



SEFWIMAN

RURAL BANK LIMITED

ANNUAL REPORTS & FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER, 2021

CORPORATE INFORMATION

Board of Directors	Dr. Francis Aboagye-Otchere	Chairman
	Mr. Aaron Kwabena Nkuah	Member
	Miss. Olivia Nyarkoa Kyeh	Member
	Mr. Seth Tawiah Nortey	Member
	Mr. Isaac Nkrumah	Member
	Mr. Stephen Kingsley Bennieh	Member (Appointed in May 2021)
	Mr. Oliver Baidoo	Member (resigned on 7th August 2021)
	Mr. Johnson Ben Oduro	Member/Secretary

Registered Office and Address
 Sefwi Bekwai Road
 P.M.B
 New-Town
 Bibiani - Western Region

Auditors
 Osei Owusu- Ansah & Associates
 (Chartered Accountants)
 P.O. Box KS 1301
 Kumasi Ghana

Solicitors
 Excellence Law Consult
 Kwadaso Estate
 Kumasi-Ghana

Banks
 ARB Apex Bank PLC
 SG-SSB Bank, Bibiani
 Fidelity Bank
 GCB Bank

BOARD OF DIRECTORS



DR. FRANCIS ABOGYE-OTCHERE
 BOARD CHAIRMAN



MISS OLIVIA NYARKOA KYEH
 MEMBER



JOHNSON BEN ODURO
 MEMBER/SECRETARY



SETH TAWIAH NORTEY
 MEMBER



ISAAC NKUMAH
 MEMBER



AARON KWABENA NKUAH
 MEMBER



STEPHEN KINGSLEY BENNIEH
 MEMBER



RICHARD KWAME ADJEI
GENERAL MANAGER



ABDUL GANIU SEIDU
HEAD OF MICROFINANCE



SAMUEL KULAH
HEAD OF AUDIT



VINCENT DABUOH
HEAD OF CREDIT



ALHASSAN ABUBAKARI
HEAD FINANCE AND OPERATIONS



ANOBIA ATABIDI
HEAD OF IT



DANIEL ASANTE KYEI
HEAD OF MARKETING

The Board of Directors presents their report and financial statements for the year ended 31st December 2021

Principal Activity

The principal activity of the Bank in the year under review continues to be that of Rural Banking

Board of Directors

The Board of Directors of the Banking office during the period were as follows:

Board of Directors

1.	Dr. Francis Aboagye-Otchere	Chairman
2.	Mr. Aaron Kwabena Nkuah	Member
3.	Miss. Olivia Nyarkoa Kyeh	Member
4.	Mr. Seth Tawiah Nortey	Member
5.	Mr. Isaac Nkrumah	Member
6.	Mr. Stephen Kingsley Bennieh	Member (Appointed in May 2021)
7.	Mr. Oliver Baidoo	Member (resigned on 7th August 2021)
8.	Mr. Johnson Ben Oduro	Member/Secretary

Directors' Responsibility Statement

The Board of Directors are responsible for the preparation and fair presentation of the financial statements, comprising the statements of financial position at 31st December, 2021 statement of profit or loss and other comprehensive income, statement of changes in equity, statement of cash flows for the year then ended and the notes to the financial statements, which include a summary of significant accounting policies and other explanatory notes in accordance with International Financial Reporting Standards (IFRS), Banks and Specialized Deposit-Taking Act 930 Institutions Act, 2016 and in the manner required by the Companies Act 2019 (Act 992).

In preparing these financial statements, the Board of Directors are required to select suitable accounting policies and then apply them consistently, make judgments and estimates that are reasonable and prudent and prepare the financial statements on the going concern basis.

The Board of Directors are responsible for keeping adequate accounting records which disclose with reasonable accuracy at any time the financial position of the Bank and enable them to ensure that the financial statements comply with the Companies Act 2019 (Act 992).

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.

DIRECTORS' REPORT (Cont)

Financial Results

The financial results of the Bank for the Year ended December 31, 2021 are set out below

	2021 GH¢	2020 GH¢
The Bank made a profit of	1,260,586	492,235
from which is deducted tax expense of	(312,418)	(129,915)
giving a netprofit after taxation	94,8168	362,320
from which transfers are made to statutory reserve fund and other reserves of	(379,267)	(144,928)
leaving a balance of	56,8901	217,392
which when added to the opening balance on retained earnings of	1,234,717	969,888
to which is added transfers from credit risk reserves of	33,820	47,437
and deducted prior year adjustment of	(79,922)	0
it leaves a closing balance on the retained earnings of	1,757,516	1,234,717

Interest Register

The Bank did not make any entry into the interest register during the financial year.

Corporate Social Responsibility

The Bank did not embark on any corporate social responsibility activity during the reporting year.

Auditor's Fees

The fee charged by the auditors for their services was GH¢12,000.

Capacity building of Board of Directors to discharge their duties

During the year under review, the Directors attended the following workshops;

- Effective group lending methodology and practices for Rural and Community Banks.
- Sensitization training on Bank of Ghana risk management guideline for Rural and Community Banks.
- Sensitization forum on agency banking

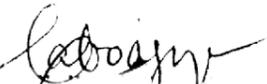
Retiring Directors

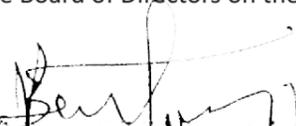
The following directors are due to retire by rotation:

- Mr. Johnson Ben Oduro
- Miss Olivia Nyarkoaa Kyeh
- Mr. Seth Tawiah Nortey

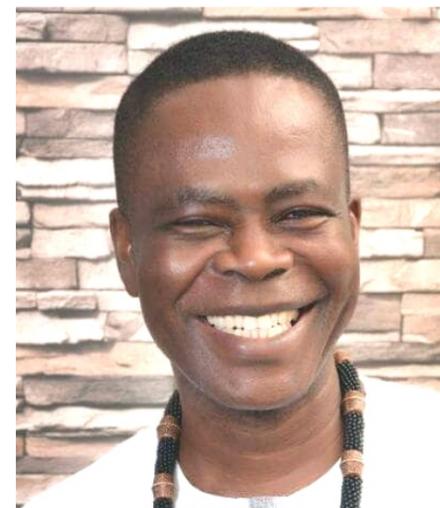
Approval of the Financial Statements

The Financial statements of the Bank as indicated above were approved by the Board of Directors on the date stated below.


Dr. Francis Aboagye-Otchere
(Chairman)


Mr. Johnson Ben Oduro
(Member)

Date 31st March, 2022



DR. FRANCIS ABOGYE-OTCHERE
BOARD CHAIRMAN

CHAIRMAN'S REPORT TO SHAREHOLDERS OF SEFWIMAN RURAL BANK (SRB)

Distinguished Shareholders, colleague board members, esteemed invited guests, our valued staff, ladies and gentlemen, I am pleased to welcome you all to the 16th Annual General Meeting of Sefwiman Rural Bank (SRB) and present to you, the Annual Report and Financial Statements of our Bank for the financial year ended 31 December 2021. You are collectively acknowledged as the pillar behind the success story of the Bank from year to year and particularly the year under review (2021). Your Bank is adjudged as one of the best performing banks in the Rural and Community Banks industry and you should be proud of your valuable contributions which have propelled SRB to this enviable height. I would start by highlighting the macro-economic developments during the year under review, particularly those which were of great significance to the financial industry and thereafter, I shall share with you SRB's performance for 2021. I will then conclude by outlining the outlook for SRB for 2022 and beyond.

Economic and Political Environment

Ghana's rapid growth (7% in 2017-19) was halted by the COVID-19 pandemic, the March 2020 lockdown, and a sharp decline in commodity exports with an overall GDP growth as low as 0.4%. The economic slowdown had a considerable impact on households. The poverty rate is estimated to have slightly increased from 25% in 2019 to 25.5% in 2020. Ghana's economy has effectively rebounded from the COVID-19 induced slowdown. Growth is estimated to have reached 4.1% in 2021, is expected to be broad-based in 2022 and projected to reach 5.5% in 2022.

The overall fiscal deficit doubled to 15.2% in 2020 and public debt increased to 81.1% in 2020, placing Ghana at a significant risk of debt distress. While some consolidation happened in 2021 with the deficit declining to 11.3%, more significant effort will be required to alter the debt dynamics meaningfully. Provisional fiscal data for first half of 2021 suggest that the authorities cut spending to make up for revenue shortfalls. The overall fiscal deficit was 5.1% of GDP.

Headline inflation averaged 7.8% in the first half of 2021 and ended at 10% as full year average. This was due to exchange rate, food and non-food price hikes and has continued in the first quarter of 2022. As of April 2022, inflation reached 23.6%, the highest since January 2004.

Fueled by the domestic recovery, imports expanded faster than exports in early 2021 while external demand for commodities remained subdued. As a result, current account deficit is estimated to narrow 2.4% of GDP compared to 2.3% in 2020.

CHAIRMAN'S REPORT
TO SHAREHOLDERS OF SEFWIMAN RURAL BANK (Cont)

The Bank of Ghana monetary policy rate was relatively stable during the year at 14.5%. The rates of 91 and 182day instruments remained averagely stable from 14.0895% and 14.1204% in 2020 to 12.5121% and 13.1857% in 2021 respectively while 3-year and 5-year instruments moved from 19.25% and 19.85% in 2020 to 19.00% and 21.00% in 2021 respectively.

Outlook

Ghana's economy is projected to remain relatively strong over the medium term, supported by higher prices for key exports and strong domestic demand. Growth is projected to reach 5.5% in 2022 and average 5.3% over 2022. Growth is expected to be broad-based led by agriculture and services and relatively stronger industry sector.

The government's 2022 budget set forth an ambitious consolidation plan as it aims to raise revenue from 16% in 2021 to 20% in 2022. Fiscal measures would reduce the deficit from 12% in 2021 to 4.5% by 2024. However, with introduction of the main revenue measure (an e-levy estimated at 1.4% of GDP in 2022) as well as other revenue measures makes the revenue targets too optimistic. A more conservative projection suggest that the fiscal deficit could be closer to 7.5% in the medium-term (2022-2024), compared to the government's target of 5.8%.

Risks and Challenges

Ghana's economy continues to suffer the impacts of the pandemic as growth is yet to get back to pre-pandemic levels, and this could be compounded by the war in Ukraine. The developments are expected to raise global prices for several key commodities, including food, fuels, fertilizers, and metals used in manufacturing, adding to prior inflationary pressures in Ghana. The rural and community banking industry's high Non-Performing Loan ("NPL") levels remained the major challenge and the driver behind the high lending rates.

