosures cover the nature of the related party relationship as well as information about the transactions and outstanding balances necessary for an understanding of the potential effect of the relationship on the financial statements.

These disclosures would be made separately for each category of related parties and would include the amount of the transactions the amount of outstanding balances, including terms and conditions and guarantees provisions for doubtful debts related to the amount of outstanding balances expense recognised during the

period in respect of bad or doubtful debts due from related parties.

Below is the related party analysis:

Board of Directors	Elected, Filed at RGD
Mrs. Emma Owusu-Amoah	
Mr. Kwame Gyeke-Amoako	
Dr. William Adjei Twumasi	
Dr. Ernest Obuobisa-Darko	Elected, 29/9/18, filed, 7/7/19
Mr. Samuel Dako	Elected, 29/9/18, filed, 7/7/19
Emmanuel Nii Awuku	Elected, 29/9/18, filed, 7/7/19

b. Transactions with Key Management Personnel (KMP)

The details of transactions between the bank and its key management personnel are as follows:

Remuneration

Details	2019	2018
Directors emoluments	106,979	171,821
Salaries and other benefits (KMP*)	1,154,540	1,087,796
	1,261,519	1,259,617

*KMP comprised of the General Manager, Branch Managers, and Departmental heads.

2018 balances were restated to be consistent with the 2019 presentation.

Loans and advances

Loans to Board members and senior management staff are given in line with the policies of the Bank. Below are the details:

Details (2019)	At start of year	Addition	Payments	Write offs	At year end
Firms in which directors are related	-	-	-	-	-
Directors	-	-	-	-	-
Officers	441,484	188,000	98,163	-	533,321
Other employees	918,411	560,000	490,946	-	1,969,357
	1,359,895	748,000	589,109	-	2,502,678

No loans were granted to the Directors of the Bank during the 2019 reporting year.

Loans and advances

Loans to Board members and senior management staff are given in line with the policies of the Bank. Below is the details:

Details (2018)	At start of year	Addition	Payments	Write offs	At year end
Firms in which directors are interested	-	-	-	-	-
Directors	-	-	-	-	-
Officers	213,311	375,243	(147,070)	-	441,484
Other employees	877,773	422,400	(381,762)	-	918,411
	1,091,084	797,643	(528,832)	-	1,359,895

29. Shareholding structure

29.1 Number of shares outstanding

Earnings and dividend per share are based on 2019 95,696,136 (2018: 95,696,136) Ordinary Shares Outstanding.

29.2 Directors shareholding:

The total number of shares of 4,528,425 held by the Directors of the Bank at the reporting date represented 4.69% of the total number of shares outstanding then. Below are the details:

Directors' shareholding as at 31 December 2019

Board of Directors	Position	Account numbers	Share	Percentage of shareholding
Mrs. Emma Owusu-Amoah	Chairman	SH31401895	3,414,880*	3.53
Mr. Kwame Gyeke-Amoako	Vice Chairman	SH31401767	181,000*	0.19
Dr. William Adjei Twumasi	Non-Executive Director	SH31401418	420,000*	0.43
*Dr. Ernest Obuobisa-Darko	Non-Executive Director	SH31402310	80,000	0.08
*Mr. Samuel Dako	Non-Executive Director	SH31401888	157,545	0.16
*Emmanuel Nii Awuku	Non-Executive Director	SH31401385	275,000	0.28
				4.69%

* Source: Change profile dated 11th October, 2019

29.3 Key Management staff other than the Board of Directors shareholding as at 31/12/2019

The Bank had 31 staff holding its shares, out of which eight (8) were key management personnel as below:

Name	Account number	Number of shares	Percentage of shareholding
Irene Anang-Tetteh	SH31400801	800,904	0.829
Samuel Adu Dartey	SH31400800	450,108	0.466
Mary Dawson	SH31400807	289,558	0.300
Ofosu Penrose Forson	SH31400803	203,308	0.210
Mary Nancy Kpakpo	SH31401381	187,500	0.194
Isaac Kankam Appeaning	SH31401904	167,500	0.173
Evelyn Akley Nargertey	SH31401863	155,000	0.160
Asare Kingsley Opare	SH31401699	146,058	0.151
Atiemoh Cynthia Ampofowaa	SH31401306	93,750	0.097

