



We serve our cherished customers better

VISION STATEMENT

To be among the best Rural and Community Banks in Ghana.

MISSION STATEMENT

To promote and finance sustainable enterprises, through the introduction and implementation of innovative and cost effective products.

To reduce poverty in the catchment area of the Bank through the delivery of efficient Banking services by trained, motivated and efficient staff, and create maximum value for shareholders.

GOAL

Be the model Rural Bank in Ghana.

CORPORATE VALUES

- **HONESTY**

Transparency and Trustworthiness.

- **DEPENDABILITY**

Reliability and Consistency in Service Delivery.

- **MOTIVATION**

Create a Conducive Environment for Staff Development and Promote Maximum Performance.

Create an Environment for the Development of Initiatives

REPORTS AND FINANCIAL STATEMENTS FOR THE YEAR 2018

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ANLO RURAL BANK LIMITED

NOTICE OF ANNUAL GENERAL MEETING

NOTICE is hereby given that the eighteenth (18th) Annual General Meeting of ANLO RURAL BANK LIMITED will be held on **Saturday, 31st August, 2019** at 9:00 o'clock in the forenoon, at the Bank's Head Office, Anloga to transact the following business:

AGENDA

1. To receive the Report of the Chairman.
2. To receive and consider:
 - a. The Report of the Directors,
 - b. The Report of the Auditors,
 - c. The Financial Statements of the Bank for the year ended 31stDecember, 2018.
3. To declare Dividends.
4. To fix remuneration of the Directors.
5. To appoint Auditors and authorize Directors to fix the remuneration of the Auditors.
6. To re-elect Directors retiring by rotation.
 - (i) Larry Kwesi Jiagge
 - (ii) Mama Biana Dadzie

BY ORDER OF THE BOARD



BRIGHT P. K. ALEAWONOR
(AG. COMPANY SECRETARY)

NOTE: A member is entitled to attend and vote at the meeting or to appoint a proxy to attend and vote in his or her stead. A proxy form is enclosed herein. Completed proxy forms must be lodged with the General Manager/Company's Secretary, at the Bank's Head Office, Anloga, not less than two (2) days to the date of the meeting.

CORPORATE INFORMATION

BOARD OF DIRECTORS:

Mr. Larry Kwesi Jiagge
Mrs. Paulina Adjua Dsani-(Mama Biana Dadzie 1)
Mr. Sui Kwasi Kafui Fiawoo
Dr. Kwasi Gbordzi
Mr. Christian Rockson Kodzo Bensah
Mr. Godwin Amelor
Mrs. Precious Eyrah Dzissah–Agbemabiase – (Resigned 14/02/19)
Mr. Bartholomew Kwame Ahadzi (Appointed 31/01/19)

SECRETARY:

Mr. Bright Aleawonor (Acting)
P. O. Box AW 31
Anloga – Volta Region

AGENCIES

Anloga Main, Anloga, Dzelukope and Abor

REGISTERED OFFICE:

P. O. Box AW 31
Anloga – Volta Region

INDEPENDENT AUDITORS:

Nexia Debrah & Co
(Chartered Accountants)
BCB Legacy House
#1 Nii Amugi Avenue,
East Adabraka, Accra
P.O. Box CT 1552
Cantonments, Accra

BANKERS:

ARB Apex Bank Limited

GCB Bank Limited

PROFILE OF DIRECTORS



Mr. Larry Kwesi Jiagge
Board Chairman

Mr. Jiagge has worked with a number of companies including SIC Insurance Ghana Limited and Metropolitan Insurance Company Limited as General Manager and Nsia Ghana Insurance Company Limited as Managing Director. He is now the Chief Executive Officer of Risk Management and Advisory Services Limited.

He also serves as a Director on a number of Boards including: Bank of Baroda Ghana Limited, ARB Apex Bank Limited, Donewell Life Insurance Company Limited and Keta Business Senior High School. He is a product of Kwame Nkrumah University of Science and Technology (KNUST) and received his EMBA from GIMPA.

Mr. Larry Kwesi Jiagge is a Barrister at Law, Chartered Insurer and Fellow of the Chartered Insurance Institute of London (F.C.I.I.).

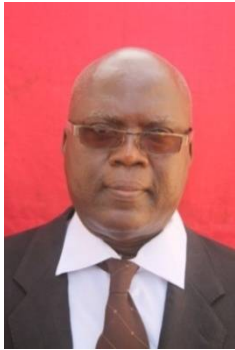


Mrs. Paulina Adjua Dsani
(Mama Biana Dadzie I - Queen Mother of Srogboe)
Vice Chairperson

She is a former Director of the Minerals Commission. She has twenty five (25) years working experience with Standard Chartered Bank Ghana Limited and held a range of positions, including – Branch Operations Manager, Senior Branch Manager, Credit Controller, Head - Medium and Large Corporate Accounts. She had a short term Associate Consultancy Service with Price Waterhouse under a FINSAP Project Contract for Ghana Commercial Bank in 1997.

She was invited in August 1997 to assist in the restructuring of the Credit Portfolio of Bank for Housing and Construction after the 'A – Life' scandal. She was also hired as a Consultant in February 2000 again by PricewaterhouseCoopers in the liquidation exercise of Bank for Housing and Construction in 2001 to 2002. She joined Women's World Banking as Chief Executive Officer on January 1st 2003 to February 2008.

Mrs. Paulina Adjua Dsani (Mama Biana Dadzie I) received her Post Graduate Diploma in Marketing of Financial Services from the Marketing Institute of Singapore (1993), B.SC Degree in Business Administration from University of Ghana – Legon (1971).



Dr. Kwasi Gbordzi
Director

He has worked with different institutions namely: University of Ghana and Lever Brothers Ghana Limited as Project Manager (1980), Kade District as a Head of the District Agricultural Department, Kufrah Product Project in Libya (1988) as a Research Officer, Libya (1990) as a Research Agronomist – UNDF/ FAO – Malawi (1993) as a Plant Breeder Tobacco Research Institute of Malawi (TRIM) as a Head of Plant Breeding Department, and was on the Board of Community Micro – Finance Company. He is a renowned business man and Chief Executive Officer of Sputnik Travel and Tour Ghana Limited.

Dr. Kwasi Gbordzi received his PhD in Plant Breeding and Genetics from Kharkov, Ukraine – 1986 and had M.SC Agronomy, Plant Breeding and Genetics, Kharkov Ukraine – 1983. He obtained B.SC Agriculture from the University of Ghana, Legon (1979). He is one of the initial promoters of Anlo Rural Bank Limited.



Mr. Sui Kwasi Kafui Fiawoo
Director

He has worked with Ghana Education Service (Keta District) as a Teacher (1976), Oke Ona Grammar School, Abeokuta, Ogun State – Nigeria (1985) as Head of Mathematics Department and a Housemaster.

He also worked with Ghana Customs, Excise and Preventive Service from 1986 – 1987. He joined Ghana Commercial Bank Limited (now GCB Bank Limited) in May 1987 and retired as a Deputy Chief Manager (Tema Area Office) in June 2016. During his tenure at GCB Bank Limited, he briefly served at the Togo branch, that is, Banque Commerciale du Ghana, from May 1991 to August 1992.

Mr. Sui Kwasi Kafui Fiawoo received his Executive Masters in Business Administration (EMBA) from GIMPA (2005) and obtained his B.Sc Computer Science (1980) and Certificate in Data Processing (1977) from Kwame Nkrumah University of Science and Technology (KNUST).



Mr. Godwin Amelor
Director

He is on various Boards such as Anlo Technical Institute (2012) – Board Chairman, and was a Presiding Member of the Keta Municipal Assembly (2010). He was the Committee Chairman of Finance and Administration and a member of the Audit Report Implementation Committee (2015) – Keta Municipal Assembly.

Mr. Godwin Amelor obtained his Executive Masters in Business Administration (EMBA) from Kwame Nkrumah University of Science and Technology (KNUST), (2011) and has an Advance Certificate in Human Resource Management from National Institute of Technical Teachers Training Research (NITTTR) Chennai – India (2011). He also obtained his Masters of Educational Administration from University of Cape Coast, Cape Coast (2014).

He received his Bachelor of Education (Social Sciences) from University of Cape Coast (2002) and attended Presbyterian Training College, Akropong – Akwapim (1995) for his Teacher's Certificate 'A' 3-years post secondary. He is currently the Head of Finance and Administration at the Municipal Education Office- Keta.



Mr. Christian Rockson Kodzo Bensah
Director

He worked with Ghana Education Service (Upper West Region) and taught at Sandema Ayieta Primary School, Gbenia Primary School, Afoko Middle School and Middle Boarding School – Sandema (1976) and was a Vice Principal – Ahmadiyya Comprehensive High School – ONI – Nigeria (1986), a Senior House Father – Ketasco (2008), Member P. T. A. Executive – Ketasco (2013) and now an Examiner (WAEC) Religious and Moral Education.

Mr. Christian R. K. Bensah obtained his B. A. (Hons) from the University of Ghana – Legon (1979). He holds Teacher's Certificate 'A' (4 Years) 1971, G.C.E "O" Level (1972) and G.C.E "A" Level (1975) (Sixth Form, Navasco).



Mr. Bartholomew Kwame Ahadzi
Director

Mr. Ahadzi is a Chartered Accountant with about 35 years of experience in banking, finance, and auditing. He was the Chief Accountant for Treasury and Administration at The Trust Bank Ghana, now part of Ecobank, from 1992 - 1995. He joined the Allied Bank of Uganda as the Financial Controller in 1995. He was also Head of Internal Controls at HFC Bank from 2001 to 2003. He served as the Managing Director of Bank of Africa in Uganda (2003 - 2009) and in Kenya (2009 - 2014).

He is a product of the University of Ghana, Legon and obtained his Bachelors and Masters Degrees in Business Administration in 1984 and 1989 respectively. He became a Chartered Accountant in 1990.

Mr. Bartholomew K. Ahadzi has served on the Boards of various Banks in Uganda, Kenya and Ghana. He is currently a private consultant and serves on the board of Baobab Microfinance Bank Nigeria Limited.

SENIOR MANAGEMENT TEAM



Gideon K. Odei
General Manager



Bright P. K. Aleawonor
Operations Manager



Alfred Kpodo
ICT Manager



Sylvester A. Bedzra
Risk & Compliance Manager



Angela N. Korvi
Ag. Internal Auditor



Godwin S. Agboworkunu
Ag. Credit Manager

BOARD CHAIRMAN'S REPORT FOR THE 18TH ANNUAL GENERAL MEETING

1.0. INTRODUCTION

Distinguished Shareholders, it is my pleasure to welcome you all to the 18th Annual General Meeting of Anlo Rural Bank Limited. It is my pleasure also to present to you the Chairman's Report for this event.

I will begin by touching briefly on the banking sector reforms and the macroeconomic environment in which your Bank operated in the year under review.

1.1. Banking Sector Reforms

The Banking sector saw stringent reforms and interventions by the Bank of Ghana (BoG) during 2018. Some of the BoG's reform programs included recapitalization of banks which resulted in the raising of minimum capital requirement of banks from GH¢120 million to GH¢400 million to ensure that banks have adequate capital to support their risks of intermediation. At the end of the exercise on 31st December, 2018, the number of banks reduced from thirty-four (34) to twenty-three (23).