Financial Results

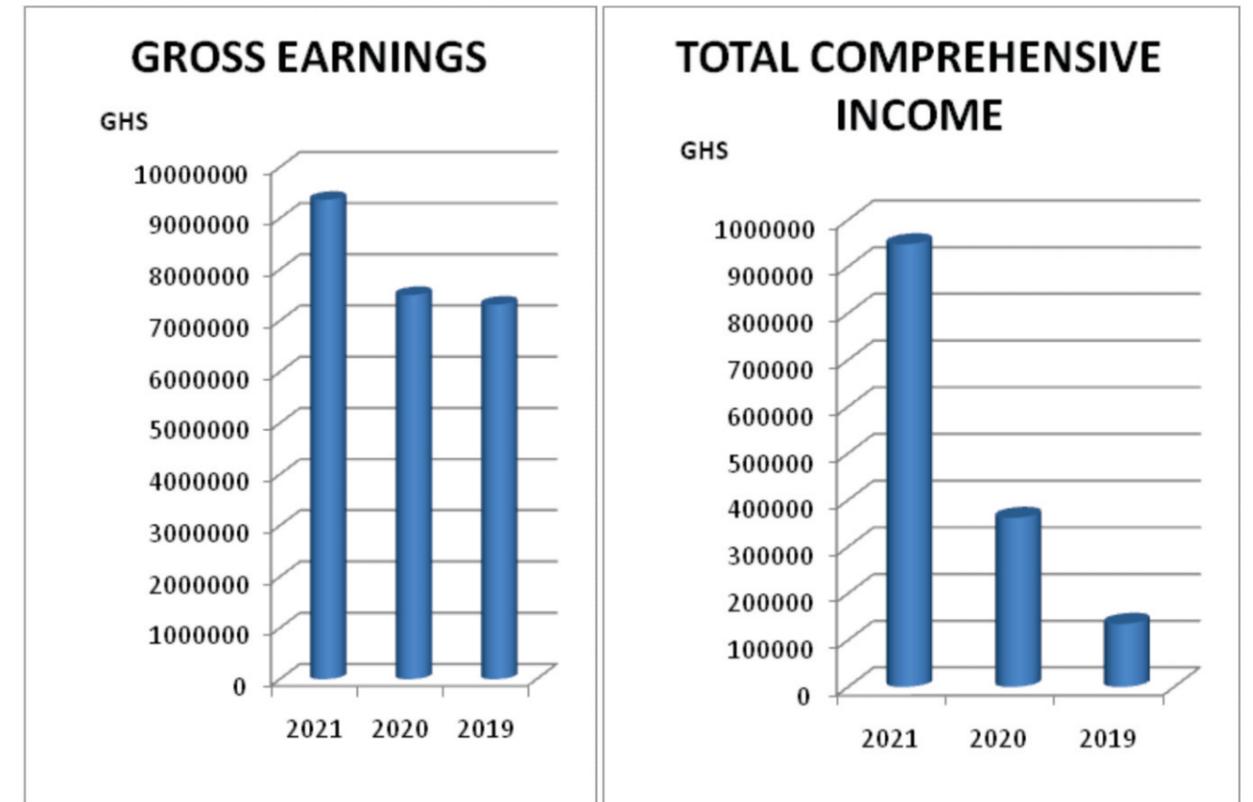
Distinguished Shareholders, I am delighted to report that your Bank continued to maintain steady growth year on year in most of the key financial indicators in 2021.

Profit Performance

Notwithstanding the immense challenges occasioned by the COVID-19 pandemic which resulted in the decline of the Ghanaian economic growth and the continued implementation of banking sector reforms during the year, your Bank was steadfast in its pursuit for robust growth and sustainable profitability. This has been anchored on a commitment to prudent risk management and sticking to the strategic direction of the Bank. SRB recorded a Profit Before Tax of GHC1,260,586 which is an increase of 156% over the previous year's Profit Before Tax of GHC492,235. Also, the Profit After Tax increased significantly from GHC362,320 in 2020 by 162% to GHC948,168 in 2021. The bank's gross earnings also increased by 25% from GHC7.50 million in 2020 to more than GHC9.36 million at the end of 2021. Interest expense decreased by 4% resulting in an increase in a net interest income of about 36%.

We assure members that we would continue to improve our profit performance to deliver value to our stakeholders

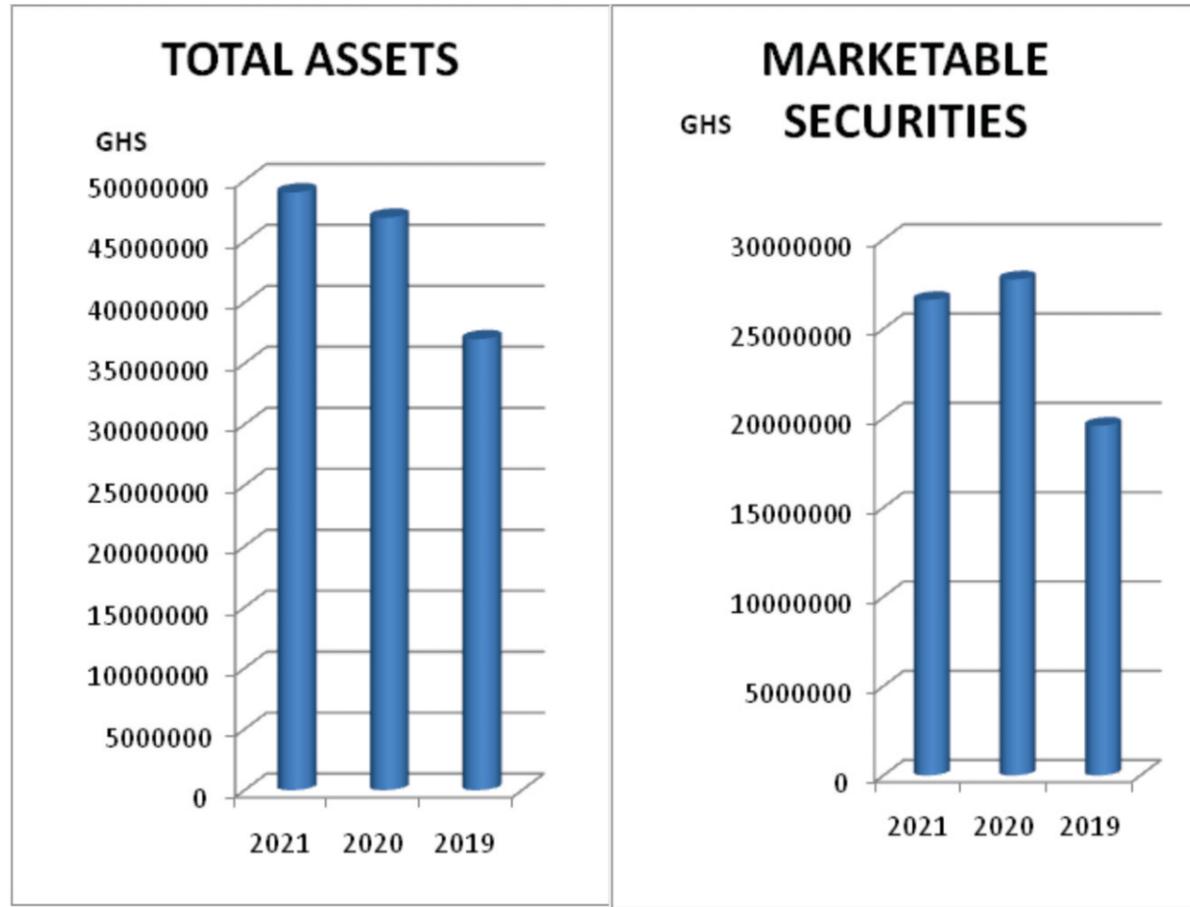
CHAIRMAN'S REPORT
TO SHAREHOLDERS OF SEFWIMAN RURAL BANK (Cont)



Business Growth

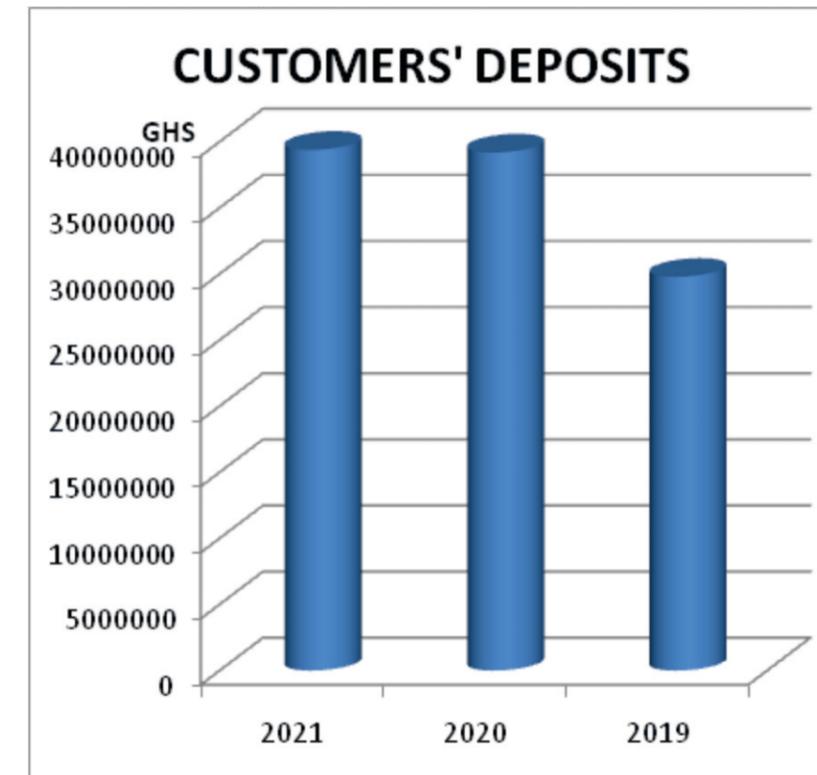
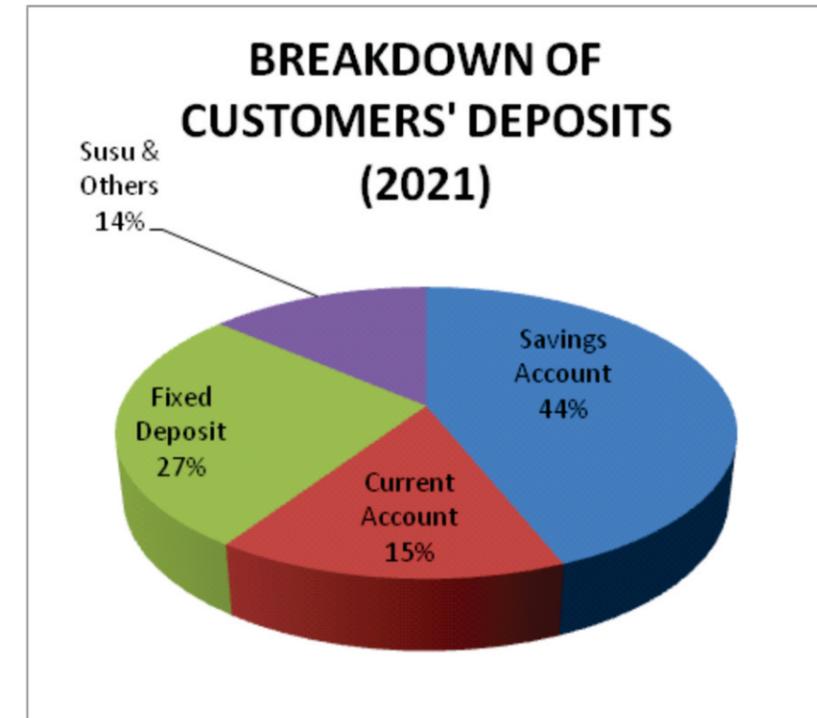
Total assets of the Bank at the end of 2021 was GHC 49.03 million, an increase of about 4% compared to total assets of GHC 46.95 million in 2020. Growth in loans and advances was up by 22% in 2021 from GHC 12.18 million in 2020 to about GHC 14.84 million in 2021. However, Investments declined by 4% from GHC 27.78 million in 2020 to about GHC 26.62 million at the end of 2021.