Name	Account number	Number of shares	Percentage of shareholding
Laryea Edna Keteku	SH31401350	80,000	0.083
Gifty Ohene	SH31401549	76,250	0.079
Augustina Obiri Nyankor	SH31401392	75,000	0.078
Doreen Adu	SH31401890	50,000	0.052
Linda Boatema Nomafo	SH31401703	50,000	0.052
Agyapong Livingstone Kwaasi	SH31402292	35,000	0.036
Seth Akwa Darko	SH31402128	18,750	0.019
Samuel Larbi	SH31401141	15,721	0.016
Kenneth Adu-Siaw	SH31402285	12,500	0.013
Kingsley Keyre	SH31401701	3,250	0.003
Cynthia Manteaw	SH31402363	1,250	0.001
Total employee shareholding		2,912,657	3.041
Other than employee shareholding		93,715,978	96.96
Total shareholding		96,628,635	100

*Total shares of 932,499 yet to be regularised with the Registrar General's Department were presented as deposit for shares in 2019.

30. Financial risk management

Financial risk factors

The Bank's activities expose it to a variety of financial risks and those activities involve the analysis, evaluation, acceptance and management of some degree of risk or combination of risks. Taking risk is core to the financial business, and the operational risks are an inevitable consequence of being in business. The Bank is exposed to a variety of financial risks which include market risk (including currency risk, interest rate risk and price risk), credit risk and liquidity risk.

The Bank's overall risk management programme seeks, to achieve an appropriate balance between risk and return and minimise potential adverse effects on the Bank's financial performance. The Bank's risk management policies are designed to identify and analyse these risks, to set appropriate risk limits and controls, and to monitor the risks and adherence to limits by means of reliable and up-to date information systems. Management regularly reviews the Bank's risk management policies and systems to reflect changes in markets, products and emerging best practice.

The objective of Management is to ensure that the Bank carries out its operations in manner that ensure that risks are balanced with rewards. Management

ensures that the Bank complies with all regulatory guidelines in the pursuit of profitable opportunities while avoiding excessive, unnecessary and uncontrollable risk exposures. Financial risk is an inherent feature in the business activities of the Bank, and therefore Management has put in place various mitigating criteria to prevent their occurrence.

The internal audit function plays a key role in providing an objective view and continuous assessment of the effectiveness of the internal control systems in the Bank. The system of internal controls are implemented and monitored by appropriately trained personnel whose duties and reporting lines are clearly defined.

The Bank's primary defense against risks of losses is its approved policies, procedures and systems of internal controls. In addition, internal control mechanisms ensure that appropriate action is taken when identified risk pass acceptable levels, as approved by the Board of Directors. Internal control, from time to time, reviews and assesses the adequacy of procedures and controls.

The Bank uses different methods to measure and manage the various types of risk to which it is exposed. These methods are explained below:

31. Market risk

The Bank takes on exposure to market risks, which is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risks arise from open positions in interest rate, currency and equity products, all of which are exposed to general and specific market movements and changes in the level of volatility of market rates or prices such as interest rates, foreign exchange rates and equity prices.

31.1 Interest rate risk

Interest rate risk arises from the effects of fluctuations in the prevailing levels of markets interest rates on the fair value of financial assets and liabilities and future cash flows. The Bank holds fixed interest-bearing securities and debt that expose the Bank to interest rate risk. The Bank manages interest rate risk by measuring the mismatch of the interest rate sensitivity gap of financial assets and liabilities.

The tables below summarises the Bank's exposure to interest rate risks. It includes the Bank's financial instruments at carrying amounts categorised by the earlier of contractual re-pricing or maturity dates.