Also, as part of the efforts to sanitize the banking industry, two (2) banks; UT and Capital Bank had their licenses revoked and five (5) other banks: Beige Bank, UniBank, Construction Bank, Royal Bank and Sovereign Bank were merged and assumed under Consolidated Bank of Ghana (CBG) due to poor corporate governance and insolvency of the banks.

These actions have resulted in significant challenges for the financial sector, particularly the non-bank financial institutions. These institutions experienced systemic liquidity challenges and many individuals and corporate bodies have had difficulties in redeeming their investments and deposits from these institutions.

Furthermore, in order to improve and ensure effective risk management and good corporate governance protocols of banks, the Bank of Ghana issued corporate governance directives and guidelines for financial institutions. Also, the BoG issued a directive and guideline on Cyber and Information Security.

The main reason for the reforms is to make the banking sector well capitalized, resilient, liquid and well positioned to contribute immensely to the country's transformation agenda.

1.2. Macroeconomic Environment

The macroeconomic environment in which your Bank performed during the fiscal year 2018 was marked by a reduction in inflation rate and the Bank of Ghana prime rate. Treasury bill rates however increased marginally. Some of the economic indicators closed as follows:

• Bank of Ghana Prime Rate	16.00%
• Inflation Rate	9.40%
• Treasury Bill Rate	
◇ 91-Day	14.59%
◇ 182-Day	15.03%
◇ 1-Year Note	15.50%

2.0. RURAL/COMMUNITY BANKS' PERFORMANCE ASSESSMENT 2018

During the year under review, the Efficiency Monitory Unit (EMU) of the ARB Apex Bank Limited rated Anlo Rural Bank Limited consistently among the strong RCBs in the country, as depicted in the table below:

QUARTERS	RANKINGS - 2018		CATEGORY
	REGIONAL	NATIONAL	
1 ST	1 ST	4 TH	Strong
2 ND	1 ST	6 TH	Strong
3 RD	1 ST	3 RD	Strong
4 TH	2 ND	8 TH	Strong

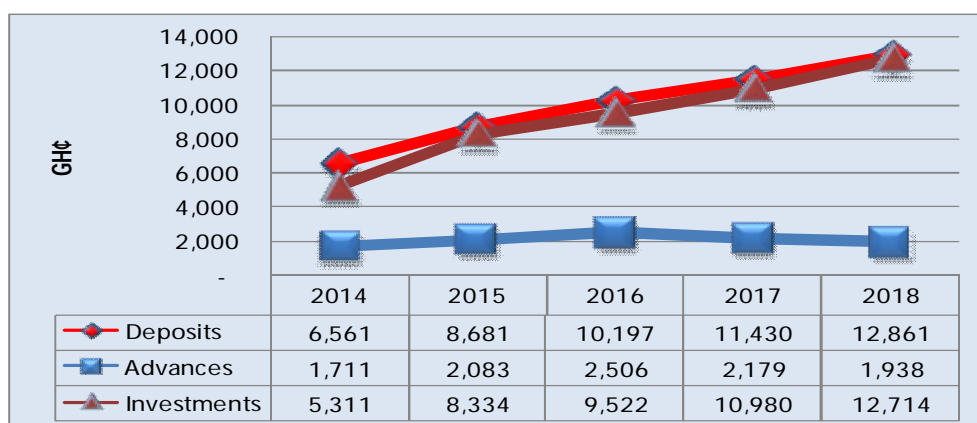
At the RCBs Excellence Awards - 2017, held on 24th November 2018 in Bolgatanga, the Association of Rural Banks - Ghana honoured your Bank with the following awards:

1. Best Regional Bank (Volta Region)
2. 2nd Runner-up, Most Profitable Bank

3.0. FINANCIAL PERFORMANCE OF THE BANK

Despite the very challenging year experienced by most financial institutions, your Bank continued to record reasonably healthy performance in key result areas. The performance is depicted in the tables and charts below.

Indicators	2014	2015	2016	2017	2018
All amounts in GH¢ '000					
Deposits	6,561	8,681	10,197	11,430	12,861
Advances	1,711	2,083	2,506	2,179	1,938
Investments	5,311	8,334	9,522	10,980	12,714
Total Income	2,256	2,915	3,578	3,630	3,429
Profit After Tax	702	751	644	842	343
Shareholders Fund	2,651	3,271	3,770	4,396	4,504
Total Assets	9,709	13,353	15,041	16,499	18,225



Growth (2018)

Amounts in GH¢'000

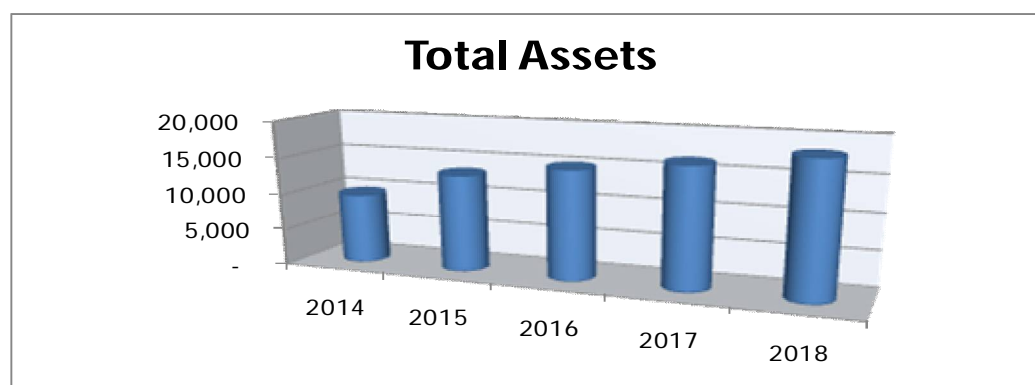
Indicators	2018 (GH¢)	2017 (GH¢)	Variance (%)	Variance (GH¢)
Total Assets	18,225	16,499	10.46	1,726
Total Deposits	12,861	11,315	13.66	1,546
Loans and Advances	1,938	2,179	-11.09	-241
Investments	12,714	10,980	15.79	1,734
Operating Income	3,429	3,630	-5.54	-201
Shareholders' Equity	4,504	4,396	2.46	108
Operating Expenses	2,864	2,491	14.97	373
Profit After Tax	343	842	-59.26	-499

Key Ratios

Ratio	Actual % 2018	Actual % 2017	Benchmark %
Cost/Income Ratio	83.51	68.62	Maximum: 70
Capital Adequacy Ratio (CAR)	54.81	52.23	Minimum: 10
Return on Assets	1.88	5.10	Minimum: 5
Earning Assets /Total Assets	80.39	79.50	Minimum: 70
Liquid Assets /Total Assets	90.95	88.42	Minimum: 40
Overdue Advances/Gross Advances	4.94	1.80	Maximum: 20

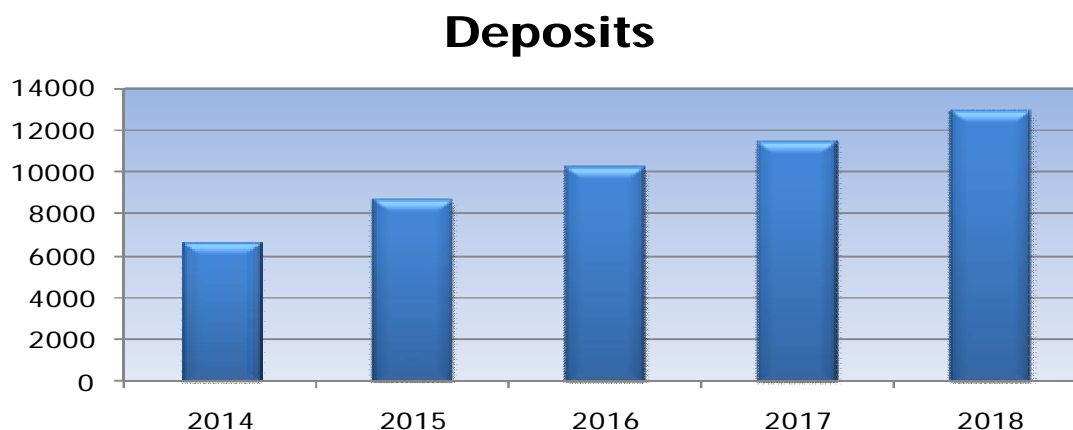
3.1. Total Assets

The total assets increased from GH¢16,498,838 in 2017 to GH¢18,225,008 representing a 10.47% growth in 2018.



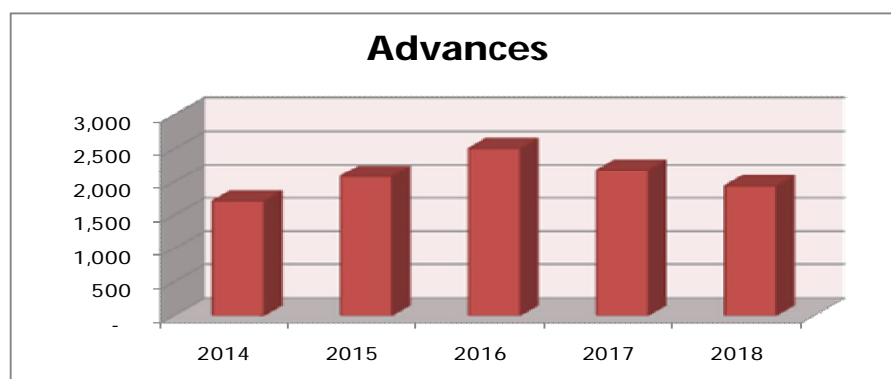
3.2. Deposits

Total deposit grew from GH¢11,429,919 to GH¢12,860,782 in 2018, registering an increase of 12.52% over 2017.



3.3. Advances

The Bank's Advance Portfolio decreased by 11.09% from GH¢2,179,295 in 2017 to **GH¢1,937,677** in 2018. Risk level of business operations continued to be high and the Banking sector generally experienced lower levels of loans and borrowings. Gross disbursements during the year amounted to GH¢4,479,700 compared with 2017 disbursements of GH¢5,528,765.



3.4. Operating Income, Operating Expenses and Profit Before Tax

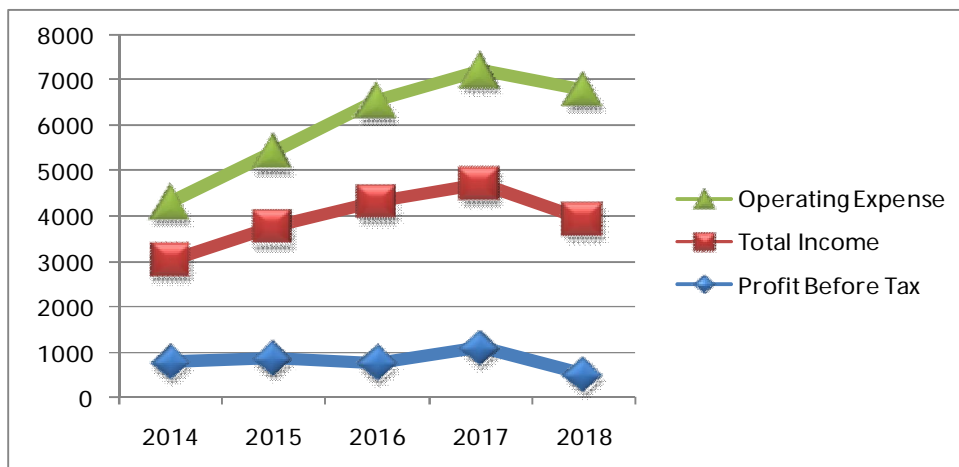
Operating income decreased by 5.53% from GH¢3,629,836 in 2017 to **GH¢3,428,980** in 2018. The Bank's operating expense also increased by 15% from GH¢2,490,901 in 2017 to **GH¢2,863,636** in 2018. The Bank thus recorded a Profit before Tax of **GH¢510,015.00** in 2018 compared with GH¢1,099,289 recorded in 2017 which represents a reduction of 53.61%.