CHAIRMAN'S REPORT
TO SHAREHOLDERS OF SEFWIMAN RURAL BANK (Cont)



Customers' Deposits grew marginally by 1% from about GHC39.19 million in 2020 to almost GHC39.39 million in 2021. A breakdown of customers' deposits in 2021 indicates that Savings Accounts (about 44%) continue to be the main source of deposit mobilization. Current Accounts was 15%, Time Deposits 27% and Susu Deposits 14%. There was a change in the deposit mix as interest on borrowing was reviewed downwards to be in line with industry trends.

CHAIRMAN'S REPORT
TO SHAREHOLDERS OF SEFWIMAN RURAL BANK (Cont)



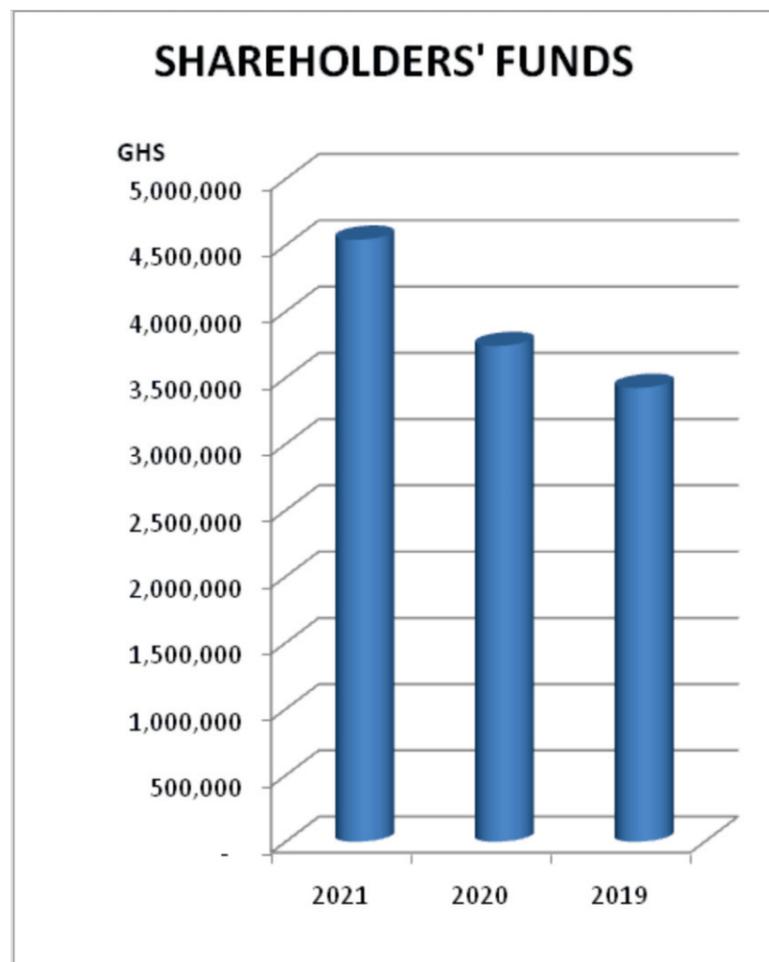
CHAIRMAN'S REPORT TO SHAREHOLDERS OF SEFWIMAN RURAL BANK (Cont)

Appropriation

Total Comprehensive Income for the year under review 2021 amounting to GHC948,168 has been transferred to the Income Surplus Account. Out of this amount, a sum of GHC237,042 has been transferred to the Statutory Reserve Fund in compliance with section 34 of the Banks and Specialised Deposit-Taking Institutions Act, 2016 (Act 930). Similarly, amounts of GHC94,817 and GHC47,408 have been transferred to Building Fund and Corporate Social Responsibility Fund respectively.

Shareholders' Funds

Shareholders' Funds in the bank grew by 21% from GHC3.74 million in 2020 to almost GHC4.54 million in 2021. During the year under review, additional shares sold amounted to GHC 75,510. Stated Capital however increased marginally by 5% from GHC1.469 million in 2020 to GHC1.545 million in 2021.



Sale of SRB's Shares

Shares of SRB can be purchased from all our branches and the Head Office. Shareholders are encouraged to purchase additional shares to enable us increase our share capital to maintain our growth strategy. Additionally, considering the development in the financial industry, it will not be surprising that the Bank of Ghana will increase the mandatory minimum capital requirement. Ladies and gentlemen, I recommend SRB's shares to you as a good investment. The shares are sold at GHC0.25 per share even though the book price per share is GHC0.70.

CHAIRMAN'S REPORT TO SHAREHOLDERS OF SEFWIMAN RURAL BANK (Cont)

Dividend

Distinguished shareholders, notwithstanding the Bank of Ghana directive (NOTICE NO. BG/GOV/SEC/2020/03) dated 20th April, 2020 preventing Banks from paying dividend, your Board of Directors acknowledging the sacrifices you have made over the years decided to seek Bank of Ghana's approval to pay dividend to shareholders.

We therefore recommend the payment of dividend of 4 Pesewas per share amounting to GHS 259,088. However, shareholders are encouraged to use their dividends to buy additional shares to shore up the stated capital to reposition the bank to absorb any future shocks.

Governance and Board Changes

The Board is responsible for setting the right tone from the top and ensuring that a robust governance system is in place to enable SRB succeed and deliver long-term sustainable growth and benefits to the various stakeholders. The Board remains committed to fulfilling these obligations and responsibilities in the best interests of the Bank and its stakeholders. The Bank of Ghana Corporate Governance Directive for Rural and Community Banks which serves as a guide to best corporate governance practices became fully operational on March 31, 2022.

In accordance with the Companies Act, 2019 (Act 992) and the Corporate Governance Directive, Mr. Johnson Ben Oduro, Miss Olivia Nyarkoa Kyeh and Mr. Seth Tawiah Nortey retire by rotation at this annual general meeting. Two of the retiring directors namely Miss Olivia Nyarkoa Kyeh and Mr. Seth Tawiah Nortey, being eligible, offer themselves for re-election.

Corporate Social Responsibility

As we grow our business, we have not lost sight of the motivation of the promoters of this Bank. At our core, we remain a socially responsible corporate entity. The board set up a CSR fund in which 5% of the profit for the year is transferred to enable us discharge our social responsibility commitments. The Bank made several donations including the following:

- " Support to various education directorates within our catchment areas
- " Donation of Assorted Items to the various District and Municipal Assemblies in our catchment areas towards the 2021 Farmers' Day celebration

Conclusion/ Future Prospects

We have good reasons to be optimistic and you would agree with me that 2021 has been a year of further progress as there was significant growth in the major indicators. We are well aware of the dynamics in the industry within which we operate which is constantly changing and we are up to the challenge. We have positioned ourselves to take advantage of any reforms that would be announced by the regulator.

We look forward with confidence to SRB's very bright future and believe that year 2022 will be better than the previous year despite the challenging economic environment.

Acknowledgement

I wish to thank all shareholders for keeping faith with us over the years. I also want to thank my fellow directors for their dedication. Thank you the management and staff of SRB for your tireless efforts throughout the year. Thank you customers of the bank for electing to do business with us.

Thank you all very much and God bless us all!

Dr. F. Kwaku Aboagye-Otchere
CHAIRMAN

INDEPENDENT AUDITOR'S REPORT

Report on the Audit of the financial statements

Opinion

We have audited the financial statements of Sefwiman Rural Bank Limited which comprise:

- a) the statement of financial position as at 31 December 2021,
- b) the statement of Profit or Loss and other comprehensive income for the year then ended,
- c) the statement of changes in equity for the year then ended,
- d) the statement of cash flows for the year then ended, and
- e) the notes to the financial statements.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Bank as at 31 December 2021 and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) and in the manner required by the Companies Act 2019 (Act 992) and the Banks and Specialized Deposit-Taking Institutions Act 2016 (Act 930)

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 are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code), and we 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

Other Information

The Board of Directors is responsible for the other information. The other information comprises the information included in the Chairman's Report and the Directors' Report as required by the Companies Act 2019 (Act 992) but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information as they were not made available to us as at the date of this report and we do not express any form of assurance 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 Board of Directors for the Financial Statements

The Board of Directors is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards (IFRS) and in the manner required by the Companies Act 2019 (Act 992) and the Banks and Specialized Deposit-Taking Institutions Act 2016 (Act 930), and for such internal control as The Board of Directors determines 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 Board of Directors is responsible for assessing the Bank's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless The Board of Directors either intends to liquidate the Bank or to cease operations, or has no realistic alternative but to do so.

INDEPENDENT AUDITOR'S REPORT (Cont)

The Board of Directors is responsible for overseeing the Bank's financial reporting process.

Auditor's Responsibilities for the Audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing (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 International Standards on Auditing (ISAs), we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

" Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.

" Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Bank's internal control.

" Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosure made by The Board of Directors.

" Conclude on the appropriateness of The Board of Directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or

conditions that may cast significant doubt on the Bank's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Bank to cease to continue as a going concern.

" Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with The Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during the audit.

INDEPENDENT AUDITOR'S REPORT (Cont)

Report on Other Legal and Regulatory Requirements

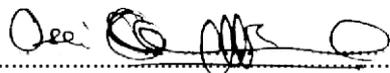
The Companies Act 2019 (Act 992) requires that in carrying out our audit we consider and report on the following matters. We confirm that,

- i). we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
- ii). in our opinion, proper books of account have been kept by the Bank as appears from our examination of those books
- iii) the statement of financial position and statement of profit or loss and other comprehensive income are in agreement with the books of account
- iv) we are independent of the Bank.

The Banks and Specialised Deposit-Taking Institutions Act 2016 (Act 930) requires that we consider and report on the following matters. We confirm that:

- i) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
- iii). the transactions of the Bank are within its powers
- iii). the Bank has complied with the provisions of the Anti-Money Laundering Act, 2008(Act 749) the Anti-Terrorism Act, 2008(Act 762) and the Regulations made under these enactments
- iv) the Bank has complied with the provisions of Act 930.