31.2 Credit risk

The Bank is exposed to credit risk, which is the risk that counterparty will be unable to pay amounts in full when they fall due. The Bank is exposed to counterparty risk on cash and cash equivalents, amounts due from financial institutions and other receivable balances. It is also exposed to other credit risks arising from investments in debt securities.

The maximum exposure to credit risk before any credit enhancements at 31 December 2019 is the carrying amount of the financial assets as set out below:

	Notes	2019	2018
Balance with other banks	11.1	3,534,656	3,443,876
Investments	12	47,205,410	39,637,414
Loans and advances	14	16,004,585	17,386,661
Equity investments	13	634,178	358,125
		67,378,829	60,826,076

31.3 Liquidity risk

Liquidity risk is the risk that the Bank may not be able to generate sufficient cash resources to settle its obligations in full as they fall due or can only do so on terms that are materially disadvantageous.

The Bank manages this risk by ensuring that it has access to a variety of funding sources. Particular attention is paid to marketability of assets, whose availability for sale or as collateral for refinance is evaluated under different market scenarios. Consequently, the Bank monitors any factors that may impact negatively on its capability to remain liquid. It is the policy of the Bank to invest in short-term securities that could be readily disposed. Management monitors its liquidity position on daily basis and the Board reviews it at its board meetings.

Non-derivative financial assets and liabilities held for managing liquidity risk

The table below analyses the Bank's financial assets and liabilities into relevant maturity groupings based on the remaining year at the reporting date to the contractual maturity date. The amounts in the table are the contractual undiscounted cash flows.

2019	0 - 3 months	4 – 6 months	7 – 12 months	Above 1 year
Assets				
Cash and bank balance	5,199,046			
Short term investment	-	-	47,205,410	-
Loans and Advances	2,813,923	3,008,437	1,018,056	9,164,168
Equity investment				634,178
Other assets	1,472,733	-	-	-
Total assets	9,485,702	3,008,437	48,223,466	9,798,347
Liabilities				
Demand and savings	45,268,748		-	-
Time deposits	-		15,058,613	
Payables & accruals	1,410,866		-	-
Other liabilities (dividend & current tax)	848,530		-	-
Total liabilities	47,528,144	-	15,058,613	-
Net liquidity gap				
2018	0 - 3 months	4 – 6 months	7 – 12 months	Above 1 year
Assets				
Cash and bank balance	4,668,833	-	-	-
Short term investment	9,167,964	27,270,875	3,198,575	-
Loans and Advances	5,019,803	738,244	3,653,839	8,012,578
Equity investment	-	-	-	358,125
Other assets	1,884,107	-	-	-
Total assets	20,760,707	28,009,119	6,852,414	8,370,703
Liabilities				
Demand and savings	39,858,678	-	-	-
Time deposits	7,099,537	5,142,828	1,801,717	588,260
Payables & accruals	1,548,773	-	-	-
Other liabilities (dividend & current tax)	811,190	-	-	-
Total liabilities	49,318,178	5,142,828	1,801,717	588,260
Net liquidity gap	(28,557,471)	22,866,291	5,050,697	7,782,443

31.4 Capital risk management

The capital of the Bank is represented by the net assets attributable to Equity Shareholders of the Bank. The amount of net asset attributable to Equity Shareholders can change significantly depending on the quality of its asset's portfolio. The Bank's objective for managing capital is to:

- Comply with the capital requirements set out by the Bank of Ghana;
- Safeguard the Bank's ability to continue as a going concern in order to provide returns for Shareholders;
- Maintain a strong capital base to support the development of its business.

The Board of Directors and Management monitor capital on the basis of the value of net assets attributable to Equity Shareholders of the Bank.

31.5 Fair value estimation

Fair value hierarchy

IFRS 13 specifies a hierarchy of valuation techniques based on whether the inputs to those valuation techniques are observable or unobservable. Observable inputs reflect market data obtained from independent sources; unobservable inputs reflect the Bank's market assumptions. These two types of inputs have created the following fair value hierarchy:

- Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities. This level includes listed equity securities and debt instruments on exchanges (for example, The Ghana Stock Exchange).

- Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).
- Level 3 – inputs for the asset or liability that are not based on observable market data (unobservable inputs). This level includes equity investments and debt instruments with significant unobservable components. This hierarchy requires the use of observation market data when available. The Bank considers relevant and observable market prices in its valuation when possible. The fair value of the Bank's financial assets and liabilities approximate the respective carrying amounts, due to the generally short years to maturity dates.

a) Fair value hierarchy

This hierarchy requires the use of observable market data when available. The Bank considers relevant observable market prices in its valuation where possible. There has been no movement of financial instruments between different levels in the current year. Financial instruments measured at fair value at 31 December were classified as follows:

Year to 2019	Level 1	Level 2	Level 3	Total
Financial assets	Financial assets at fair value through profit or loss	Financial assets at fair value through profit or loss		
Quoted	-	-		
Unquoted		634,178		634,178

Financial Assets by Category

2019	Loans and receivables	Held-to-maturity	Fair value through Profit and loss	Available-for-sale	Total
Cash and bank balance	-	-	5,199,046	-	5,199,046
Short term investment	-	47,205,410	-	-	47,205,410
Loans and advances	16,004,585	-	-	-	16,004,585
Equity investment	-	-	-	634,178	634,178
Total	16,004,585	47,205,410	5,199,046	634,178	69,043,219

2018	Loans and receivables	Held-to-maturity	Fair value through Profit and loss	Available – for-sale	Total
Cash and bank balance	-	-	4,688,833	-	4,688,833
Short term investment	-	39,637,414	-	-	39,637,414
Loans and advances	17,386,661	-	-	-	17,386,661
Equity investment	-	-	-	358,125	358,125
Total	17,386,661	39,637,414	4,688,833	358,125	62,071,033

Financial Liabilities by Category

	2019	2018
Deposits from customers	61,782,671	54,875,418
Payables and accruals	866,779	1,548,772
Other liabilities	1,414,654	1,036,961
Total	64,064,104	57,461,151

32. Stated capital and reserves

32.1 Stated capital

The stated capital of a Bank shall consist of the sum of the following items:

- the total proceeds of every issue of shares for cash, including any amounts paid on calls made on shares issued with an unpaid liability, without any deductions for expenses or commissions;
- the total value of the consideration, as stated in the agreement, received for every issue of shares otherwise than for cash;
- the total amount which the Bank by special resolution shall have resolved to transfer to stated capital from surplus, as defined in section 69 of the Companies Act, including the credit balance on the share deals account referred to in section 63 of the above Act

amount which is not less than fifty per cent of the net profit for the year;

- Where the amount of Reserve Fund is fifty per cent or more but less than one hundred per cent of the paid-up capital of the bank or specialised deposit-taking institution, an amount which is not less than twenty-five per cent of the net profit for the year;
- Where the amount of the Reserve Fund is equal to hundred per cent or more of the paid-up capital of the bank or specialised deposit-taking institution, an amount equal to twelve and half per cent of the net profit for the year.

The transfer required under subsection (1) shall be made:

- before the declaration of interim or final dividends, and
- after making provision for tax

33. Statutory reserve fund

The Statutory Reserve Fund is required under Section 34 of the Banks and Specialised Act, 2016 (Act 930) and is elaborated as follows:

34. (1) A bank or specialised deposit taking Institution shall establish and maintain a Reserve Fund into which shall be transferred to net profit each year.

Transfer to statutory reserve

- Where the amount of Reserve Fund is less than fifty per cent of the paid-up capital of the bank or specialised deposit-taking institution, an

(b) Reserves

The reserves of the Bank in accordance with section 70 of the Companies Act, 2019 (Act 992) is the amount of money by which the assets of the Bank, other than unpaid calls and other sums of money payable in respect of the shares of the Bank and not including treasury shares, less the liabilities of the Bank, as shown in the accounts of the Bank prepared and audited in accordance with sections 127 to 142, exceed the stated capital of the Bank.