The significant reduction in profit is due to a number of factors. First is the reduction in interest rates resulting from the financial sector reforms by BoG. Second, the year the Bank experienced lower than budgeted advances which affected the banking sector in general.

Thirdly, the Bank of Ghana directed all Rural and Community Banks to ensure full compliance in all material respects with the International Financial Reporting Standards (IFRS) and its related disclosures effective with the 2018 financial statements. This contributed most significantly to the

drastic reduction in the profit recorded. In compliance with the directive, staff defalcations and other impaired assets in the books of the Bank were written-off or fully provided for in the accounts for the year ended 2018.

Although the balance of defalcation has been written off entirely in the profit and loss account, Directors of the bank are still pursuing the matter in the court of law for a full recovery. We are happy to inform you that some recoveries are being made from the culprits.



4.0. CORPORATE SOCIAL RESPONSIBILITY (CSR)

As has been the practice and policy, during the year, the Bank carried out a number of Corporate Social Responsibility (CSR) activities. Notable among them are:

1. Donation towards the renovation works at the Anloga Health Centre
2. Donation towards the 2018 Hogbetsotso festival
3. Donation for 2018 Farmers' Day Celebration

In recognition of the social capital we derive from the people of Anlo, the Bank has proven to be socially responsible over the years and shall continue to support the traditional authorities and other partners in the development of the people of Anlo.

5.0. DIVIDEND

In line with the performance achieved for the year 2018, the Board of Directors proposes a final dividend of **GH¢0.20** per share amounting to **GH¢129,506.40** as compared to GH¢0.35 per share amounting to GH¢215,244 paid in 2017. The proposed dividend constitutes 37.78% of Profit After Tax for 2018 and payment to shareholders is subject to the approval of Bank of Ghana.

6.0. CHANGES IN MEMBERSHIP OF THE BOARD

At the last AGM in 2018, the shareholders appointed Mr. Bartholomew Ahadzi as a Director. We are happy to inform you that the Bank of Ghana approved his appointment and he started serving on the Board of Directors from 31st January 2019.

We wish to also inform you that Mrs. Precious Eyrah Dzissah-Agbemabiase resigned from the Board on 14th February 2019. We cherish and thank her for the dedicated service to the Bank since she was appointed in 2012 and our best wishes are with her as she pursues other endeavours.

7.0. OUTLOOK FOR 2019

7.1. Effect of banking sector reforms on RCBs

As I indicated at the outset, the banking sector reforms implemented by the BoG last year have created a systemic liquidity challenge which has resulted in many Rural and Community Banks (RCBs) having their investments locked up with non-bank financial institutions. This has contributed to many RCBs having challenges meeting operational targets for 2019.

I wish to assure you that the Directors have taken necessary steps to protect the depositors and shareholders' funds that have been invested. We are confident that the tides will turn favourably and a better performance will be realized as a result of the strategies in place. Even now, despite the glitches in the financial sector your bank is liquid and continues to experience growth in deposits.

In April 2019, the Bank of Ghana began implementing reforms in the non-bank financial institutions. These reforms have already seen a clean-up of the Microfinance Institutions and inevitably resulted in some loss of confidence particularly in indigenous non-bank financial institutions, including Rural and Community Banks (RCBs). It was therefore comforting that BoG has taken steps to clear the air and assure the public that most RCBs are in good stead.

7.2. Corporate Governance Directives for RCBs

The Bank of Ghana has published a draft Corporate Governance Directive specifically for RCBs. The indicated effective date for implementation is 30th June 2020. The Directive has far reaching implications for RCBs, the major ones being the limit on tenure of Chairmen, Directors and General Managers to a maximum of 6, 9, and 12 years respectively.

Ladies and gentlemen, when the Directives become effective, all current members of our Board will have to retire and be replaced by end of 2020. The Association of Rural Banks, Ghana (ARB-Ghana) is leading an effort to present a paper to BoG on the challenges presented by the Corporate Governance Directives. The aim is to bring to the fore the uniqueness of RCBs and the need to avoid a wholesale approach in addressing corporate governance issues for the sub-sector. Until then, we may have to start fashioning out a replacement plan in a manner that will ensure continuity as well as compliance with the directives.

7.3. New ARB Apex Bank Regulations

The Bank of Ghana is also leading a review of the ARB Apex Bank Regulations (L.I. 1825). The review will result in a completely new L.I. which will replace the existing one possibly before the end of the year 2019. It will strengthen, redefine and expand the supervisory role and other functions of the ARB Apex Bank Limited to ensure that RCBs are well supervised and their activities monitored more efficiently to safeguard depositors funds.

7.4. Electronic Products and Services

Under the auspices of the ARB Apex Bank Limited, your Bank has continued to leverage on technology to improve existing services and products. As a result, turnaround time has considerably reduced and long queues in the banking halls have become a thing of the past, whereas deposit mobilization continues to grow in 2019. The Bank has signed on to the Transflow Collections Platform which enables customers to purchase University application forms and also pay for utility bills when the services are deployed.

7.5. Financial Inclusion

Your Bank's is continuing its commitment to deepening the financial inclusion of the Economically Active in even the remote areas of our catchment area. The bank expanded its Microfinance (Group Lending) and has reached new communities such as Atiaveme, Adevukope, Dzodze and Avlorto. More flexible terms have been approved to improve accessibility and satisfaction for the over 2,000 members of the Credit and Savings Associations in the 45 communities covered.

7.6. Five (5) Years Strategic Plan

The preparation of the 5-year strategic plan is far advanced. The Board is currently in the process of planning a restructuring of the management of the bank to bring more focus on business development and marketing. This will enable the bank to reposition itself and expand its market share. The reorganized structure will form an integral and important part of the new Strategic Plan which should become effective from 1st January 2020.

8.0. CONCLUSION

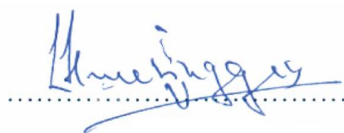
Distinguished Ladies and Gentlemen, on behalf of my colleagues on the Board, I wish to express our appreciation to our valued shareholders for your continuous support. It is our conviction that you will continue to rally solidly behind the Board towards the growth of the Bank.

We thank our customers for the confidence with which they continue to patronize the Bank's services.

I thank my colleagues on the Board for your, commitment, encouragement, cooperation and good counsel. The Board wishes to commend our dedicated Management and staff for their work. May you continue to work hard for the benefit of all stakeholders.

Finally, on behalf of Shareholders, the Board, Management and staff, I wish to express our profound appreciation to all individuals and organizations such as Bank of Ghana, ARB Apex Bank, the Association of Rural Banks and the Chiefs and People in the catchment area of the Bank for their continued support.

May God bless you all.



LARRY K. JIAGGE
Board Chairman

REPORT OF THE DIRECTORS TO THE MEMBERS OF ANLO RURAL BANK LIMITED

We, the Directors of **Anlo Rural Bank Limited** have pleasure in submitting our annual report together with the Audited Financial Statements for the year ended December 31, 2018.

STATEMENT OF DIRECTORS' RESPONSIBILITY

Under the Companies Act 1963 (Act 179), we are responsible for preparing in respect of each financial year, Financial Statements which give a true and fair view of the state of affairs of the Bank, and of its profit or loss and cash flows for that year in accordance with International Financial Reporting Standards (IFRS) and the Companies Act. In preparing these financial statements we are required to select suitable accounting policies and apply them consistently, make judgments and estimates that are reasonable and prudent.

As directors we are responsible for keeping proper books of accounts, which disclose with reasonable accuracy at any time the financial position of the Bank. We are also responsible for safeguarding the assets of the Bank and taking reasonable steps for the prevention and detection of fraud and other irregularity.

NATURE OF BUSINESS

The principal business of the company is to provide banking and related services including taking deposits and lending money.

FINANCIAL RESULTS AND DIVIDEND

The results for the year are as set out in the attached detailed Financial Statements on pages 23 to 49 and summarized below:

	2018 GH¢	2017 GH¢
Profit before tax for the year	510,015	1,099,289
From which is deducted a tax charge of	(167,238)	(257,631)
	-----	-----
Resulting in a Profit after tax of	342,777	841,658
To which must be added the balance brought forward on the Income Surplus Account at the beginning of the year of	1,555,582	1,423,398
	-----	-----
Leaving a balance of	1,898,359	2,265,056
From which the following transfers were made:		
• Transfer to Statutory Reserve in accordance with Sect 34 of the Banks and Specialised Deposit-Taking Institutions Act, 2016 (Act 930)	(85,694)	(210,414)
• Transfer to Stated Capital	(16,000)	(200,000)
• Transfer to Social Responsibility Fund	(34,278)	(84,166)
• Transfer in respect of dividend declared	(215,244)	(214,894)
• Transfer to Credit Risk Reserve	(681,361)	-
	-----	-----
Leaving a balance on the Income Surplus Account to be Carried Forward of	865,782	1,555,582
	=====	=====

The directors recommend the payment of a dividend of **GH¢0.20** per share for the year amounting to **GH¢129,506** (2017: **GH¢0.35** per share amounting to **GH¢215,244**).

REPORT OF THE DIRECTORS CONT'D APPOINTMENT, RETIREMENT AND RE-ELECTION OF BOARD MEMBERS

In accordance with section 298 of the Companies Act 1963, (Act 179), and the Regulations of the Bank, Messrs Larry Kwesi Jagge and Mama Biana Dadzie I retire by rotation and being eligible, offer themselves for re-election.

GOING CONCERN CONSIDERATIONS

The attached financial statements have been presented on the basis of accounting policies and conventions applicable to a going concern entity. As directors, we have made the necessary assessment and evaluation of the future capital and other financial requirements of the company and nothing has come to our attention through that evaluative exercise that leads us to conclude that the company is not a going concern.

AUDITORS

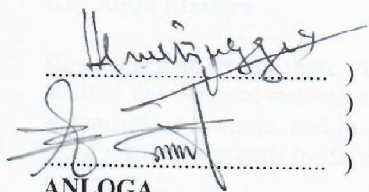
Following the expiration of the term of office of the previous external Auditors, MGI.O.A.K. Chartered Accountants, the Directors appointed Messrs Nexia Debrah & Co. as the new Auditors of the Bank. This new appointment has now been ratified by members of the company as a body. The Auditors have indicated their willingness to continue in office as External Auditors of the Bank in accordance with section 134(5) of the Companies Act, 1963 (Act 179). We therefore recommend their continued appointment.