The engagement partner on the audit resulting in this independent auditor's report is OseiOwusu-Ansah(ICAG/P/1033)



.....
Osei Owusu-Ansah and Associates (ICAG/F/2021/049)

(Chartered Accountants)

Cocobod Jubilee House

P. O. Box KS 1301

Adum - Kumasi

31st March, 2022

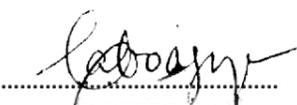
**STATEMENT OF PROFIT OR LOSS AND OTHER
COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2021**

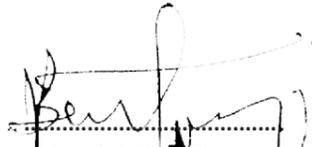
		2021	2020
	Note	GH¢	GH¢
Interest income	3	7,814,379	6,299,739
Interest expense	4	(1,753,513)	(1,833,312)
Net interest income		6,060,866	4,466,427
Fees and Commission income	5	712,620	625,495
Other operating income	6	836,226	578,012
Total income		7,609,712	5,669,934
Personnel expenses	7	(3,288,529)	(2,904,373)
Operating expenses	8	(2,068,089)	(1,513,843)
Depreciation & amortisation	16&17	(465,049)	(608,178)
Loan impairment charge	13b	(527,459)	(151,305)
Net Profit before taxation		1,260,586	492,235
Income tax expense	9	(312,418)	(129,915)
Profit for the year		948,168	362,320
Other comprehensive income		0	0
Total comprehensive income		948,168	362,320
Earnings per share	10	0.15	0.06

**STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2021**

		2021	2020
	NOTES	GH¢	GH¢
Assets			
Cash and bank balances	11	5,199,103	4,468,285
Non-pledge trading assets	12	26,623,879	27,776,377
Loans and advances	13	14,841,483	12,177,637
Investment security	14	76,751	76,751
Other assets account	15	736,461	785,041
Deferred tax-assets	9b	424,817	251,395
Intangible assets	16	185,306	207,767
Property, plant & equipment	17	941,330	1,206,676
Total assets		49,029,130	46,949,929
Liabilities			
Deposits & current accounts	18	39,390,865	39,191,836
Creditors and accruals	19	1,780,110	1,223,691
Taxation	9b	45,840	141,023
Borrowed funds	20	2,851,379	2,376,199
Other liabilities	21	417,713	275,488
Total liabilities		44,485,907	43,208,237
Equity and reserves			
Stated capital	22	1,544,618	1,469,108
Retained earnings	24	1,757,516	1,234,717
Statutory reserve	25	1,201,685	964,643
Capital surplus	26	39,404	39,404
Credit risk reserve	27	0	33,820
Total equity and reserves		4,543,223	3,741,692
Total liabilities, equity and reserves		49,029,130	46,949,929

The financial statements were approved on 31st March, 2022 and sign on behalf of the Board by


.....
DIRECTOR


.....
DIRECTOR

STATEMENT OF CHANGES IN EQUITY - 2021

	Stated Capital GH¢	Retained Earnings GH¢	Statutory Reserve Fund GH¢	Capital Surplus GH¢	Credit Risk Reserve GH¢	Total GH¢
Balance at 1 January 2021	1,469,108	1,234,717	964,643	39,404	33,820	3,741,692
Prior year adjustment	0	(79,922)	0	0	0	(79,922)
Profit for the year	0	948,168	0	0	0	948,168
Issue of additional shares	75,510	0	0	0	0	75,510
Transfer to statutory reserve	0	(237,042)	237,042	0	0	0
Transfer from credit risk reserve	0	33,820	0	0	(33,820)	0
Transfer to other funds	0	(142,225)	0	0	0	(142,225)
Dividend paid	0	0	0	0	0	0
Balance at 31 December, 2021	1,544,618	1,757,516	1,201,685	39,404	0	4,543,223
Balance at 1 January, 2020	1,460,308	969,888	874,063	39,404	81,257	3,424,920
Profit for the year	0	362,320	0	0	0	362,320
Issue of additional shares	8,800	0	0	0	0	8,800
Dividend paid	0	0	0	0	0	0
Transfer to statutory reserve	0	(90,580)	90,580	0	0	0
Transfer from credit risk reserve	0	47,437	0	0	(47,437)	0
Transfer to other funds	0	(54,348)	0	0	0	(54,348)
Balance at 31 December, 2020	1,469,108	1,234,717	964,643	39,404	33,820	3,741,692

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2021

	NOTES	2021 GH¢	2020 GH¢
Cash flows from operating activities			
Profit before tax		1,260,586	492,235
Adjustments for:			
Depreciation & amortisation		465,049	608,178
Gain on disposal		(18,000)	0
Prior year adjustments		(79,972)	0
Impairment on loans and advances		527,459	151,305
Funds utilised- dev't fund & CSR fund		0	(4,000)
Adjustment- property, plant & equipment		14,518	1,116
Income tax paid		(581,023)	(104,571)
		1,588,618	1,144,264
Changes in operating assets & liabilities			
Change in advances to customers		(3,191,305)	(1,755,392)
Change in other assets		48,580	312,473
Change in deposit & current accounts		199,029	9,406,331
Change in creditors & accruals		556,419	25,721
Net cash from operating activities		(798,659)	9,133,397
Cash flows from investing activities			
Purchase of property, plant and equipment		(191,711)	(316,847)
Proceeds from disposal of property, plant & equipment		18,000	0
Purchase of intangible assets		0	(224,615)
Changes in non pledged trading assets		1,152,498	(8,191,613)
Dividend paid		0	0
Net cash from investing activities		978,787	(8,733,075)
Cash flows from financing activities			
Issue of shares		75,510	8,800
Change in borrowed fund		475,180	49,635
Net cash from financing activities		550,690	58,435
Net increase in cash and cash equivalents		730,818	458,758
Cash and cash equivalent at 1st January, 2021	11	4,468,285	4,009,527
Cash and cash equivalent at 31st December, 2021	11	5,199,103	4,468,285

1. Reporting Entity

Sefwiman Rural Bank Limited referred to as the Bank in this financial statement is a private Company incorporated under the Companies Act 2019 (Act 992) and licensed by the Bank of Ghana with its headquarters at Bibiani in the Western North Region of Ghana. The address of its registered office is Old SSB Building, Bibiani -Western North Region and the principal place of business is at Bibiani.

2. Basis of preparation

2.1 Statement of compliance

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

2.2 Basis of measurement

The financial statements of the Bank have been prepared on a historical cost basis except for certain properties and financial instruments that are measured at fair values at the end of each reporting period, as explain in the accounting policies below.

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

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 in the principal or, in the absence, the most advantageous market to which the Bank has access at that date.

When available, the Bank measures at fair value for an instrument using the quoted price in an active market for the instrument. A market is regarded as active if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

If there is no quoted price in an active market, then the Bank determines the fair value of a financial instrument at initial recognition using normally the transaction price-i.e. the fair value of the consideration given or received.

The fair value of a demand deposit is not less than the amount payable on demand, discounted from the first date on which the amount could be required to be paid.

2.3 Functional and presentation currency

The financial statements are presented in Ghana cedi which is also the functional currency of the Bank and all values are rounded to the nearest Ghana cedi.

2.4 Significant Accounting Policies

The significant accounting policies used in the preparation of these financial statements are as follows:

2.4.1 Revenue recognition

The Bank recognizes revenue from the following major sources:

- " Interest income
- " Fee and commission income and expense
- " Net trading income

Revenue is measured based on the consideration to which the Bank expects to be entitled in a contract with a customer and excludes amounts collected on behalf of third parties. The Bank recognizes revenue when it transfers control of a product or service to a customer

2.4.2 Interest income and expenses

Under IFRS 9, interest income and expense are recorded using the effective interest rate method for all financial assets measured at amortized cost, interest income and expenses are recognized in the statement of profit or loss and other comprehensive income for all interest bearing financial instruments including loans and advances as interest accrues using the effective interest rate method.

Thus, interest income and expenses recognized on a financial assets and liabilities respectively, accrue on a time basis, by reference to the principal outstanding and the effective interest rate applicable which is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial asset and or financial liability to their net carrying amount on initial recognition.

2.4.3 Interest and Similar Income

Net interest income comprises interest income and interest expense calculated using both the effective interest method and other methods. These are disclosed separately on the face of the income statement for both interest income and interest expense to provide symmetrical and comparable information. The Bank calculates income by applying the effective interest rate to gross carrying amount of financial assets other than credit-impaired asset.

When a financial asset becomes credit-impaired and is, therefore, regarded as 'Stage 3', the Bank calculates interest income by applying the effective interest rate to the net amortized cost of the financial asset. If the financial asset cures and is no longer credit-impaired, the Bank reverted to calculating interest income on a gross basis.

2.4.5 Fees and commissions

Fees and commissions are generally recognized on an accrual basis when the service has been provided. The fees included in this part of the Bank's statement of profit or loss include among other things fees charged for servicing a loan, non-utilization fees relating to loan commitments when it is unlikely that these will result in a specific lending arrangement and loan syndication fees.

Other fees and commission income and expenses are recognized on an accrual basis when the related services are performed. Loan commitment fees for loans that are not likely to be drawn down are deferred, together with related direct costs and recognized on a straight line basis over the commitment period. Incomes arising from service fees are recognized as the services are provided.

2.4.6 Net trading income

Net trading income comprises gains less losses relating to trading assets and liabilities, including realized and unrealized fair value changes and foreign exchange differences, and fair value gains and losses on financial assets measured

2.5 Financial instruments

2.5.1 Initial recognition

Financial assets and liabilities, with the exception of loans and advances to customers and balances due

to customers, are initially recognized on the trade date, i.e., the date on which the Bank becomes a party to the contractual provisions of the instrument. This includes regular way trades, i.e., purchases or sales of financial assets that require delivery of assets within the time frame generally established by regulation or convention in the market place. Loans and advances to customers are recognized when funds are transferred to the customers' accounts.

The Bank recognizes balances due to customers when funds are transferred to the Bank.

2.5.2 Initial measurement of financial instruments

The classification of financial instruments at initial recognition depends on their contractual terms and the business model for managing the instruments. Financial instruments are initially measured at their fair value, except in the case of financial assets and financial liabilities recorded at fair value through profit or loss, transaction costs are added to, or subtracted from, this amount. Trade receivables are measured at the transaction price. When the fair value of financial instruments at initial recognition differs from the transaction price, the Bank accounts for this in the Statement of Profit or Loss.

recognition differs from the transaction price, the Bank accounts for this in the Statement of Profit or Loss.