(c) Retained earnings

The retained earnings of a Bank is the reserves as defined above less amounts of money attributable to

- an unrealised appreciation in the value of an asset of the Bank, other than such an appreciation in the value of an asset as would, under normal accounting principles, be credited to profit and loss account, unless the amount of such appreciation has been transferred to stated capital; and
- a balance standing to the credit of the share deals account immediately before the ascertainment of the retained earnings.

(d) Capital adequacy

	2019	2018
Regulatory capital		
Tier 1 capital	9,969,754	9,686,279
Tier 2 capital	635,885	359,831
Total regulatory capital	10,605,639	10,046,110
Adjusted capital base (a)	9,672,295	9,653,325
Adjusted asset base (b)	63,911,964	51,747,100
Capital adequacy ratio (a/b)	15.13	18.65
Capital surplus (adjusted capital base less 10% of adjusted asset base)	3,281,099	4,478,615
	2019	2018
Capital adequacy by BoG	10%	10%
Capital adequacy of the Bank	22.61%	18.65

34.0 Events after reporting date

Events subsequent to the Financial Position date are reflected in the Financial Statements only to the extent that they relate to the year under consideration and the effect is material. On 12th March, 2020, Ghana Health Service officially announced Ghana's first case of Covid 19. From the website of Ghana Health Service, as at 17th May, 2020, Eastern Region was the fourth affected region with a Covid 19 case count of 99. During our audit, we requested for the business impact assessment of the Covid 19 pandemic on the operation of Akuapem Rural Bank Limited. The general and potential impact of the pandemic in the financial and investment sector could be: troubled debt restructuring and debt modifications; debt classification (current vs non-current); asset impairments; impairments of loans and receivables, loss contingencies and loss contract; contract modifications; lease concessions and modifications; going concern and material uncertainties; employment termination benefits; and insurance recoveries and related to business interruptions.

Specific impact assessment by the General Manager approved by the Board of Directors

In light of the above, Akuapem Rural Bank Limited triggered its Business Continuity Plan at the affected

areas to ensure the bank continues to operate and provide services to its clients. The situation will be monitored and the required actions taken in line with the directives issued by Government. The potential impact of the COVID-19 pandemic on the bank's performance for 2020 will be assessed from time to time based on the development of the pandemic. However, there would be no significant impact on going concern of the bank for the next twelve (12) months.

Profitability

The bank cannot meet its profit target in the next three months from May to July 2020 due to the effect of the pandemic on its operations as a result of the inability of its twenty largest exposures inability to service their loans. This is likely to lead to a loss of GHS 198,022.58 in interest on loans. The pandemic has negatively affected the operations of these clients which some have even written for moratorium.

Besides, loan disbursements would see a nose dive in term loans and microfinance loans which contribute significantly to our loan portfolio growth. A case in point is loss of income from an average monthly disbursement from Microfinance loans to the tune of GHS 1,455,416.00 in respect of processing fees and interest on such disbursements.

Also, the downturn in economic activities also has effect on deposit mobilization which would negatively impact the Bank's ability to invest in financial instruments. In the nutshell, the Bank is likely to see a fall in its profit and in some instance a loss. In the first month interest income will fall by GHS198,022.58 and in the subsequent months it is forecasted that, interest income will fall by 30%. In the second and third months, if the situation worsens, staff cost would have to be cut down by 50% to let the Bank stay afloat.

As a result of the above, profit levels are likely to be: (GHS 29,159.18), GHS 76,248.80 and GHS 2,179.33 for May, June and July respectively.

Liquidity

The inability of the top twenty exposures, microfinance loans and other loans to be serviced due to the pandemic would deny the Bank inflows of Gh¢571,642.29 each month. For the next three months, the Bank is likely to lose GHS 1,714,926.84 as inflows from loan repayments.

Loan Portfolio

In April, 2020, the Bank could not disburse Microfinance loans which had always been an average of 50% of total loans disbursed on monthly basis. The loan portfolio decreased by GHS1,130,156.45 which was largely due non disbursement of Microfinance loans. This for the next three months is likely to cause our loan portfolio to decrease by Gh¢3,390.469.35.