MANAGEMENT REPRESENTATION

We certify that the Statement of Comprehensive Income and the Statement of Financial Position referred to in the report of the Auditors together with the notes thereon identified on pages 23-49 of this report have been prepared from records, information and representations made by us, the Directors of Anlo Rural Bank Limited.

So far as we are aware, there is no relevant audit information (i.e. information needed by the company's auditors in connection with their work and report) of which the company's auditors are unaware and each director has taken reasonable steps that ought to have been taken by a director in order to make him/her self aware of any relevant audit information and to establish that the company's auditors are aware of that information.

We confirm that to the best of our knowledge and belief the Financial Statements contain all transactions and that they are complete and accurate in all material respects. We approve the Statement of Comprehensive Income for the year ended December 31, 2018 and the Statement of Financial Position at that date together with the notes thereon this **10th Day of April 2019**


.....)
.....) **DIRECTORS**
.....)
ANLOGA

24TH MAY, 2019

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF ANLO RURAL BANK LIMITED

Opinion

We have audited the financial statements of **Anlo Rural Bank Limited** which comprise the statement of financial position at 31st December 2018, and the statements of comprehensive income, changes in equity and cash flows for the year then ended, together with the notes to the Financial Statements which include a summary of significant accounting policies and other explanatory notes as set out on pages 10 to 34.

Subject to the comments made in the last paragraph under the section of our report termed “Basis for Opinion”, in our opinion, these Financial Statements give a true and fair view of the financial position of Anlo Rural Bank Limited at 31st December 2018, and of its financial performance and cash flows for the year then ended in accordance with the International Financial Reporting Standards (IFRSs) and in the manner required by the Companies Act, 1963 (Act 179) and the Banks and Specialised Deposit – Taking Institutions Act, 2016 (Act 930).

Our report is made solely to the company’s members, as a body, in accordance with section 133 of the Companies Act 1963, (Act 179). The purpose of our audit is to enable us to make a statement to the members of the company on those matters specifically required by law to be mentioned in an auditor’s report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and its members as a body for our audit work, our report, or the opinions we have expressed herein above.

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 section of our report dealing with the Auditors’ Responsibilities for the Audit of the Financial Statements. In form and substance, we are independent of the Company in accordance with the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants (IESBA Code) and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

A number of financial placements described as certificates of fixed deposits amounting to GH¢8.3million (about 66% of total investment portfolio) have gone past their maturity dates and the issuers have set out a plan of repayment spanning twelve months. The Directors of the Bank have taken appropriate legal steps to secure the repayment of the amount together with related interest.

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. 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. For each matter below, our description of how our audit addressed the matter is provided in that context.

1.0 Revenue recognition

(GH¢3,730,618)

Refer to Note 3 to the Financial Statements.

**REPORT OF THE INDEPENDENT AUDITORS
TO THE MEMBERS OF ANLO RURAL BANK LIMITED (CONTINUED)**

Revenue is recognized and recorded in the Financial Statements on the accrual basis, and to the extent that it is probable that economic benefits will flow to the Bank and the related revenue can be reliably measured. Majority of the Bank's revenues were derived from rate sensitive assets and the reliability and accuracy of such revenues relate in a large measure to the financial profile and features of such assets.

How the matter was addressed in our audit

We evaluated loan agreements and investment certificates issued at either side of the reporting date and assessed whether the related revenues were recognized in the correct reporting period. We recomputed interest income earned on investment during the year to ascertain reasonableness and accuracy. We also developed an expectation of the current year revenue balance based on trend analysis, particularly trends in the historical interest rates and monthly movements in rate sensitive assets. We then compared the expectation to actual results and ascertained reasons for any significant departures or differences. We also considered the adequacy of the Company's disclosures in respect of revenue.

2.0 Existence and Valuation of Loans and Advances

(GH¢1,937,677)

Refer to Note 12 to the Financial Statements.

Loans and Advances are non-derivative financial assets having a fixed or determinable cash flow patterns and are not quoted on any active market. Loans and Advances are initially recognized at fair value equivalent to the cash consideration or outflow required to originate or generate the loan (transaction costs excerpted), and measured subsequently at amortised cost using the effective interest method. Where any impairment arises the estimated impairment loss is fully provided for and recognized in the profit and loss as charge for credit losses.

How the matter was addressed in our audit

We tested controls over loans and advances and reconciled sampled balances to relevant records. We also reviewed the classification of loans and advances as basis to assess the adequacy of the provision for bad and doubtful debts and general impairment at the reporting date.

We also considered the adequacy of the Company's disclosures in respect of those loans and advances.

3.0 Existence and Valuation of Investments

(GH¢12,713,664)

Refer to Note 10 to the Financial Statements.

The Bank keeps quite a large number of investments with significant values in respect of Treasury Bills, and Fixed Deposits. Valuation of these investments is related in a large measure to the proper accrual of related revenues at the reporting date.

**REPORT OF THE INDEPENDENT AUDITORS
TO THE MEMBERS OF ANLO RURAL BANK LIMITED (CONTINUED)**

How the matter was addressed in our audit

For fixed deposit investments, we inspected investment certificates issued by the investee entities and recomputed earned interest up to the reporting date. We generally confirmed additions and redemptions to supporting documentation for all investment types. We reviewed independent statements issued by custodial and depository entities and reconciled to the ledgers of the company and tested the valuation of quoted investments to the market.

We also considered the adequacy of the Company's disclosures in respect of those investments.

Other Information

Other information in this context comprises the information included in the Annual Report and the Directors' Report as required by the Companies Act, 1963 (Act 179). The other information does not include the Financial Statements and our auditors' report thereon. The Directors are responsible for the other information. 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. If, based on the work we have performed, 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.

Responsibilities of the Directors for the Financial Statements

The Directors are responsible for the preparation of Financial Statements that give a true and fair view in accordance with International Financial Reporting Standards and in the manner required by the Companies Act, 1963 (Act 179), and the Banks and Specialised Deposit – Taking Institutions Act 2016, (Act 930).

The Directors are also responsible for such internal control as they determine is necessary to enable the preparation of Financial Statements that are free from material misstatement, whether due to fraud or error. In preparing the Financial Statements, the Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

The Directors are responsible for overseeing the Company's financial reporting process.

Responsibilities of the Auditors for the Audit of the Financial Statements

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

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

**REPORT OF THE INDEPENDENT AUDITORS
TO THE MEMBERS OF ANLO RURAL BANK LIMITED (CONTINUED)**

- Identify and assess the risks of material misstatement of the Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstance, but not for the purpose of expressing an opinion on the effectiveness of the bank's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the bank's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our audit 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 audit report. However, future events or conditions which are beyond the scope of this report may cause the bank to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the Financial Statements, including the disclosures, and whether the Financial Statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.
- Provide the Directors with 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 considered to bear on our independence, and where applicable, related safeguards.
- Determine, from the matters communicated with the Directors, those matters that were of most significance in the audit of the Financial Statements of the current period and are therefore the key audit matters. We describe these matters in our audit 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 interest benefits of such communication.

Emphasis of Matter

Without forming the basis of any qualification in our audit report, we highlight the following two issues


- (i) The provisions made by the Bank for corporate taxes are subject to the agreement of the Ghana Revenue Authority.
- (ii) Our appointment as Independent Auditors of the Bank became effective from the 2017 financial year and 2018 is our second year in succession.

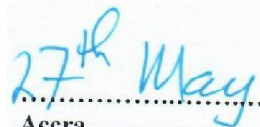
**REPORT OF THE INDEPENDENT AUDITORS
TO THE MEMBERS OF ANLO RURAL BANK LIMITED (CONTINUED)**

Report on Other Legal and Regulatory Requirements

- (a) Under the Companies Act 1963 (Act 179) we are required, when carrying out our audit, to consider and report on certain specific matters. We accordingly report that:
- i) 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;
 - ii) In our opinion proper books of account have been kept by the Bank, as far as appears from our examination of those books; and
 - iii) In all material respect, the Bank's Statement of Financial position and statements of comprehensive income and cash flows are in agreement with the books of account.
- (b) Section 85(2) of the Banks and Specialised Deposit – Taking Institutions Act, 2016 (Act 930) also requires that we state certain matters in our report. We accordingly state that:
- i) We were able to obtain all the information and explanation required for the efficient performance of our duties as auditors;
 - ii) The Bank's transactions were within its powers;
 - iii) The Bank has complied in all material respect with the provisions of the Anti-Money Laundering Act, 2008 (Act 749), and the Anti-Terrorism Act, 2008 (Act 762); and
 - iv) The Bank has complied in all material respects with the provisions of the Banks and Specialised Deposit – Taking Institutions Act 2016 (Act 930).

The engagement partner on the audit resulting in this independent auditor's report is **Kwame Manu-Debrah (ICAG/P/1264)**.


(ICAG/F/069) Chartered Accountants
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#1 Nii Amugi Avenue
East Adabraka, Accra
P. O. Box CT 1552
Cantonments -Accra
Ghana.


....., 2019
Accra

STATEMENT OF COMPREHENSIVE INCOME¹
FOR THE YEAR ENDED DECEMBER 31, 2018

	Notes	2018 GH¢	2017 GH¢
Interest Income	3	3,730,618	3,799,947
Interest Expenses	4	(572,100)	(528,671)
		-----	-----
Net Interest Income		3,158,518	3,271,276
 Commissions and Fees	5	164,825	148,037
Other Operating Income	6	105,637	210,523
		-----	-----
Total Operating Income		3,428,980	3,629,836
 Charge for Credit Losses	12d	(55,329)	(39,646)
Operating Costs	7	(2,863,636)	(2,490,901)
		-----	-----
Profit before Taxation		510,015	1,099,289
 Taxation	19i	(167,238)	(257,631)
		-----	-----
Other Comprehensive Income		-	-
		-----	-----
 Comprehensive Income for the year		342,777	841,658
		=====	=====
 <u>Earnings Per Share (EPS)</u>			
Basic and Diluted Earnings per Share (in GHP)	27	0.56	1.37

¹ Also referred to in the context of the Companies Act of Ghana 1963 (Act 179) as the Profit and Loss Account.