2.6 Financial assets and liabilities

All financial assets and liabilities are recognized in the statement of financial position and measured in accordance with their assigned category. The Bank recognizes loans and receivables on the date when they are originated. All other financial assets and financial liabilities are initially recognized on the trade date which is the date the Bank becomes a party to the contractual provisions of the instrument.

2.6.1 Financial Assets

The Bank classifies its financial assets in the following categories; held to maturity, loans and receivables and available-for-sale. Management determines the classification of its financial assets on initial recognition.

2.6.2 Held-to-maturity

The Bank classifies investments in Government securities and fixed deposits with other financial institutions as held-to-maturity.

Held-to-maturity investments are non-derivative assets with fixed or determinable payments and fixed maturity that the Bank has the positive intent and ability to hold to maturity and which are not designated as fair value through statement of profit or loss or available-for-sale.

Held to maturity assets are initially measured at fair value plus incremental direct transaction costs, and subsequently measured at amortized cost using the effective interest method.

Any sale or reclassification of a significant amount of held to maturity asset not close to their maturity would result in the reclassification of all held to maturity assets as available-for-sale, and would prevent the Bank from classifying investment securities as held-to-maturity for the current and the following two financial years. Difference between the carrying amount (amortized cost) and the fair value on the date of the reclassification are recognized in other comprehensive income.

2.6.3 Loans and receivables

Loans and receivables comprise cash and cash equivalent, loans and advances to customers and other assets.

Loans and receivable are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market, and that the Bank does not intend to sell immediately or in the near term.

Loans and receivables are initially recognized at fair value plus incremental direct transaction costs, and subsequently measured at amortized cost using the effective interest method less any impairment losses.

2.6.4 Available-for-sale financial assets

Available-for-sale financial assets are financial assets that are intended to be held for an indefinite period of time, which may be sold in response to needs for liquidity or changes in interest rates, exchange rates or

equity prices that are not classified as held-to-maturity, at fair value through statement of profit or loss or loan and receivables.

Available-for-sales financial assets comprise investment in equity securities. Unquoted equity securities whose fair value cannot be measured reliably are carried at cost. All other available-for-sale financial assets are measured at fair value after initial recognition.

Interest income on available-for-sale financial assets is recognized in statement of profit or loss using the effective interest method. Dividends on available-for-sale equity instruments are recognized in statement of profit or loss in dividend income when the Bank's right to receive payments is established.

Other fair value changes, other than impairment losses are recognized in other comprehensive income and presented in the fair value reserve within equity. When the investment is sold, the gain or loss accumulated in equity is reclassified to statement of comprehensive income.

2.6.5 Debt instruments

The ECL (Expected Credit Losses) for debt instruments measured at FVTOCI do not reduce the carrying amount of these financial assets in the statement of financial position, which remains at fair value. Instead, an amount equal to the allowance that would arise if the assets were measured at amortized cost is recognized in OCI as an accumulated impairment amount, with a corresponding charge to profit or loss. The accumulated loss recognized in OCI is recycled to the profit and loss upon de-recognition of the assets.

2.6.6 Equity instruments

Equity instruments are instruments that meet the definition of equity from the issuer's perspective; that is, instruments that do not contain a contractual obligation to pay and that evidence a residual interest in the issuer's net assets. Examples of equity instruments include basic ordinary shares.

The Bank subsequently measures all equity investments at fair value through profit or loss, except where the Bank's management has elected, at initial recognition, to irrevocably designate an equity

investment at fair value through other comprehensive income.

The Bank's policy is to designate equity investments as FVOCI when those investments are held for purposes other than to generate investment returns. When this election is used, fair value gains and losses are recognized in OCI and are not subsequently reclassified to profit or loss, including on disposal. Impairment losses (and reversal of impairment losses) are not reported separately from other changes in fair value. Dividends, when representing a return on such investments, continue to be recognized in profit or loss as other income when the Bank's right to receive payments is established.

2.6.7 Impairment of financial assets

The adoption of IFRS 9 has fundamentally changed the Bank's accounting for loan loss impairments by replacing IAS 39's incurred loss approach with a forward-looking expected credit loss (ECL) approach. IFRS 9 requires the Bank to record an allowance for ECLs for all loans and other debt financial assets not held at FVPL, together with lease receivables loan commitments and financial guarantee contracts. No impairment loss is recognized on equity investments.

The allowance is based on the ECLs associated with the probability of default in the next twelve months unless there has been a significant increase in credit risk since origination. If the financial asset meets the definition of purchased or originated credit impaired (POCI), the allowance is based on the change in the ECLs over the life of the asset.

The Bank measures loss allowances at an amount equal to lifetime ECL, except for the following, for which they are measured as 12-month ECL:

- " debt investment securities that are determined to have low credit risk at the reporting date; and
- " other financial instruments (other than lease receivables) on which credit risk has not increased significantly since their initial recognition.

Loss allowances for lease receivables are always measured at an amount equal to lifetime. The Bank generally considers a debt security to have low credit risk when their credit risk rating is equivalent to the globally understood definition of 'investment grade'.

12-month ECL is the portion of ECL that results from default events on a financial instrument that are possible within the 12 months after the reporting date.

2.6.8 Modification of loans

The Bank sometimes renegotiates or otherwise modifies the contractual cash flows of loans to customers.

When this happens, the Bank assesses whether or not the new terms are substantially different to the original terms.

The Bank does this by considering, among others, the following factors:

- " If the borrower is in financial difficulty, whether the modification merely reduces the contractual cash flows to amounts the borrower is expected to be able to pay.
- " Significant extension of the loan term when the borrower is not in financial difficulty.
- " Significant change in the interest rate.

If the terms are substantially different, the Bank derecognizes the original financial asset and recognizes a 'new' asset at fair value and recalculates a new effective interest rate for the asset. The date of renegotiation is consequently considered to be the date of initial recognition for impairment calculation purposes, including for the purpose of determining whether a significant increase in credit risk has occurred. However, the Bank also assesses whether the new financial asset recognized is deemed to be credit-impaired at initial recognition, especially in circumstances where the renegotiation was driven by the debtor being unable to make the originally agreed payments. Differences in the carrying amount are also recognized in profit or loss as a gain or loss on derecognition.

If the terms are not substantially different, the renegotiation or modification does not result in derecognition, and the Bank recalculates the gross carrying amount based on the revised cash flows of the financial asset and recognizes a modification gain or loss in profit or loss. The new gross carrying amount is recalculated by discounting the modified cash flows at the original effective interest rate (or credit-adjusted effective interest rate for purchased or originated credit-impaired financial assets).

2.6.8.1 Derecognition other than on a modification

Financial assets, or a portion thereof, are derecognized when the contractual rights to receive the cash flows from the assets have expired, or when they have been transferred and either (i) the Bank transfers substantially all the risks and rewards of ownership, or (ii) the Bank neither transfers nor retains substantially all the risks and rewards of ownership and the Bank has not retained control.

2.7 Collateral

The Bank obtains collateral in respect of customer liabilities where this is considered appropriate. The collateral normally takes the form of cash or securities in respect of other credit instruments or a lien over the customer's assets and gives the Bank a claim on these assets for both existing and future liabilities.

Collateral received in the form of securities is not recorded on the statement of financial position. Collateral received in the form of cash is recorded on the statement of financial position with a corresponding liability. These items are assigned to deposits received from banks or other counterparties. Any interest payable or receivable arising is recorded as interest payable or interest income respectively except for funding costs relating to trading activities which are recorded in net trading income.

2.8 Cash and cash equivalents

Cash and cash equivalents in the Bank's statement of financial position and cash flow statement include notes and coins on hand, balances held with ARB Apex Bank, other bank balances and highly liquid financial assets with original maturities of three months or less from the date of acquisition that are subject to an insignificant risk of changes in their fair value and are used by the Bank's in the management of its short-term commitments.

2.9 Property, plant and equipment

2.9.1 Recognition and measurement

Items of property, plant and equipment, are measured at cost less accumulated depreciation and any accumulated impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the assets.

Purchased software that is necessary to the functionality of the related equipment is capitalized as part of that equipment.

Any gain or loss on disposal of an item of property plant and equipment (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognized within other income in statement of profit or loss.

2.9.2 Subsequent costs

The cost of replacing part of an item of property or equipment is recognized in the carrying amount of the item if it is probable that future economic benefits embodied within the part will flow to the Bank and its cost can be measured reliably. The costs of the day-to-day servicing of property, plant and equipment are recognized in statement of profit or loss as incurred.

2.9.3 Depreciation

Parts of items of property or equipment with different useful lives are accounted for as separate items (major components) of property and equipment.

Depreciation is recognized in the statement of profit or loss pro-rata, on a straight line basis over the estimated useful lives of each part of an item of property, plant and equipment. Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted, if appropriate.

The estimated useful lives are as follows:

	Useful lives
Freehold Buildings	20years
Motor Vehicle	3years
Office equipment	4years
Furniture and Fittings	5years
Computers & Accessories	4years
Generating Plant	4years
Improvement to rented premises	Leased period

Right of use assets are amortized over the shorter of the lease term and the asset's useful life

2.10. Leasehold property

Leasehold property is initially recognized t cost. Subsequent to initial recognition, leasehold property is amortized over the lease term of the property. The amortization is recognized in profit or loss. Leases are recognized as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Bank.

2.11. Intangible assets

2.11.1 Computer software

Intangible assets comprise computer software licenses. Software acquired by the Bank is measured at cost less accumulated amortization and any accumulated impairment losses.

Subsequent expenditure on software is capitalized only when it increases future economic benefits embodied in the specific asset to which it relates. All other expenditure is expensed as incurred.

Software is amortized on a straight line basis in statement of profit or loss over its estimated useful life, from the date it is available for use Useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

At the end of each reporting period, intangible assets are reviewed for indications of impairment or changes in estimated future economic benefits. If such indications exist, the intangible assets are analyzed to assess whether their carrying amount is fully recoverable. An impairment loss is recognized if the carrying amount exceeds the recoverable amount

2.12 Impairment of non-financial assets

The carrying amounts of the Bank's non-financial assets other than deferred tax assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists then the asset's recoverable amount is estimated. An impairment loss is recognized if the carrying amount of an asset or its cash generating unit (CGU) exceeds its recoverable amount. The recoverable amount is the greater of its value in use and its fair value less costs of disposal. In assessing value in use, the estimated future cash flows are discounted to their present value using pre-tax discount rates that reflect current market

assessments of the time value of money and risks specific to the asset. A previously recognized impairment loss is reversed where there has been a change in circumstances or in the basis of estimation used to determine the recoverable value, but only to the extent that the asset's net carrying amount does not exceed the carrying amount of the asset that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

2.13 Income tax

Tax expense represents the aggregate amount included in the statement of profit or loss and other comprehensive income for the period in respect of current and deferred tax

2.13.1 Current tax

Current tax is the amount of income tax payable in respect of the taxable profit for the current period using the tax rates enacted at the reporting date and any adjustment to tax payable in respect of previous years

2.13.2 Deferred tax

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets for financial reporting purposes and the corresponding amounts used for taxation purposes. Deferred tax is measured at tax rates that are expected to be applied to temporary differences when they reverse based on laws that have been 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.