Deposit Portfolio

The Bank's Deposit portfolio fell by GHS 285,893.32 in April, 2020. This is largely due to decline in Akusika Mobilization. Agents at our Madina were asked to stay at home due to the lockdown.

In total Akusika mobilization declined by GHS 569,811.00 in April, 2020. Generally, mobilization fell in all the Branches because of the decline in economic activities due to ban on social gatherings and closure of schools as a result of the pandemic.

Expenditure

The pandemic has also brought about increase in expenses due to purchases of Personal Protective Equipment (PPEs) which hitherto was not the case.

The aforementioned situations would have a negative impact on the performance of the Bank however, Management would continuously put in measures to control cost in this difficult time and enhance its revenue generation through e-business and cautiously grant loans to sectors which has not been affected by the pandemic.

35.0 Comparatives

Except when a standard or an interpretation permits or requires otherwise, all amounts are reported or disclosed with comparative information.

Where IAS 8 applies, comparative figures have been adjusted to conform to changes in presentation in the current Year.

36.0 Contingencies

At the end of the reporting year, the responses to our legal confirmation were as stated below

- Solomon Mante Asare VRS Akuapem Rural Bank Limited

A claim for unlawful dismissal and damages

- A claim from a lawyer regarding damage to a Toyota Fortuner S/Wagon with registration No. GX 5826-18 by a vehicle owned by the Bank expecting replacement value which was not stated.

37.0 Changes in Laws and Regulations (Enactment of Companies Act, 2019 (Act 992))

On 5th August 2019 the new Companies Act, 2019 (Act 992) came into full force with the repeal of the Companies Act, 1963 (Act 179). The Bank, Management and the Board complied with the requirements of the earlier law until its repeal on 5th August 2019. Subsequently, the Bank has kept its books, records and documentation in a manner consistent with the requirements of the Companies Act, 2019 (Act 992).

38.0 Prior year adjustments

This relates to outstanding tax liability during the tax audit of Akuapem Rural Bank for the 2014-2018 years of assessment.

39.0 Value added statement

	2019	2018
Interest and banking income	13,766,263	14,439,776
Direct cost	(2,804,206)	(2,558,046)
Value added by banking services	10,962,057	11,881,730
Non-banking income	260,371	238,665
Impairment	104,599	(50,298)
Value added	11,327,027	12,070,097
Distributed as follows		
To employees:		
Directors	(106,979)	(171,821)
Other employees	(6,460,730)	(6,680,285)
To Government:		
Income tax	(103,597)	(200,762)
Bank's expansion and growth:		
Depreciation and amortisation	(681,784)	(657,337)
Other operating cost	(3,525,660)	(3,458,716)
To retained earnings	448,277	901,176

40. Shareholders' information

40.1 Shareholding distribution as at 31 December, 2019

Holding	Number of shareholders	Percentage of shareholders (%)	Number of shares	Percentage of holding (%)
1-1,000	28	1.18	25,642	0.03
1,001-5,000	878	36.94	1,997,110	2.07
5,001-10,000	444	18.68	3,407,451	3.53
10,001-50,000	755	31.76	15,791,248	16.34
Over 50,000	272	11.44	75,407,184	78.04
	2,377	100	96,628,635*	100

*Total shares of 932,499 yet to be regularised with the Registrar General's Department were presented as deposit for shares in 2019.