STATEMENT OF FINANCIAL POSITION AS AT DECEMBER 31, 2018

	NOTES	2018 GH¢	2017 GH¢	01/01/2017 GH¢
ASSETS				
Cash and Bank Balances	9	1,279,849	853,174	640,281
Short Term Investments	10	12,713,665	10,980,457	9,454,248
Apex Bank Deposit Reserve	11	645,344	541,966	505,873
Loans and Advances to Customers	12	1,937,677	2,179,295	2,506,130
Deferred Tax	19(v)	4,725	2,551	-
Taxation	19(iii)	58,088	250	-
Equity Investments	13	82,539	82,539	67,725
Other Assets	14	159,257	438,402	102,527
Property and Equipment	20	1,343,864	1,420,204	1,542,022
TOTAL ASSETS		18,225,008	16,498,838	14,818,806
LIABILITIES & SHAREHOLDERS' FUNDS				
Liabilities				
Customer Deposits	15	12,860,782	11,429,919	10,196,982
Creditors and Accruals	16	305,247	449,929	483,439
Managed Funds	26	41,130	41,130	41,131
Dividend Payable	17	201,709	139,731	104,883
Medium Term Loan	18	312,494	41,666	43,200
Deferred Tax Liability	19(v)	-	-	39,268
Taxation	19(ii)	-	-	139,518
Total Liabilities		13,721,362	12,102,375	11,048,421
Shareholders' Funds				
Stated Capital	23	1,320,460	1,319,260	1,113,260
Statutory Reserve Fund	21	1,376,557	1,290,863	1,080,449
Income Surplus Account	24	865,782	1,555,582	1,423,398
Social Responsibility Fund	22	220,082	191,354	128,688
Capital Surplus	25	39,404	39,404	24,590
Credit Risk Reserve	30	681,361	-	-
Total Shareholders' Funds		4,503,646	4,396,463	3,770,385
TOTAL LIABILITIES & SHAREHOLDERS' FUNDS		18,225,008	16,498,838	14,818,806
Net Asset per Share (GH¢ per Share)		6.95	7.15	6.14

H. M. J.

[Signature]

[Signature]

[Signature]

DIRECTORS

ANLOGA

24TH MAY, 2019

**CASH FLOW STATEMENT
FOR THE YEAR ENDED DECEMBER 31, 2018**

	2018 GH¢	2017 GH¢
Operating Activities		
Profit before Tax	510,015	1,099,289
Add Depreciation	233,855	303,142
Gain on disposal	(3,208)	-
	-----	-----
Cash Inflow before Changes in Operating	740,662	1,402,431
Assets and Liabilities		
Decrease /(Increase) in Loans and Advances	166,447	287,189
Decrease/(Increase) in Other Assets	272,540	(335,874)
Increase /(Decrease) in Creditors and Accruals	(253,410)	81,822
Increase/(Decrease) in Customer Deposits	1,550,038	1,117,604
Provision for Credit Losses	55,329	39,646
	-----	-----
	1,790,944	1,190,387
	-----	-----
Cash flow from Operating Activities	2,531,606	2,592,818
Dividends and Corporate Tax		
Tax Paid	(227,250)	(439,218)
Dividend Paid	(153,266)	(180,046)
	-----	-----
	(380,516)	619,264
Investing Activities		
Property and Equipment Purchased	(157,515)	(181,324)
Proceeds from Disposal	3,208	-
	-----	-----
Cash Outflow from Investing Activities	(154,307)	(181,324)
Financing:		
Proceeds from Issue of Shares	1,200	6,000
Payment of Social Responsibility	(5,550)	(21,500)
Medium Term Loan	270,827	(1,534)
	-----	-----
Net Cash Inflow from Financing	266,477	(17,033)
	-----	-----
Net Increase/(Decrease) in Cash and Cash Equivalent	2,263,261	1,775,197
Cash and Cash Equivalents at January 1	12,375,597	10,600,400
	-----	-----
Cash and Cash Equivalents at December 31	14,638,858	12,375,597
	=====	=====
Analysis of Cash and Cash Equivalents as shown in the Balance Sheet		
APEX Deposits Reserve	645,344	541,966
Cash and Bank Balances	1,279,849	853,174
Short Term Investments	12,713,665	10,980,457
	-----	-----
	14,638,858	12,375,597
	=====	=====

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2018**

	Stated Capital GH¢	Social Respon. Fund GH¢	Statutory Reserve Fund GH¢	Capital Surplus GH¢	Credit Risk Reserve GH¢	Income Surplus GH¢	Total GH¢
<u>2018</u>							
Balance At 1 st January	1,319,260	191,354	1,290,863	39,404	-	1,555,582	4,396,463
Issue of Shares for Cash	1,200	-	-	-	-	-	1,200
Net Profit for the Year	-	-	-	-	-	371,100	371,100
Transfer from Income Surplus	-	-	85,694	-	-	(85,694)	-
Dividend Declared	-	-	-	-	-	(215,244)	(215,244)
Social Responsibility Fund	-	34,278	-	-	-	(34,278)	-
Social Responsibility Exp.	-	(5,550)	-	-	-	-	(5,550)
Transfer from Income surplus-	-	-	-	-	-	(16,000)	(16,000)
Proceeds from Bonus Share	-	-	-	-	-	-	-
Credit Risk Reserve	-	-	-	-	681,361	(681,361)	-
Balance At 31st December	<u>1,320,460</u>	<u>220,082</u>	<u>1,376,557</u>	<u>39,404</u>	<u>681,361</u>	<u>865,782</u>	<u>4,503,646</u>

2017

Balance At 1 st January	1,113,260	128,688	1,080,449	24,590	-	1,423,398	3,770,385
Issue of Shares for Cash	6,000	-	-	-	-	-	6,000
Net Profit for the Year	-	-	-	-	-	841,658	841,658
Transfer from Income Surplus	-	-	210,414	-	-	(210,414)	-
Dividend Declared	-	-	-	-	-	(214,894)	(214,894)
Social Responsibility Fund	-	84,166	-	-	-	(84,166)	-
Social Responsibility Exp.	-	(21,500)	-	-	-	-	(21,500)
Transfer from Income surplus	200,000	-	-	-	-	(200,000)	-
Proceeds from Bonus Share	-	-	-	14,814	-	-	14,814
Balance At 31st December	<u>1,319,260</u>	<u>191,354</u>	<u>1,290,863</u>	<u>39,404</u>	<u>-</u>	<u>1,555,582</u>	<u>4,396,463</u>

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

1. THE REPORTING ENTITY

1.1 The Company

The Anlo Rural Bank Limited is a limited liability company registered under Ghanaian Legislation and authorized by its Regulations and a banking license issued by the Bank of Ghana to engage in the provision of banking and related services including the taking of deposits and lending of money.

The bank is domiciled in Ghana with its head office and network of Agencies located within the Volta region of Ghana. The registered office is at Anloga in the Volta Region of Ghana.

The audited Financial Statements were authorized for issue by the Board of Directors on **10th day of April, 2019**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the bank for the year ended 31st December 2018 incorporate the principal accounting policies set out below, including changes introduced by the International Financial Reporting Standards (IFRS).

All the material information required by legislation, particularly the Companies Act 1963 (Act 179) and the Banks and Specialised Deposit – Taking Institutions Act 2016 (Act 930) have also been disclosed or presented in the appropriate context.

2.1 Basis of Presentation

The bank prepares its Financial Statements under the historical cost basis as modified by the revaluation of certain assets and liabilities through the assessment of impairment and fair value measurement. The financial statements are prepared and presented on the basis of accounting policies and conventions applicable to a going concern entity. The directors have carried out the necessary assessment and evaluation of the future capital and other financial requirements of the bank and nothing has emerged through that evaluative exercise that can lead to the conclusion that the bank is not a going concern. The Financial Statements are presented in Ghana Cedis (**GH¢**) which is the Bank's presentation and functional currency. All amounts have been rounded to the nearest Ghana Cedi unless otherwise stated.

2.2 Income Recognition

Income is recognized and recorded in the Financial Statements on the accrual basis, and to the extent that it is probable that economic benefits will flow to the Bank and the related revenue can be reliably measured.

Interest Income

The effective interest method is used as basis to recognize interest income in the profit and loss account for all interest – bearing financial instruments including loans and advances. The effective interest method is a method of calculating the amortised cost of a financial asset and allocating the interest income.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

The applicable effective interest rate is the rate that exactly discounts the estimated future cash payments or receipts available over the expected life of the financial instrument or, when appropriate, a shorter period, to the net carrying amount of the related financial asset.

The effective interest rate is calculated within the context of all estimated cashflows, and due consideration to all contractual terms of the financial instrument including any early payment options but not future credit losses. The calculation also includes all related transactional cost such as processing and commitment fees received by the bank.

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.

Commissions and Fees

Commissions and loan fees are credited to income when earned with reasonable certainty and in the case of loan fees, deferred and spread over the loans tenure. The unearned fees are disclosed separately as a set off against the loans balances.

Other Operating Income

This relates to income accruing from the consequential dimension of the bank's operations including the sale of value books, susu/micro-finance operations and where applicable profits or gains from the sale of property and equipment.

2.3 Interest Expense

Interest expense is recognized in the profit or loss for all interest bearing Financial Instruments measured at amortised cost, including savings and fixed deposits, as interest accrues using the effective interest rate method.

The effective interest method is a method of calculating the amortised 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, when appropriate, a shorter period 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.

2.4 Financial Assets and Liabilities

Financial Assets and Liabilities are recognized in the bank's balance sheet in accordance with measurement criteria explained below:

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.4.1 Financial Assets

A financial asset is an asset that is either cash, a contractual right to receive cash, the right to exchange a financial instrument with another accounting entity under potentially favourable terms or an equity instrument of another entity. The financial assets of the bank are in three categories namely, Loans and Advances, Investment Held to Maturity, and Available for sale Financial Assets.

a. Loans and Advances

Loans and Advances are non-derivative financial assets having a fixed or determinable cash flow patterns and are not quoted on any active market. Loans and Advances are initially recognized at fair value equivalent to the cash consideration or outflow required to originate or generate the loan including any transaction costs, and measured subsequently at amortised cost using the effective interest method. Where any impairment arises the estimated impairment loss is fully provided for and recognized in the profit and loss as charge for credit losses.

b. Held to Maturity Financial Assets

Held to Maturity assets are non-derivative financial assets with a fixed or determinable payments and tenor in which the bank has a positive interest and ability to hold to maturity. Such financial assets are not measured at fair value through profit or loss, but are rather carried at amortised cost using the effective interest method less any impairment losses.

For instance, bills discounted and securities with a fixed redemption date which are purchased with the intention of being held to maturity are initially recognized at cost and subsequently adjusted to give effect to amortization of premiums and discounts on purchase over the period to redemption

c. Available for Sale Financial Assets

Available for Sale financial assets are those intended to be held for indeterminate period of time, and which may be sold in response to challenges arising from liquidity, changes in interest rates or other such financial market indices and which have not been classified as loans and advances, assets held to maturity or at fair value through profit and loss.

2.4.2 Financial Liabilities

Financial liabilities are contractual obligations to either deliver cash or another financial asset to another accounting entity, or to exchange financial instrument with another entity on potentially unfavourable terms. These may be measured either at fair value through profit or loss, or at amortised cost depending on their sub-categorization.

a. Financial liabilities at fair value

These are liabilities which are measured at the current market value through the profit or loss subsequent to their initial recognition.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

b. Financial liabilities measured at amortised cost

Liabilities which are not measured at current market value fall under this category. These are essentially non-trading liabilities which are not quoted in any active market and are therefore measured at amortised cost.

2.4.3 *Determination of Fair Value*

The International Financial Reporting Standard (IFRS) 13 defines fair value as 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, excluding transaction cost other than that relating to transportation. In practical terms issues usually considered in such a determination would include highest and best use, physical possibility, legal permissiveness and financial feasibility.

Quoted market prices, inter – bank interest rates as well as regulatory discount rates are examples of the practical measurement standards applicable to the Anlo Rural Bank Limited.