2.14 Provisions and Contingent Liabilities

2.14.1 Provisions

A provision is recognized if, as a result of a past event, the Bank has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of the economic benefits will be required to settle the obligation. Provisions are not recognized for future operating losses.

Provisions are measured at the present value of expenditures expected to be required to settle obligations using pre-tax rates that reflect current market assessments of the time value of money and risks specific to the obligation. The unwinding of the discount is recognized as finance cost.

The expense relating to any provision is presented in the income statement net of any reimbursement in other operating expenses. When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognized as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

2.14.2 Contingent liabilities

A contingent liability is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Bank, or a present obligation that arises from past events but is not recognized because it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or the amount of the obligation cannot be measured with sufficient reliability. If the likelihood of an outflow of resources is remote, the possible obligation is neither a provision nor a contingent liability and no disclosure is made.

2.15 Borrowings

Borrowings are recognized initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortized cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognized in profit or loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognized as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalized as a pre-payment for liquidity services and amortized over the period of the facility to which it relates.

2.16 Employment benefits

2.16.1. Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions to a separate entity and has no legal or constructive obligation to pay further amounts. Obligation for contributions to defined contribution pension plans are recognized as personnel expenses in statement of profit or loss in the period during which related services are rendered.

The Bank has the following defined contribution schemes:

2.16.2. Social security and national insurance trust

Under this scheme the company contributes 13% of employees' basic salary to the Social Security and National Insurance Trust for employee pensions. The Bank's obligation is limited to the relevant contributions which have been recognized in the financial statements. The pension liabilities and obligations however rest with Social Security and National Insurance Trust

2.16.3. Provident Fund

The Bank has a Provident Fund Scheme for their employees. Employees contribute 7.5% of their basic salary to the fund whilst the Bank contributes 7.5%. These monies are invested in third parties and the Bank has no further obligation under the scheme as required by National Pension Regulatory Authority (NPRA).

2.17. Financial risk management

Effective risk management is of critical importance and key to the delivery of sustainable returns for shareholders. Risk taking is an inherent part of the Bank's business activities and is defined as the possibility of losing some or all of an original investment. Risk management systems and governance structures are designed to reduce earnings volatility and achieve an appropriate balance between risk and reward and increased profitability. Current changes to regulations in the banking sector reinforce the Bank's commitment to embed an enhanced risk based culture throughout the Bank. Risk policies and procedures are regularly reviewed to reflect these changes as well as best practices in the market.

2.17.1 Risk Management Framework

The risk management framework consists of a comprehensive set of policies, standards, procedures and processes designed to identify, measure, monitor, mitigate and report significant risk exposure in a consistent and effective manner across the Bank. Through the framework, risk is managed at enterprise-wide level, with the objective of maximizing risk-adjusted returns within the context of the Bank's risk appetite.

The most important types of risk are credit risk, liquidity risk, market risk and operational risk.

" Credit risk reflects the possible inability of a customer to meet his/her repayment or delivery obligations.

" Market risk, which includes foreign currency risk, interest rate risk and equity price risk, is the risk of fluctuation in asset and commodity values caused by changes in market prices and yields.

" Liquidity risk results in the inability to accommodate liability maturities and withdrawals, fund asset growth or otherwise meet contractual obligations at reasonable market rates.

" Operational risk is the potential loss resulting from inadequate or failed internal processes, systems, people, legal issues, external events and non-compliance with regulatory issues.

The Board of Directors has overall responsibility for the establishment and oversight of the Bank's risk management framework. The Board's commitment to good risk management is supported by their continuing professional development in the field of risk management and their support for the implementation and continued improvement of the risk management framework within the Bank.

2.17.2. Risk Measurement and Reporting System

Risk taking is an integral part of banking business. In undertaking its business, the Bank Limited has to strike an appropriate balance between the level of returns it desires to achieve. In order to ensure that its risks are well managed within the Bank's risk appetite an effective risk management system that is commensurate with the size and nature of Bank's operations needs to be in place at all times.

As a means of enhancing corporate governance in the Bank, the risk management framework of the Bank seeks to enhance its ability to identify and manage risks that it faces in the discharge of its functions by identifying, assessing, managing and monitoring key risks

across all areas of its operations as well as gathering information on the Bank's risk exposure for management decision making.

2.17.3. Operational risk

Operational risk is the risk of direct or indirect loss resulting from inadequate or failed internal processes, systems or human factors, or from external events. Operational risk is inherent in the Bank's business activities and, as with other risk types, is managed through an overall framework designed to balance strong corporate oversight with well-defined independent risk management. The Bank endeavors to minimize operational losses by ensuring that effective infrastructure, controls, systems and individuals are in place throughout the organization.

Operational Risk Framework

To monitor, mitigate and control operational risk, the Bank maintains a system of policies and has established a framework for assessing and communicating operational risks as well as the overall effectiveness of the internal control environment across business lines. Each major business segment is expected to implement an operational risk process consistent with the requirements of this framework. The process for operational risk management includes the following steps:

- o identify and assess key operational risks;
 - o establish key risk indicators;
 - o produce comprehensive operational risk reports; and
 - o prioritize and ensure adequate resources to actively improve the operational risk environment and mitigate emerging risks.
- The operational risk standards facilitate the effective communication and mitigation actions both within and across businesses. The Bank is committed to continuously enhancing its operational risk framework to encourage a culture of effective accountability and responsibility.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021. (Cont)**

2.17.4. Market Risk

The Bank takes on exposure to market risk, which is the risk of potential loss of earnings or economic value due to adverse changes in financial market rates or prices. Market risks arise from open positions in interest rates, 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, credit spreads foreign exchange rates and equity prices.

The Bank's exposure to market risk arises principally from customer-driven transactions and pension obligations

2.17.4.1. Risk identification

The Bank identifies market risk through daily monitoring of levels and profit or loss balances of trading and non-trading positions. The Market Risk Controller together with the risk department monitor daily trading activities to ensure that risk exposures taken are within approved limits and overall risk tolerance levels set by the Board. They monitor market risk factors that affect the value of trading and non-trading positions as well as income streams on non-trading portfolios on a daily basis. They also track liquidity indicators to ensure that the Bank meet their financial obligations at all times.

2.17.5. Interest rate risk

Interest rate risk is the exposure of current and future earnings and capital to adverse changes in the level of interest rates. Exposure to interest rate risk can result from a variety of factors, including:

- i. Differences between the timing of market interest rate changes and the timing of cash flows (repricing risk);
- ii. Changes in the market interest rates producing different effects on yields on similar instruments with different maturities (yield curve risk); and
- iii. Changes in the level of market interest rates producing different effects on rates received or paid on instruments with similar repricing characteristics (basis risk).

2.18. Write off policy

The Bank writes off a loan balance (and any related allowances for impairment losses) when the Bank determines that the loans are uncollectible. This determination is reached after considering information such as the occurrence of significant changes in the borrower's financial position such that the borrower can no longer pay the obligation, or that proceeds from collateral will not be sufficient to pay back the entire exposure.

2.19. Credit Risk Management

Credit risk is the potential for financial loss due to the failure of counterparties to meet obligations to pay the Bank in accordance with agreed terms. Credit risk is the most important risk for the Bank's business.

Management carefully manages its exposure to credit risk. Credit risk is attributed to both on statement of financial position financial instruments such as loans, overdrafts, cash held with other financial institutions, debt securities and other bills, investments, and acceptances and credit equivalent amounts related to off - statement of financial position financial items. The Bank's approach to credit risk management preserves the independence and integrity of risk assessment, while being integrated into business management processes. Credit risk is managed through a framework that sets out policies and procedures covering the identification, measurement and management of credit risk.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021. (Cont)**

The goal of credit risk management is to evaluate and manage credit risk in order to further enhance a strong credit culture. The maximum amount of credit risk emanating from these sources is as follows:

	2021 GH¢	2020 GH¢
Loans and Advances to customer	16,045,709	12,854,404
	<u>16,045,709</u>	<u>12,854,404</u>

The Bank's loans and advances were categorized by the Bank of Ghana prudential guidelines as follows

- i. Exposures that are neither past due nor impaired;
- ii. Exposures that are past due but not impaired; and
- iii. Individually impaired facilities

	2021 GH¢	2020 GH¢
Maximum exposures to credit risk		
Carrying amount	<u>14,841,483</u>	12,177,637
Grade 13:Low-fair risk-Current	14,604,174	11,553,569
Grade 45:Low- watch list	164,826	635,930
Grade 6:Substandard	221,248	128,858
Grade 7: Doubtful	150,062	144,233
Grade 8: Loss	905,398	391,814
Total Gross Amount	16,045,709	12,854,404
Allowance for impairment	(1,204,226)	(676,767)
Net Carrying Amount	14,841,483	12,177,637
a. Neither past due nor impaired		
Grade 13: Low-fair risk	<u>14,604,174</u>	<u>11,553,569</u>
b. Past due but not impaired		
Grade 45: watch list	<u>164,826</u>	<u>635,930</u>
c. Impaired classified by number of days due		
90-180 days	221,248	128,858
180-360 days	150,062	144,233
360 day +	905,398	391,814
	1,276,708	664,905
Individually Impaired		
Substandard	221,248	128,858
Doubtful	150,062	144,233
Loss	905,398	391,814
	1,276,708	664,905

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021. (Cont)**

Neither past due nor impaired

The quality of credit exposure to customers and other institutions that were neither past due nor impaired were assessed with reference to Bank of Ghana prudential guidelines adopted by the Bank for its internal grading purposes

This category is made up as follows:

GRADE: December 2021	Term loans	Overdraft	Staff Loans	Total
Current	11,763,435	2,073,476	767,263	14,604,174
GRADE: December 2020	Term loans	Overdraft	Staff Loans	Total
Current	9,303,613	1,495,689	754,267	11,553,569

At 31 December 2021, the Bank's loans and Advances were categorized under IFRS 9 as follows:

Stage 1- At initial recognition-Performing

Stage 2- Significant increase in credit risk since initial recognition- Underperforming

Stage 3- Credit Impaired- Non- performing

	2021			
	Stage 1 GH¢	Stage 2 GH¢	Stage 3 GH¢	Total GH¢
Cash & Cash equivalents	5,199,073	0	0	5,199,073
Investment Securities	26,623,879	0	0	26,623,879
Investment other than Securities	76,751	0	0	76,751
Loans & Advances to customers	14,604,174	164,826	1,276,708	16,045,708
Other assets (less prepayments)	644,172	0	644,172	
Gross Carrying amount	47,148,049	164,826	1,276,708	48,589,583
Loss allowances	(15,342)	(452)	(1,188,431)	(1,204,226)
Carrying amount	47,132,707	164,374	88,277	47,385,357
	2020			
	Stage 1 GH¢	Stage 2 GH¢	Stage 3 GH¢	Total GH¢
Cash & Cash equivalents	4,468,285	0	0	4,468,285
Investment Securities	27,776,377	0	0	27,776,377
Investment other than Securities	76,751	0	0	76,751
Loans & Advances to customers	11,553,569	635,930	664,905	12,854,404
Other assets (less prepayments)	785,041	0	0	785,041
Gross Carrying amount	44,660,023	635,930	664,905	45,960,858
Loss allowances	(8,527)	(3,335)	(664,905)	(676,767)
Carrying amount	44,651,496	632,595	-	45,284,091

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021. (Cont)**

2.20. Liquidity management risk

Liquidity risk is the risk that the Bank will not be able to meet payment obligations associated with financial liabilities when they fall due and replace funds when they are withdrawn. The consequence may be the failure to meet obligations to repay depositors and fulfill commitments to lend. It is the policy of the Bank to maintain adequate liquidity at all times and to be in a position to meet all obligations, repay depositors, fulfill commitments to lend and meet any other commitments as and when they fall due.