40.2 Twenty largest Shareholders as at 31 December, 2019

Number	Customer number	Shareholders	Number of shares	Percentage of shareholding
1.	SH31402378	Dordunoo Cletus Kwashi	6,000,000	6.209
2.	SH31402311	Akua Aboabea Aboah	5,881,250	6.086
3.	SH31401315	Samuel Okyere Ayisi	4,036,615	4.177
4.	SH31401895	Owusu Amoah Ammishaddai/Emma	3,414,880	3.534
5.	SH31401766	Samuel Larbi Darko	2,507,904	2.595
6.	SH31401879	Prof Benjamin Kwadjo Ahunu	1,875,000	1.940
7.	SH31401586	Samuel Dadzie	1,637,500	1.695
8.	SH31401165	Edward Henaku Boohene	1,445,013	1.495
9.	SH31401002	Ernestina Siebe Ayisi	1,426,439	1.476
10.	SH31401209	Kwabena Boadu Oku Afari	1,351,891	1.399
11.	SH31402197	Cedars Investment Limited	1,285,500	1.330
12.	SH31401909	Cynthia Mullings-Akuffo	1,187,500	1.229
	SH31401881	Dr Esther Odofoley Sakyi-Dawson	1,177,000	1.218
13.	SH31401616	Vivian Korkor Agbozo	1,173,750	1.214
14.	SH31402146	Esther Kwafo	1,125,000	1.164
16.	SH31401821	Kofi Anane-Kyeremeh	1,000,000	1.035
17.	SH31401965	Joshua R Ayisi	993,750	1.028
18.	SH31402087	Regina Obu	962,500	0.996
19.	SH31400801	Irene Anang -Tetteh	800,904	0.828
20.	SH31401294	Major Melody Millicent Danquah	670,000	0.693
			39,952,396	41.35
21.	Others		56,676,239	58.65
			96,628,635	100%

*Total shares of 932,499 yet to be regularised with the Registrar General's Department were presented as deposit for shares in 2019.

PROJECTS FINANCED BY THE BANK



Agya Pa Ye Construction



Modernised Poultry Farm

Proxy Authorisation

I/We.....being member(s) of AKUAPEM RURAL BANK LIMITED
hereby appoint.....of.....or failing him/her.....
of.....my/our Proxy to vote on my/our behalf at the Annual General Meeting of the Bank to be held on
VIRTUALLY on the Zoom platform on Saturday, 31st October, 2020 at 10:00 O'clock in the forenoon and at any
adjournment thereof.

Signed.....this.....day of.....2020

.....

Shareholders Signature

AKUAPEM RURAL BANK LIMITED

ADMISSION FORM

ANNUAL GENERAL MEETING to be held **VIRTUALLY** on the **Zoom platform on Saturday 31st October, 2020 at 10:00 O'clock in the forenoon at Royal Lee's Hotel Conference Room, Tutu-Akuapem Mampong.**

Full name and address of the Shareholder(s) Proxy.

.....
.....

Number of Shares held.....

IMPORTANT:

This admission form must be produced by the Shareholder of his/her proxy in order to obtain entrance to the Annual General Meeting.



OUR PRODUCTS

STRATEGIC PRODUCTS

Credit with Education
Akusika Savings Scheme
Medoba Savings Scheme
Students Savings Scheme
Asore Nkoso Loan
Fixed Deposit Plus
Akuplus Fixed Deposit
Aku Bill Investment

GENERIC PRODUCTS

Current Account
Savings Account
Fixed Deposit
Salary Loan
Shares

COMMERCIAL LOANS

Trade Loan
Agricultural Loan
Institutional Loan
Transport Loan
Hospitality Industry Loan
Cottage Industry Loan
Seasonal Loan
Controller Loan
Pension Loan

AUXILIARY PRODUCTS

E-Zwich
Western Union
Money Gram
Apex Link
MTN Mobile Money
RIA
Unity Link
ATM
Vodafone Cash
U-Connect

OUR BRANCHES

HEAD OFFICE

Tel: 0303 965730

MAMFE

Tel: 0303 965729

NSAWAM

Tel: 0303 965726

ADUKROM

Tel: 0303 965728

KOFORIDUA

Tel: 0303 965731

MADINA

0302 904798

ABURI

Tel: 0303 965727

AGENCIES

Larteh
Adawso



Head Office
0303 965 730



Mamfe
Aburi 0303 965 729
Koforidua 0303 965 727
Nsawam 0303 965 731
Adukrom 0303 965 726
Madina 0303 965 728
Adawso 0302 904 798
Larteh



info@akuapemruralbank.com



www.akuapemruralbank.com

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WITH FLEXIBLE SOLUTIONS**