2.5 Impairment of Financial Asset

A financial asset or a group of financial assets is considered impaired only if there is an objective evidence of impairment as a result of one or more event(s) that have occurred after initial recognition of the asset and the event or events have adverse impact on the estimated future cash flow of such financial asset, or group of financial assets.

The amount of impairment is measured as the difference between the carrying value of the financial asset or group of financial assets and the estimated future cash flows discounted at the original effective interest rate used to originate the financial asset or group of financial assets in question.

Evidence of impairment may include indications that the holders of the bank's loans and advances are experiencing significant financial difficulty, default or delinquencies in the payment of interest and /or principal. It may also include the fact that the debt is being restructured to reduce the burden on the borrower.

Impairment of Loans and Advances

Provision for credit losses is made, having regard to specific risk. The provisions are made in respect of those advances that have been individually reviewed and specifically identified as bad or doubtful. In determining the level of provision required, management considers numerous factors including, but not limited to, domestic economic conditions, the composition of the advance portfolio and prior bad debt experience.

Provisions made during the year are charged as a separate amount in the Profit and Loss Account. When an advance is deemed irrecoverable it is written off against the related bad debt provision. Subsequent recoveries of advances that have been written off are credited to the profit and loss account under the category of Other Operating Income.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.6 Impairment of Non-Financial Asset

Non financial assets are assets that have indefinite useful life and are not subject to amortization and are tested annually for impairment. An impairment loss is recognized for the amount by which the assets carrying amount exceeds its recoverable amount. The recoverable amount is the Assets Fair Value (Market Value) less cost to sell.

It is the policy of the bank to review all non – financial assets that suffer impairment for possible reversal of the impairment at each reporting date.

2.7 Cash and Cash Equivalents

Cash and Cash Equivalents identified in the statement of cash flows comprise physical cash balances on hand and with other banks as well as highly liquid investments with up to three (3) months maturity from the date of acquisition.

2.8 Equity Investment

Equity investments are marked to market. Market in this context refers to the periodic advice issued by the ARB Apex Bank regarding the price of its equity shares held by the bank.

2.9 Property and Equipment

Items of property and equipment are stated at cost less depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the item. All other repairs and maintenance cost are charged to profit and loss during the financial period in which they occur.

Depreciation is recognized in the profit or loss on a straight line basis to write off the cost less residual amount over their estimated useful lives as follows:

Motor Vehicle	20%
Office Equipment	25%
Furniture & Fittings	20%
Building	2%
Computers & Accessories	33.33%
Motor Cycles	33.33%
Refurbishments/Renovations	Over the period of lease

2.10 Income Tax

Current Tax

In accordance with the most recent tax legislation, the current income tax expense of rural banks is calculated at 25% of chargeable income. There are tax sensitive income and expenditure items which precipitate a numerical difference between the reported profits or losses and chargeable income for a particular period. Where these differences exist and are material, reconciliation is prepared to enable an easy identification of the effective tax rate for any period of assessment.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Deferred Tax

Deferred income tax is calculated and provided for in full using the liability method on temporary differences that may arise from the tax basis of assets and liabilities and their carrying amounts in the Financial Statements. The determination of deferred income tax is based on tax rates (and tax laws as the case may be) that have been enacted or expected to become valid for application by the reporting date, or when the related deferred income tax asset may be realised or when the deferred income tax liability may be settled.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised and such future profits can be reliably measured. As a result, deferred tax assets are reviewed periodically to ensure that their expected recoverable values grounding their initial recognition have not been impaired and where they have, to reduce the related deferred tax assets to their recoverable amounts.

2.11 Provisions

A provision is recognized in the statement of financial position when a legal or constructive obligation as a result of a past transaction or event exist at the reporting date and the amount of the obligation can be reliably estimated and also probable that an outflow of economic resource will be required to settle the obligation. If the effect is material, provisions are determined by discounting

the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

2.12 Stated Capital and Reserves

(a) Stated Capital

Stated Capital comprises amount arising from the issue of shares for cash and transfers from retained earnings and other surpluses as defined under the Companies Act 1963 (Act 179). These shares are not redeemable by holders in the normal course of business. Dividends on ordinary shares are recognized in the period in which they are approved by the shareholders.

(b) Statutory Reserves

The Statutory Reserve Fund is required under section 34 of the Banks and Specialised Deposit-Taking Institutions Act, 2016 (Act 930) is to be set aside cumulatively from annual profit after tax. Depending on the ratio of the existing Statutory Reserve Fund to paid up capital, the proportion of after-tax profits required to be transferred to this reserve fund ranges from 12.50% to 50%.

(c) Capital Surplus/Reserves

The capital surplus account is a creation of law under sections 69 and 70 of the company's Act 1963 (Act 179) and records gains or losses arising from the revaluation of assets of the company including its property, plant and equipment. The International Financial Reporting Standards (IFRS) require the evaluation at regular intervals of these property, plant and equipment. The bank has therefore adopted a policy to evaluate its assets at regular intervals.

(d) Income Surplus (Retained Earnings)

The Income Surplus account records the cumulative annual profits (after appropriations) available for distribution to shareholders.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(e) Credit Risk Reserve

Credit Risk Reserve is an appropriation from Income Surplus as a cover for non-collateralized loans and advances granted to the customers of the bank. The bank reviews its loans and overdraft portfolios annually for all non-collateralized assets and makes provision for it by transferring from the Income Surplus Account to the credit Risk Reserve Account. The current year balance on the Credit Risk Reserve Account is compared to the previous year balance and the difference adjusted through the Income Surplus Account.

2.13 Post Balance Sheet Events

Events subsequent to the balance sheet date are reflected in the Financial Statements only to the extent that they relate to the year under consideration and the effect is material.

2.14 Employment Benefit

The cost of all employee benefits is recognised during the period in which the employee renders the related service. The provisions for employee entitlements to wages, salaries, annual and sick leave represent the amount which the company has a present obligation to pay as a result of the employees' services provided to the reporting date.

National Pension

The Company contributes 13.50% of qualifying employee costs to a National Pensions Scheme and the contribution is charged to the Profit and Loss Account as part of total Employee Benefit. The National Pension Scheme is a creation of law and managed by the Government of Ghana through the appropriate public and private sector entities.

2.15 New standards and interpretations not yet adopted

There are new or revised Accounting Standards and Interpretation in issue that are not yet effective and have not been applied in preparing these Financial Statements. Except for the one listed below, the other new standards and amendments will not have any impact on the Company's Financial Statement.

Standard/Interpretation		Effective date (Annual Periods beginning on or after)
IFRS 16	<i>Leases</i>	1 January 2019

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

IFRS 16 Leases

IFRS 16 was published in January 2016. It sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract, i.e. the customer ('lessee') and the supplier ('lessor'). IFRS 16 replaces the previous leases Standard, IAS 17 Leases, and related Interpretations. IFRS 16 has one model or lessees, which will result in almost all leases being included on the Statement of Financial position. No significant changes have been included for lessors.

The standard is effective for annual periods beginning on or after 1st January 2019, with early adoption permitted only if the entity also adopts IFRS 15. The Company is assessing the potential impact on its financial statements resulting from the application of IFRS 16.

	2018	2017
	GH¢	GH¢
3. INTEREST INCOME		
Interest on Deposit with other Banks	2,110	3,327
Loans and Advances	929,485	1,259,071
Government Securities & Other Investments	2,799,023	2,537,549
	-----	-----
	3,730,618	3,799,947
	=====	=====
4. INTEREST EXPENSE		
Savings Accounts	187,352	232,423
Interest on Borrowing	82,637	33,090
Interest on Fixed Deposit	302,111	263,158
	-----	-----
	572,100	528,671
	=====	=====
5. COMMISSIONS AND FEES		
Cheque Clearing Fees	2,438	2,976
Commission on Electronic Mail Transfer	1,173	3,798
Commitment Fees	22,618	-
Commission on Turnover	138,596	141,263
	-----	-----
	164,825	148,037
	=====	=====

(NOTES CONTINUED)

6. OTHER OPERATING INCOME

Bad Debts Recovery	-	16,338
Profit on Disposal	3,208	-
Service Charges,	19,352	19,112
Other Income	83,078	175,073
	-----	-----
	105,637	210,523
	=====	=====

7. OPERATING COSTS

Staff Related Costs (See note 8)	1,090,610	985,252
Depreciation (See note 18)	233,855	303,142
Directors' Remuneration	163,420	135,671
Donation	2,000	7,900
Audit Fees	21,600	21,600
Computerization	90,483	62,012
General and Administrative Costs	1,261,668	975,324
	-----	-----
	2,863,636	2,490,901
	=====	=====

8. STAFF RELATED COSTS

Staff Remuneration	685,102	577,434
Staff Social Security Costs	84,162	62,673
Staff Provident Fund	49,107	36,625
Staff Medical Cost	14,700	27,076
Other Staff Allowances	257,539	281,444
	-----	-----
	1,090,610	985,252
	=====	=====

9. CASH AND BANK BALANCES

Apex Clearing Account	544,814	789,915
Un-cleared Effects	181,324	(394,175)
	-----	-----
	726,138	395,740
GCB Clearing Account	104,819	266,645
Cash Holdings	448,892	190,789
	-----	-----
	1,279,849	853,174
	=====	=====

(NOTES CONTINUED)

	2018 GH¢	2017 GH¢
10. SHORT TERM INVESTMENTS		
A. Treasury Bills Redeemable within 90 & 182 days		
At Redemption Value	865,281	590,000
Less: Unearned Discount at reporting dates	(12,697)	(24,131)
	-----	-----
	852,584	565,869
B. Fixed Deposits		
Fixed Deposit with Waica Re Capital	500,000	-
Fixed Deposit with Dalex Finance & Leasing Co. Ltd.	1,934,122	2,896,460
Fixed Deposit with IFS Financial Services	3,723,304	2,744,667
Fixed Deposit with CDH Savings and Loans Co. Ltd.	5,703,655	4,773,461
	-----	-----
	12,713,665	10,980,457
	=====	=====
11. APEX BANK DEPOSIT RESERVE		
Balance at 1 st January	541,966	505,873
Net Investments during the year	103,378	36,093
	-----	-----
Balance at 31st December	645,344	541,966
	=====	=====
12. LOANS AND ADVANCES		
(a) Analysed by Type of Facility		
Overdraft	221,531	109,768
Loans	1,868,689	2,146,901
	-----	-----
	2,090,220	2,256,668
Less Provision for Credit Losses	(132,702)	(77,373)
Unearned Income on Commitment Fees (See Note 31)	(19,842)	-
	-----	-----
	1,937,676	2,179,295
	=====	=====
<u>Impairment Statistics</u>		
(i) Credit loss provision ratio	2.65 %	1.76%
(ii) Cumulative credit loss provision ratio	6.34%	3.43%

The above constitute loans and advances to customers and staff. The maximum amount due from officers of the bank during the year amounted to **GH¢ 119,687 (2017: GH¢ 117,675)**.