The primary objective of liquidity risk management is to provide a planning mechanism for unanticipated changes in demand or needs for liquidity created by customer behavior or abnormal market conditions.

Liquidity is managed on a short to medium-term basis. In the short term, the focus is on ensuring that cash flow demands can be met as and when required. The focus, in the medium term, is on ensuring that the statement of financial position remains structurally sound and aligned to the Bank's strategy.

A substantial portion of the Bank's assets are funded by customer deposits made up of current and savings accounts and other deposits. These customer deposits, which are widely diversified by type and maturity, represent a stable source of surplus funds. Lending is normally funded by liability in the same currency.

2.21 Capital management

The Bank's objectives when managing capital include:

- " Complying with capital requirements set by the Bank of Ghana
- " Safeguarding the Bank's ability to continue as a going concern to enable it to continue providing returns for shareholders and benefits for other stakeholders
- " Maintaining a strong capital base to support the development of its business

The Bank's regulatory capital is divided into two tiers:

" Common Equity Tier 1 capital: includes ordinary (common) shares issued by the bank that meet the criteria for classification as ordinary shares for regulatory purposes, retained earnings, statutory reserves and disclosed reserves after deducting specified assets such as intangibles and certain classes of investments.

" Common Equity Tier 2 capital: includes qualifying subordinated loan capital, property revaluation reserves and unrealized gains arising on the fair valuation of instruments held as hold to collect and sell.

The risk-weighted assets are measured using the standardized approach to reflect an estimate of credit market and operational risks associated with each counter party for on and off-statement of financial position exposures.

The Bank of Ghana Capital Requirements Directive (CRD or 'the Directive') issued under Section 92(1) of the Banks and Specialized Deposit-taking Institutions Act 2016 (Act 930) ('the BSDI Act') and Section 4(d) of the Bank of Ghana Act 2002 (Act 612) prescribes a risk-based capital adequacy requirement effective 1 January 2020. The tables below summarize the composition of regulatory capital adequacy ratios of the Bank

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021. (Cont)

	2021 GH¢	2020 GH¢
Paid Capital	1,544,618	1,469,108
Disclosed Reserves	2,959,967	2,199,360
Permanent Preference Shares	-	-
Sub-Total	4,504,584	3,668,468
Investments in Unconsolidated Subsidiaries	(76,751)	(76,751)
Tier 1 Capital	4,427,833	3,591,717
Tier 2 Capital	-	-
Regulatory Capital	4,427,833	3,591,717
Required Regulatory Capital	3,111,970	2,931,234
Surplus Capital	1,315,863	660,483

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021. (Cont)

	2021 GH¢	2020 GH¢
3 Interest income		
Advances	4,846,166	3,934,578
Investments	2,968,213	2,365,161
	7,814,379	6,299,739
4 Interest expense		
Interest on borrowing	195,767	258,038
Savings account & fixed deposits	1,557,747	1,575,274
	1,753,513	1,833,312
5 Fees and Commission Income		
Cheque clearing fees	29,783	32,212
Commission	113,765	117,585
Commitment fees	569,072	475,698
	712,620	625,495
6 Other Operating Income		
Service charges	477,541	265,672
Commission on turnover	57,627	54,095
Cheque book income	33,371	43,171
Stationery income	173,464	150,397
Remittances income	3,267	3,473
SMS charges	38,654	27,996
Interest on placement	26,337	18,558
ATM/UCONNECT fees	5,834	5,114
Other income	2,131	9,536
Profit on disposal 6a	18,000	0
	836,226	578,012
6a Profit on disposal		
Cost	107,896	0
Acc. Depreciation	(107,896)	0
Proceeds from disposal	18,000	0
Gain on disposal	18,000	0

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021. (Cont)

	2021	2020
	GH¢	GH¢
7 Personnel expenses		
Salaries and wages	1,585,137	1,361,980
Other staff cost	229,508	179,903
Provident Fund	115,028	102,181
Social security contributions	235,930	199,416
Medical expenses	27,687	35,880
Staff bonus	172,941	153,325
Staff and directors training	56,842	18,635
Staff clothing allowance	164,012	143,102
Staff fuel and maintenance	258,810	235,940
Micro finance and Susu expenses	421,837	474,011
Recruitment & selection	20,798	0
	<u>3,288,529</u>	<u>2,904,373</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021. (Cont)

	2021	2020
	GH¢	GH¢
8 Operating expenses		
Directors Expenses	125,833	149,773
Entertainment	19,178	17,479
Special Movement	25,144	26,177
Travelling and Transport	42,887	34,069
Audit & Inspection Expenses	12,710	0
Audit Fees	12,000	12,000
Levies and VAT on audit fees	2,310	2,175
Housing/Hotel Accommodation Expenses	12,613	7,638
Repairs and maintenance- Furniture and equipments	40,950	48,438
Office Expenses	58,153	42,205
Stationery	99,090	86,631
Rent and Rates	7,800	7,818
Police Guard	86,371	52,960
Micro Finance expenses	67,526	67,220
Donation and Charitable Contributions	26,388	22,268
Insurance Premium	42,324	49,493
Postages, Telecommunication and internet	20,108	19,902
Subscriptions/Periodicals	8,322	7,946
Ghana Deposit Protection Insurance	102,781	85,276
Motor Vehicle running Expenses	199,741	157,474
Generator Running Expenses	31,948	27,063
Fire Expenses	8,770	7,678
Ezwich/Clearing Expenses	11,795	18,150
Cleaning and Sanitation	21,337	23,558
Light and Water	187,319	134,372
Advertising and Publicity	44,085	42,053
Other Expenses	21,975	1,109
Computer Expenses	280,098	197,509
Debt Recovery Expenses	31,192	32,010
Business Promotion	63,280	28,954
AGM Expenses	47,194	23,575
Bank Charges	46,676	36,745
Chapter and ARB Ghana Expenses	37,252	32,125
Penalties	0	12,000
Bad debt written off	222,940	0
	<u>2,068,089</u>	<u>1,513,843</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021. (Cont)

9 Current Taxation	Balance at 1/1/2021	Payments	Charge for the year	Balance 12/31/2021
	GHC	GHC	GHC	GHC
2021				
Year of Assessment 2021	141,023	(581,023)	485,840	45,840
Deferred Tax	0	0	(173,422)	0
	141,023	(581,023)	312,418	45,840
2020				
Year of Assessment 2020	26,227	(104,571)	219,367	141,023
Deferred Tax	0	0	(89,452)	0
	26,227	(104,571)	129,915	141,023
		2021		2020
		GHC		GHC
9a Reconciliation of Effective Tax Rate				
Profit before tax		1,260,586		492,235
Tax at applicable tax rate at 25%		315,147		123,059
Tax impact of non-deductible expenses		248,127		189,871
Tax impact on excess repairs		6,076		0
Tax impact of capital allowances		(83,510)		(93,563)
Deferred tax		(173,422)		(89,452)
Current tax charges		312,417		129,915
Effective tax rate		25%		26%
9b Deferred Taxation				
		1/1/2021	Movement	12/31/2021
		GHC	GHC	GHC
Charge/(Credit) to Income Statement		(169,192)	(41,557)	(210,749)
Historical Cost-NCA		(82,203)	(131,865)	(214,068)
Loan Impairment		(251,395)	(173,422)	(424,817)
9c Recognised Deferred Tax Assets and Liabilities				
Deferred tax assets and Liabilities are attributable to the following:				
		Temporary Difference	Tax Rate	Deferred Tax
		GHC	%	GHC
Deferred Tax Asset-Loan Impairment		(1,204,226)	25%	(301,057)
Deferred Tax Asset-NCA		(495,043)	25%	(123,761)
Net deferred Tax(Assets)/Liabilities		(1,699,269)		(424,817)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021. (Cont)

	2021	2020
10 Earnings per share		
Net Profit for the year attributable to equity holders of the Bank	948,168	362,320
Weighted average number of ordinary shares	6,477,130	6,175,092
Earnings per share	GHC 0.15	GHC 0.06
11 Cash and bank balances	GHC	GHC
ARB-Apex bank ltd-clearing account	964,228	587,155
ARB-Apex bank ltd-5% deposit account	1,869,970	1,758,854
Commercial banks	58,799	10,284
E-cash (mobile money)	111,406	63,950
Cash balance	2,194,701	2,048,042
	5,199,103	4,468,285
12 Non-pledge trading assets		
Government treasury bills & notes	13,635,568	11,727,627
Other bills & notes	12,988,311	16,048,750
At 31 December	26,623,879	27,776,377
Maturity within 90 days of acquisition	1,000,000	
Maturity after 90 days but within 182 days	1,335,857	
Maturity after 182 days but within 365 days	3,130,613	
Maturity after 365 days	21,157,409	
	26,623,879	0

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021. (Cont)

	2021 GH¢	2020 GH¢
13 Loans and advances		
Loans	13,456,832	11,358,715
Overdraft	2,588,877	1,495,689
	16,045,709	12,854,404
Less: Loan impairment charge	(1,204,226)	(676,767)
	14,841,483	12,177,637
13b Impairment allowance for loans & advances		
Balance at 1 January 2021	676,767	525,462
Loans impairment charge	527,459	151,305
Balance at 31 December 2021	1,204,226	676,767
13c Bank of Ghana provisions		
Balance at 1 January 2021	710,587	606,719
Bad debt written-off	222,940	0
Provisions made	473,581	103,868
Balance at 31 December 2021	1,407,108	710,587

Loan provisioning impairment are carried out in accordance with Bank of Ghana policy as well as the principles of IFRS. Loan Impairment losses calculated based on IFRS principles are passed through the statement of comprehensive income. Where provisions per IFRS is more than the provisions per Bank of Ghana guidelines, no regulatory credit reserve is required. When the credit loss provision calculated under IFRS principles is less than that of Bank of Ghana, transfers are made from the retained earnings account into the non-distributable regulatory credit reserves.