(NOTES CONTINUED)

(NOTES CONTINUED)

	2018 GH¢	2017 GH¢	
(b) Analysed by Type of Customer			
Staff	119,687	117,675	
Other Private Enterprises	471,740	672,460	
Individuals	1,498,793	1,466,533	
	-----	-----	
	2,090,220	2,256,668	
Less Provision for Credit Losses	(132,702)	(77,373)	
Unearned Income on Commitment Fees (See Note 31)	(19,842)	-	
	-----	-----	
	1,937,676	2,179,295	
	=====	=====	
(c) Analysed by Business Segment			
Agriculture	18,340	45,756	
Dzidedi	10,133	26,167	
Susu Loans	319,734	71,150	
Staff Loan	119,687	117,675	
Transport	19,509	-	
Salary loans	452,547	705,799	
Commerce	1,150,270	1,290,122	
	-----	-----	
	2,090,220	2,256,668	
Less Provision for Credit Losses	(132,702)	(77,373)	
Unearned Income on Commitment Fees (See Note 31)	(19,842)	-	
	-----	-----	
	1,937,676	2,179,295	
	=====	=====	
(d) Movement in the Provision for Credit Losses			
Balance on the Provision at 1 st January	77,373	37,727	
Additional Provision for the year	55,329	39,466	
	-----	-----	
Balance on the Provision at 31 st December	132,702	77,373	
	=====	=====	
<u>Category</u>	<u>Percent Provision</u>	2018 GH¢	2017 GH¢
Current	1%	17,942	21,254
Other Loans Especially Mentioned (OLEM)	10%	26	5,285
Substandard	25%	316	2,778
Doubtful	50%	9,556	16,890
Loss	100%	93,378	31,166
		-----	-----
		121,218	77,373
Add Impairment Loss		11,484	-
		-----	-----
		132,702	77,373
		=====	=====

(NOTES CONTINUED)

13. EQUITY INVESTMENTS

	<u>Shares</u>	<u>Cost/ Value GH¢</u>	2018 GH¢	2017 GH¢
Ordinary Shares in ARB Apex Bank at Cost	20,000	0.10	2,000	2,000
Bonus Shares given in 2008	24,590	1.00	24,590	24,590
Renounceable Rights purchased	33,443	1.23	41,135	41,135
	-----	----	-----	-----
	78,033		67,725	67,725
Additional Bonus Shares given in 2011	12,044	1.23	14,814	14,814
	-----	----	-----	-----
At Revaluation	90,077	0.92	82,539	82,539
	=====	====	=====	=====

Equity Investments are non-current and represent the Bank's investments in the equity of ARB Apex Bank

14. OTHER ASSETS

Interest and Commission Accrued	330	-
E-Zwich Operation	-	552
Subscription Prepaid	10,177	6,634
Office Account	13,120	1,188
Insurance Prepaid	20,312	27,972
Inventory	47,019	48,026
Rent Prepaid	68,300	87,343
Staff Defalcation Account	-	266,687
	-----	-----
	159,258	438,402
	=====	=====

15. CUSTOMER DEPOSITS

(a) Analysed by Type of Account

Susu Saving Scheme	974,918	813,789
Current Account	2,308,120	1,709,376
Time Deposits	2,801,396	2,679,363
Savings Account	6,776,348	6,227,391
	-----	-----
	12,860,782	11,429,919
	=====	=====

(b) Analysed by Type of Customer

Government Agencies and Departments	374,213	315,591
Private Enterprises	623,552	392,653
Individuals	11,863,017	10,606,342
	-----	-----
	12,860,782	11,314,586
	=====	=====

(NOTES CONTINUED)

	2018 GH¢	2017 GH¢
16. CREDITORS AND ACCURALS		
Inter-Agency Balance	250	1,547
U-Connect Operation	2,134	-
Provision for Police Guard	4,800	11,400
E-Zwich Operation	1,027	-
Planting for Food and Jobs	7,981	6,359
Withholding Tax	16,000	1,602
Provision for Audit Fees	21,215	21,675
Provision for Annual General Meetings	22,030	5,455
Bill Payable	119,842	-
Office Accounts (See Details Page 38)	109,968	401,891
	-----	-----
	305,247	449,929
	=====	=====

17. DIVIDEND PER SHARE & PAYABLE

Balance at 1 st January	139,731	104,883
Dividend Declared	215,244	214,894
	-----	-----
	354,975	319,777
Dividend Paid during the Year	(153,266)	(180,046)
	-----	-----
Balance at 31 st December	201,709	139,731
	=====	=====

Dividend payable is declared based on proposals and recommendations made by directors to the shareholders of the bank as a body in regular meeting.

The next Annual General Meeting to be held in **2019** will be in respect of the financial year ended on **31st December 2018** during which a final dividend of **GH¢0.20** per share amounting to **GH¢129,506** will be proposed or recommended by the directors to the shareholders (as compared to GH¢0.35 per share amounting to GH¢215,244 paid in 2017). The payment of dividends is subject to a final withholding tax at the rate of 8%.

Beside ordinary shares, there are no other distinctive class or categories of shares which entitle holders to the receipt of any dividend when declared.

18. MEDIUM TERM LOAN

Building loan	312,494	41,666
	=====	=====

This represents a loans from ARB APEX Bank taken to acquire ATM Machine and to support microfinance loans. The current year loans were **GH¢100,000 and GH¢500,000** respectively out of which a total of **GH¢329,172** has been paid out.

(NOTES CONTINUED)

19. TAXATION

	2018 GH¢	2017 GH¢	2016 GH¢
(i) Tax Expense			
Current Tax (see note 19 iii)	169,412	299,450	194,518
Tax Audit Corrections	-	-	-
Deferred Tax (see note 19 v)	(2,174)	(41,819)	(46,673)
	-----	-----	-----
Total to Profit or Loss	167,238	257,631	147,845
	=====	=====	=====

(ii) Reconciliation of Effective Tax Rate			
	2018 GH¢	2017 GH¢	2016 GH¢
Profit before Tax	510,015	1,099,289	752,817
	=====	=====	=====
Income tax @ 25% (2016: 25%)	127,503	274,823	188,204
Tax Effect of Non-deductible Expenses	100,317	87,672	86,669
Tax Effect of Allowance Utilised	(58,408)	(63,045)	(80,355)
	-----	-----	-----
Current Tax Charge in P/L	169,412	299,450	194,518
	=====	=====	=====
Effective Tax Rate	33.22%	27.24%	24.84%

(iii) 2018 YOA

	Balance at 1/1/18 GH¢	Charge in P & L A/c GH¢	Tax Audit Adjustment GH¢	Tax Credit/ Payments GH¢	Balance at 31/12/18 GH¢
Corporate Tax					
2015	24,000	-	-	-	24,000
2016	(24,000)	-	-	-	(24,000)
2017	(250)	-	-	-	(250)
2018	-	169,412	-	(227,250)	(57,838)
	-----	-----	-----	-----	-----
Total	(250)	169,412	-	(227,250)	(58,088)
	-----	-----	-----	-----	-----

(NOTES CONTINUED)

Comprising:	2018 GH¢	2017 GH¢
Corporate Tax	169,412	299,450
Others	-	-
	-----	-----
	169,412	299,450
	=====	=====

Corporate Income Tax is charged at 25% (**2017: 25%**) of Taxable Profits. All tax liabilities and credits are subject to the Agreement of the Domestic Tax Revenue Division of the Ghana Revenue Authority.

(iv) **2017 YOA**

	Balance at 1/1/17 GH¢	Charge in P & L A/c GH¢	Tax Audit Adjustment GH¢	Tax Credit/ Payments GH¢	Balance at 31/12/17 GH¢
Corporate Tax					
2015	24,000	-	-	-	24,000
2016	115,518	-	-	(139,518)	(24,000)
2017	-	299,450	-	(299,700)	(250)
	-----	-----	-----	-----	-----
Sub Total	139,518	299,450	-	(439,218)	(250)
	-----	-----	-----	-----	-----
Other Taxes					
2015 - 2016	-	-	-	-	-
	-----	-----	-----	-----	-----
Sub Total	-	-	-	-	-
	-----	-----	-----	-----	-----
Total	139,518	299,450	-	(439,218)	(250)
	=====	=====	=====	=====	=====

(v) **Deferred Tax Account**

	2018 GH¢	2017 GH¢
Balance at January 1	(2,551)	39,268
Released during the year	(2,174)	(41,819)
	-----	-----
Balance at December 31	(4,725)	(2,551)
	=====	=====

(NOTES CONTINUED)

Deferred income tax is determined on temporary differences under the liability method using a principal tax rate of 25%. The movement on the deferred tax account is as indicated above. The position of deferred tax is attributable to the following items.

Explained by:

Property, Plant and Equipment	23,560	22,813
Loans and Advances	(38,136)	(35,215)
Unquoted Equity	9,851	9,851
	-----	-----
	(4,725)	(2,551)
	=====	=====

20. PROPERTY, PLANT & EQUIPMENT

	Land & Building GH¢	Building Renovat. GH¢	Motor Vehicle GH¢	Furniture & Fittings GH¢	Office Equip. GH¢	Computer Access. GH¢	Total GH¢
Cost							
At 1/1/18	1,033,934	110,815	354,938	234,038	420,132	176,566	2,330,423
Additions	-	-	-	18,446	121,729	17,340	157,515
Disposal	-	-	(8,407)	-	-	-	(8,407)
	-----	-----	-----	-----	-----	-----	-----
At 31/12/18	1,033,934	110,815	346,531	252,484	541,861	193,906	2,479,531
	=====	=====	=====	=====	=====	=====	=====
Depreciation							
At 1/1/18	71,176	56,834	197,570	114,134	307,772	162,733	910,219
Charge for the year	20,679	5,541	64,528	29,294	94,799	19,014	233,855
Disposal released	-	-	(8,407)	-	-	-	(8,407)
	-----	-----	-----	-----	-----	-----	-----
	91,855	62,375	253,691	143,428	402,571	181,747	1,135,667
	=====	=====	=====	=====	=====	=====	=====
Net Book Value							
At 31/12/18	942,079	48,440	92,840	109,056	139,290	12,159	1,343,864
	=====	=====	=====	=====	=====	=====	=====
At 31/12/17	962,758	53,981	157,369	119,904	112,360	13,831	1,420,204
	=====	=====	=====	=====	=====	=====	=====

(NOTES CONTINUED)

21. STATUTORY RESERVE FUND

	2018 GH¢	2017 GH¢
At January 1 st	1,290,863	1,080,449
Transferred from Income Surplus Account	85,694	210,414
	-----	-----
At December 31 st	1,376,557	1,290,863
	=====	=====

The Statutory Reserve Fund is required under Section 34 of the Banks and Specialised Deposit-Taking Institutions Act, 2016 (Act 930) to be set aside cumulatively from annual profit after tax. Depending on the ratio of the existing Statutory Reserve Fund to paid up capital, the proportion of after-tax profits required to be transferred to this reserve fund ranges from 12.5% to 50%.

During the year, the bank transferred GH¢58,541 representing 25% (**2017:** GH¢210,414 representing **25%**) of after tax profits to the statutory Reserve Fund.