14 Investment security-available for sale		
Balance at 1 January 2021	76,751	76,751
Change in the fair value	0	0
Balance at 31 December 2021	76,751	76,751
This represents investment in ordinary shares of ARB Apex bank limited and WERBA		

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021. (Cont)

	2021 GH¢	2020 GH¢
15 Other assets account		
Interest & Commission. Accrued	208,172	121,778
Stationery Stock	73,774	96,958
Prepayment-insurance	20,134	14,189
Prepayment-others	23,383	0
Interagency account	312,905	358,407
Office account (DR)	4,933	1,818
Ezwich cash account	0	13,010
Uncleared effects	93,160	178,881
	736,461	785,041
16 Intangible assets		
Cost		
Balance at 1 January 2021	224,615	0
Acquisitions	0	224,615
Balance at 31 December, 2021	224,615	224,615
Amortization		
Balance at 1 January 2021	16,848	0
Charge for the year	22,461	16,848
Balance at 31 December, 2021	39,309	16,848
Carrying amount at 31 December 2021	185,306	207,767

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021. (Cont)

2021
17 Property, plant & equipment

Cost	Improvement to Rented Premises		Rights of Use assets		Computer & Accessories		Office Furniture & Fittings		Office Equipments		Motor Vehicles /Bikes		Land		Total	
	GH¢	GH¢	GH¢	GH¢	GH¢	GH¢	GH¢	GH¢	GH¢	GH¢	GH¢	GH¢	GH¢	GH¢	GH¢	GH¢
Balance at 1 January 2021	704,332	464,704	470,963	130,264	792,656	890,151	87,800	3,540,870								
Additions	26,963	121,800	16,700	2,820	23,428	0	0	191,711								
Reversal	0	0	(14,518)	0	0	0	0	(14,518)								
Disposal	0	0	0	0	0	(107,896)	0	(107,896)								
Balance at 31 December, 2021	731,295	586,504	473,145	133,084	816,084	782,255	87,800	3,610,167								
Depreciation																
Balance at 1 January 2021	495,010	128,741	324,439	98,998	588,431	698,525	0	2,334,144								
Disposal	0	0	0	0	0	(107,896)	0	(107,896)								
Charge for the period	75,190	69,474	53,970	13,642	103,362	126,950	0	442,588								
Balance at 31 December, 2021	570,200	198,215	378,409	112,640	691,793	717,579	0	2,668,836								
<u>Carrying amount at</u>																
December 31, 2021.	161,095	388,289	94,736	20,444	124,291	64,676	87,800	941,330								

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021. (Cont)

2020
17b Property, plant & equipment

Adjustment	Improvement to Rented Premises		Rights of Use assets		Computer & Accessories		Office Furniture & Fittings		Office Equipments		Motor Vehicles /Bikes		Land		Total	
	GH¢	GH¢	GH¢	GH¢	GH¢	GH¢	GH¢	GH¢	GH¢	GH¢	GH¢	GH¢	GH¢	GH¢	GH¢	GH¢
Balance at 1 January, 2020	604,371	284,909	466,313	129,664	761,931	890,151	87,800	3,225,139								
Additions	101,077	179,795	4,650	600	30,725	0	0	316,847								
Adjustment	(1,116)	0	0	0	0	0	0	(1,116)								
Balance at 1 December, 2020	704,332	464,704	470,963	130,264	792,656	890,151	87,800	3,540,870								
Depreciation																
Balance at 1 January, 2020	386,150	46,459	252,598	80,596	484,056	493,005	0	1,742,864								
Charge for the period	108,860	82,282	71,841	18,402	104,375	205,520	0	591,280								
Balance at 1 December, 2020	495,010	128,741	324,439	98,998	588,431	698,525	0	2,334,144								
<u>Carrying amount at</u>																
December 31, 2020.	209,322	335,963	146,524	31,266	204,225	191,626	87,800	1,206,726								

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021. (Cont)

	2021 GH¢	2020 GH¢
18 Deposits and current accounts		
Savings account	17,079,298	16,695,550
Current account	6,066,926	5,996,991
Fixed deposit	10,627,373	10,195,667
Susu & others	5,617,268	6,303,628
	39,390,865	39,191,836
Analysis by type of deposits		
Individuals	26,605,679	24,842,678
Private enterprise	2,054,300	2,434,880
Public enterprise	10,730,887	11,914,278
	39,390,865	39,191,836
20 largest depositors to total deposit ratio	14.00	10.59
19 Creditors and accruals		
Payment order	425,596	258,156
Accrued interest	580,412	459,618
Accrued audit fees	14,310	14,175
Office account (CR)	248,225	209,628
Unearned discount on treasury bills	0	147,490
Interest suspense	379,420	134,624
Ezwich, T24 license fee	69,079	0
GH link, ATM remote	63,068	0
	1,780,110	1,223,691
20 Borrowed funds		
APEX	28,467	216,950
Central bank-Rural Enterprises Dev. Fund	856,400	406,402
Wash loan	136,298	638,163
BABMA EU fund	339,579	430,473
RDF-Ghana	973,684	684,211
Covid' 19 relief loan	516,951	0
	2,851,379	2,376,199

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021. (Cont)

21 Other liabilities

2021

Balance at 1 January	209,621
Add: transfer from profit	94,817
Less: utilised	0
Balance at 31 December	304,438

Development fund GH¢	Corporate social responsibility fund GH¢	Total GH¢
209,621	65,867	275,488
94,817	47,408	142,225
0	0	0
304,438	113,275	417,713

Transfers to the Development fund and the corporate social responsibility fund of 10% and 5% respectively is from the profit for the year. The development fund is earmarked for the construction of a head office building for the bank and the corporate social responsibility fund is to take care of the Bank's corporate social responsibility activities

21b Other liabilities

2020

Balance at 1 January	173,389
Add: transfer from profit	36,232
Less: utilised	0
Balance at 31 December	209,621

Development fund GH¢	Corporate social responsibility fund GH¢	Total GH¢
173,389	51,751	225,140
36,232	18,116	54,348
0	(4,000)	(4,000)
209,621	65,867	275,488

Transfers to the Development fund and the corporate social responsibility fund of 10% and 5% respectively is from the profit for the year. The development fund is earmarked for the construction of a head office building for the bank and the corporate social responsibility fund is to take care of the Bank's corporate social responsibility activities.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021. (Cont)**

22 Stated capital

	No. of Shares 2021	No. of Shares 2020
Authorised shares	10,000,000,000	10,000,000,000
Issued shares	6,477,130	6,175,092
	GHC	GHC
Fully paid share	1,544,618	1,469,108

STATED CAPITAL AND RESERVES

Stated capital

The Bank classifies capital and equity instruments in accordance with contractual terms of the instrument. Incremental cost that are directly attributable to the issue of an equity instrument are deducted from the initial measurement of equity instruments.

Dividends on ordinary shares are recognised in the period in which they are approved by the shareholders. Dividend proposed which is yet to be approved by shareholders, is disclosed by way of notes.

23 Dividends

Dividends on ordinary shares are recognized in the period in which they are approved by the shareholders. Dividend proposed which is yet to be approved by shareholders, is disclosed by way of notes.

24 Retained Earnings

This represents the cumulative annual profits that are available for distribution to shareholders

25 Statutory reserve

Statutory reserves are based on the requirements of section 34 of the Banks and Specialized Deposits-Taking Institution Act(ACT 930). Transfers into statutory reserves are made in accordance with the relationship between the Bank's Reserve Fund and its paid up capital, and it determines the proportion of profit for the period that should be transferred to the reserve fund

- Where the reserve fund is less than fifty percent of the stated capital, an amount not less than 50% of the net profit for the year is transferred to the reserve fund
- Where the reserve fund is more than 50% but less than 100% of the stated capital, an amount not less than 25% of the year is transferred to the reserve fund.
- Where the reserve is equal to 100% of the stated capital, an amount not less than 12.5% of the net profit for the year is transferred to the reserve fund.

26 Capital surplus

This represents increase in share value with the ARB Apex Bank Ltd.

27 Credit risk reserve

This is a reserve created to set aside the excess or shortfalls between amounts recognized as impairment loss on loan and advances based on provisions made for bad and doubtful loans and advances calculated in accordance with IFRS and the Central Bank's prudential guidelines.

28 Related party transactions

Advances due from directors and staff of the bank amounted to GH¢786,263 and it comprises:

	2021 GHC	2020 GHC
Directors and related interest	18,803	70,727
Officers and employees	767,460	754,267
	786,263	824,994

**VALUE ADDED STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2021**

	2021 GHC	2020 GHC
Interest earned and other operating income	8,526,999	6,925,234
Direct cost of services and other costs	(3,773,410)	(3,216,017)
Value added by banking services	4,753,590	3,709,217
Non-banking income	836,226	578,012
Impairments	(527,459)	(151,305)
Value added	5,062,357	4,135,924
Distributed as follows		
To employees		
Directors	(125,833)	(149,773)
Other Employees	(3,210,889)	(2,885,738)
	(3,336,721)	(3,035,511)
To Government		
Income Tax	(312,418)	(129,915)
To providers of capital		
Dividends to shareholders	0	0
To expansion and growth		
Depreciation and amortization	(465,049)	(608,128)
Retained Earnings	948,168	362,370

COMPUTATION OF TAX LIABILITY - 2021

	GH¢	GH¢
Net profit per accounts		1,260,586
Add back		
Provision for bad & doubtful debts	527,459	
Amortization	22,461	
Depreciation	442,588	
Excess repairs	24,302	
		<u>1,016,810</u>
Adjusted net profit		2,277,397
Less: capital allowances		
Balance b/f	0	
Current	334,040	
	<u>334,040</u>	<u>334,040</u>
Chargeable income		1,943,356
Tax thereon at 25%		<u><u>485,839</u></u>



PROXY AUTHORIZATION FORM

I/We..... of.....

Shareholder/shareholders of Sefwiman Rural Bank Limited, hereby appoint

.....as a
Dr/Rev/Mr/Mrs/Miss/Opanin

Proxy at the Annual General Meeting of Shareholders of the Bank to be held at CAC International, Bibiani Central on Saturday 13th August, 2022, at 10:00am.

Signed the.....day of.....20.....

.....
Shareholder's Signature

NOTE:

A member is entitled to attend and vote at the meeting or to appoint a proxy to attend on his or her behalf. Such a proxy needs not be a member of the Bank. A proxy form is enclosed in the Accounts, copies of which can be obtained from the Head office of the Bank or downloaded from the Bank's website www.sefwimanbank.com. Completed proxy forms should be returned to the Chief Executive Officer, Sefwiman Rural Bank Limited, Private Mail Bag, Bibiani, not later than 72 hours to the meeting.

By order of Secretary (Johnson Ben Oduro)