22. SOCIAL RESPONSIBILITY FUND

At January 1 st	191,354	128,688
Transfer from Income Surplus	34,278	84,166
Expenditure	(5,550)	(21,500)
	-----	-----
	220,082	191,354
	=====	=====

23. STATED CAPITAL

	2018		2017	
	<u>No. of Shares</u>	<u>Amount GH¢</u>	<u>No. of Shares</u>	<u>Amount GH¢</u>
Authorized:				
Ordinary Shares @ 31 st December	130,000,000	-	130,000,000	-
	-----	----	-----	----
	130,000,000	-	130,000,000	-
	=====	=====	=====	=====
Issued for:				
Cash Consideration				
At January 1	67,510	380,760	66,510	374,760
Additions	200	1,200	1,000	6,000
	-----	-----	-----	-----
	67,710	381,960	67,510	380,760
Other than Cash				
Capitalisation Issue at January 1	23,168	174,716	23,168	174,716
Bonus Shares at January 1	524,305	563,784	524,305	563,784
Bonus Shares Issued	32,349	-	-	200,000
	-----	-----	-----	-----
At December 31	647,532	1,320,460	614,983	1,319,260
	=====	=====	=====	=====

(NOTES CONTINUED)

There is no unpaid liability on any shares. There are no calls or installments unpaid, and there are no treasury shares held.

<u>Capital Adequacy</u>	2018	2017
	Required by Regulation	Required by Regulation
Capital Adequacy Ratio	10%	10%
	Actually Achieved	Actually Achieved
	54.81%	53.37%

	2018 GH¢	2017 GH¢
24. INCOME SURPLUS		
Balance at January 1 st	1,555,582	1,423,398
Dividends Declared	(215,244)	(214,894)
	-----	-----
	1,340,338	1,208,504
Profit after taxation transferred from Profit and Loss	342,777	841,658
	-----	-----
Balance before Statutory and Other Transfers	1,683,115	2,050,162
Transfer to Social Responsibility Fund	(34,278)	(84,166)
Transfer to Statutory Reserve (Note 21)	(85,694)	(210,414)
Transfer to Stated Capital	(16,000)	(200,000)
Transfer to Credit Risk Reserve	(681,361)	-
	-----	-----
Balance at December 31st	865,782	1,555,582
	=====	=====
25. CAPITAL SURPLUS		
At January 1st	39,404	24,590
Net Movement	-	14,814
	-----	-----
	39,404	39,404
	=====	=====

This represents the unrealized appreciation in the value of equity investments made in the ARB Apex Bank, including the value of bonus shares received of GH¢24,590 and GH¢14,814 respectively in 2008 and 2011.

(NOTES CONTINUED)

	2018 GH¢	2017 GH¢
26. MANAGED FUND		
MOWAC	315	315
Microfinance	327	327
Outboard Motor Fund	2,485	2,485
Fishmongers	9,699	9,699
Special Traders Fund	17,000	17,000
Special Farmers Fund	34,550	34,550
FABS	40,240	40,240
	-----	-----
	104,616	104,616
Managed Fund Debit	(63,486)	(63,486)
	-----	-----
	41,130	41,130
	=====	=====

The board resolved and agreed that managed fund in the books of the Bank be classified and treated as instruction to pay only, with no obligation nor liability for recovery of the disbursed funds from beneficiary as the payments were made against instructions received.

27. 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.

	2018 GH¢	2017 GH¢
Profit attributable to Ordinary Shareholders	342,777	841,658
	=====	=====
Weighted Average number of Ordinary Shares	614,166	614,066
	=====	=====
Basic Earnings per Share (in Ghana Pesewa)	0.56	1.37
	===	===

(Note: The bank had no category of dilutive potential ordinary shares at both reporting dates. The diluted earnings per share is therefore the same as the basic earnings per share.)

(NOTES CONTINUED)

28. SHAREHOLDING STRUCTURE

(i) **Number of Shares Outstanding**

Earnings and dividend per share are based on 614,166 (2017: 614,066) ordinary shares outstanding.

(ii) **Directors Shareholding:**

The Directors named below held the following number of shares in the Bank as at 31st December 2018.

	No. of Shares	% of Issued Capital
Kwasi Gbordzi	17,927	2.77
Larry Kwesi Jiagge	14,092	2.18
Sui Kwasi Kafui Fiawoo	6,816	1.05
Paulina Adjua Dsani (Mama Biana Dadzie I)	2,374	0.37
Precious Eyrah Dzissah-Agbemabiase	987	0.15
Christian Rockson Kodzo Bensah	329	0.05
Godwin Amelor	329	0.05
Bartholomew Kwame Ahadzi	200	0.03
	-----	-----
TOTAL	43,054	6.65
	=====	=====

(iii) **Number of Shareholders**

The Bank had 144 ordinary shareholders as at 31st December 2018 distributed as follows:

Holding	No. of Members	Total Holding	% of Shares Held
1 – 1,000	56	23,316	3.60%
1,001 – 3,000	5	12,475	1.93 %
3,001 – 5,000	25	83,363	12.87%
5,001 – 10,000	41	288,079	44.49%
Exceeding 10,000	17	240,299	37.11%
	-----	-----	-----
	144	647,532	100%
	=====	=====	=====

(NOTES CONTINUED)

(iii) List of Twenty Largest Shareholders as at 31st December 2018

	No. of Shares	% of Issued Capital
1. Mr. E. A. K. Kalitsi	21,211	3.28
2. Dr. K. Gbordzi	17,927	2.77
3. Mr. John A. Yao Klinogo	17,099	2.64
4. Mr. Michael Attipoe	14,711	2.27
5. Mr. Larry Kwesi Jiagge	14,092	2.18
6. Mr. Shelter Aidam	13,809	2.13
7. Torgbui Agbesi Awusu II	13,316	2.06
8. Mr. Benjamin T. K. Adadevoh	12,987	2.01
9. Mr. William Edem Fugar	12,987	2.01
10. Mr. Courage K. Segbawu	12,987	2.01
11. CDR (RTD) K. T. Dovlo	12,987	2.01
12. Mrs. Mispah Aky Glymin	12,987	2.01
13. Mr. Shine G. A. Attitsogbui	12,987	2.01
14. Mr. Frank Kpodo	12,987	2.01
15. Dr. (Mrs.) Sylvia A. Mansa Boye	12,987	2.01
16. Mr. Moses Kwashie Klinogo	12,987	2.01
17. Torgbui Nukpornku II	11,251	1.74
18. Mr. William K. Ashiabor	9,737	1.50
19. Mr. Nicholas A. Gbeckor - Kove	9,737	1.50
20. Mr. Clement Kofi Humado	9,737	1.50
	-----	-----
	269,510	41.62
	=====	=====
	2018	2017
	GH¢	GH¢

30. CREDIT RISK RESERVE

At January 1st	-	-
Net Movement	681,361	-
	-----	-----
At December 31st	681,361	-
	=====	=====

Credit Risk Reserve is an appropriation from Income Surplus as a cover for non-collateralized loans and advances granted to the customers of the bank. The balance at the current reporting date is compared to the balance at the previous reporting date and the difference adjusted through the Income Surplus Account.

(NOTES CONTINUED)

	2018 GH¢	2017 GH¢
31. DEFERRED INCOME		
At January 1 st	-	-
Commitment Fees Accrued during the year	42,459	-
	-----	----
	42,459	-
Transfer to Income	(22,617)	-
	-----	----
At December 31st	19,842	-
	=====	====

Deferred Income relates to commitment fees charged on loans and overdraft granted to customers of the bank and is amortized over the tenor of the loans and advances.

32. ANALYSIS OF FINANCIAL ASSETS AND LIABILITIES

	Designated At Fair Value Through P & L GH¢	Held to Maturity Inv'mt GH¢	Available for Sale Fin. Asset GH¢	Loans and Accounts Receivable GH¢	Total Amount GH¢
Financial Assets					
Loans and Advances	-	-	-	1,937,678	1,937,677
Short Term Investments	-	12,713,665	-	-	12,713,665
Cash and Cash Balances	1,279,849	-	-	-	1,279,849
Deposit Reserve	645,344	-	-	-	645,344
Equity Investments	-	-	82,539	-	82,539
	-----	-----	-----	-----	-----
Total Financial Assets	1,925,194	12,713,665	82,539	1,937,678	16,659,074
	=====	=====	=====	=====	
Total Non-Financial Assets					1,565,934

Total Assets					18,225,008
					=====
Financial Liabilities					
Customer Deposits					12,860,782
Managed Funds					41,130
Creditors and Accruals					305,247

Total Financial Liabilities					13,207,159
Total Non-Financial Liabilities					5,017,849

Total Liabilities and Shareholders' Fund					18,225,008
					=====

(NOTES CONTINUED)

33. CAPITAL COMMITMENTS

There were no capital commitments not provided for in the Financial Statement at the reporting dates.

34. EXCHANGE CONTROL

All remittances from Ghana are subject to the agreement of the Exchange Control Authorities.

35. CONTINGENT LIABILITIES

There was no contingent liability not provided for in the Financial Statements at the reporting dates.

36. RELATED PARTY TRANSACTIONS

Transactions with key management personnel

Key management personnel are those persons having authority for planning, directing and controlling the activities of the Bank and comprise the Non-Executive Directors and Senior Management Staff of Anlo Rural Bank Limited.

a. Remuneration of Key Management Personnel

	2018	2017
	GH¢	GH¢
Salaries and other Short Term Benefits	166,346	160,568
Social Security	21,997	20,115
	-----	-----
	188,343	180,683
	=====	=====

b. Loans to key Staff

Balance at January 1 st	19,939	57,733
Net Movement	9,150	(37,794)
	-----	-----
Balance at December 31st	29,089	19,939
	=====	=====

c. Loans to Non-Executive Directors

Balance at January 1 st	-	733
Net Movement	-	(733)
	-----	-----
Balance at December 31st	-	-
	=====	=====



PROXY AUTHORIZATION

I/We being member(s) of ANLO 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 at 9:00 am on 2019 and at any adjournment thereof.

Dated this day of2019

.....
Shareholder's Signature

ANLO RURAL BANK LIMITED ADMISSION FORM

Annual GENERAL MEETING to be held at the Head Office, Anloga on
2019 at 8:30am in the morning.

Full name and address of Shareholder (s) / Proxy

.....
.....
.....

Number of Shares held:

IMPORTANT:

This Admission form must be produced by the Shareholder or his/ her Proxy in order to obtain entrance to the Annual General Meeting.

OUR PRODUCTS AND SERVICES

Strategic Products

Group Lending (Micro Finance)
Church Loan
Dzidedi Loan
Susu
Fixed Deposit Plus

Generic Products

Current Account
Savings Account
Fixed Deposit
Salary Loan

Commercial Loans

Trade loan
Agric loan
Institutional loan
Transport loan
Cottage Industry loan

Fund Transfers and Card Services

ATM
E – Zwich
Western Union Money Transfer
Apexlink Domestic Money Transfer
MTN Mobile Money Services
Cheque Clearing and ACH (Interbank) Transfers
Payment Orders
U-Connect Mobile Banking App
Transflow e-Payment Services

OUR CONTACTS

HEAD OFFICE

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Email: anloruralbanklimited@yahoo.com

OUR AGENCIES

Anloga

Tel: 03621-93448

Anloga Main

Tel: 03621-96072

Abor

Tel: 03422-90551

Dzelukope

Tel: 03621-93466