



KINTAMPO

RURAL BANK LIMITED



annual
REPORT
2017

KINTAMPO RURAL BANK LIMITED

FIVE YEAR CONSOLIDATED FINANCIAL SUMMARY

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Interest Income	6,849,189	6,213,210	5,049,190	4,275,390	3,260,115
Interest Expenses	(1,109,203)	(1,056,045)	(666,261)	(448,800)	(375,153)
Net Interest Income	5,739,986	5,157,165	4,382,929	3,826,590	2,884,962
Commission & Fees	830,191	814,957	553,881	430,226	572,668
Operating Income	6,570,177	5,972,122	4,936,810	4,256,816	3,457,630
Total Operating Expenses	(4,602,158)	(4,095,602)	(3,434,831)	(2,974,982)	(2,031,129)
Prov. For Bad & Doubtful Debt	(105,559)	(124,499)	(132,081)	(169,088)	(143,811)
Profit Before Income Tax	1,862,460	1,752,021	1,369,178	1,112,746	1,282,690
Income Tax Expense	(505,031)	(473,785)	(118,561)	(100,598)	(112,001)
Profit After Taxation	1,357,429	1,278,236	1,250,617	1,012,148	1,170,689
Total Assets	32,912,789	27,455,251	22,135,629	18,058,341	17,051,589
Total Deposits	21,905,640	17,138,324	14,229,299	11,643,366	11,511,382
Loans and Advances	10,932,323	9,678,309	8,107,677	8,295,803	6,977,772
Total Shareholders' Equity	8,167,000	6,980,938	5,812,237	4,681,100	3,645,134
Earnings per Share (Ghana Cedis per share)	0.11	0.11	0.12	0.12	0.16
Dividend per Share (Ghana Cedis per share)	0.026	0.027	0.025	0.023	0.031
Number of Shares	12,844,170	11,769,059	10,019,818	8,756,706	7,494,946
Return on Assets	4.12%	4.65%	5.60%	5.60%	6.87%
Return on Equity	16.62%	18.31%	21.52%	21.62%	32.12%
Capital Adequacy Ratio	38.68%	36.24%	39.42%	42.81%	41.51%
Cost-to-Income Ratio	75.74%	75.07%	75.56%	76.35%	66.54%





KINTAMPO

RURAL BANK LIMITED

**ANNUAL FINANCIAL REPORTS FOR THE
YEAR ENDED 31ST DECEMBER 2017**

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KINTAMPO RURAL BANK LIMITED

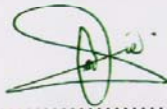
NOTICE OF ANNUAL GENERAL MEETING

NOTICE is hereby given that the 33rd Annual General Meeting (**AGM**) of **KINTAMPO RURAL BANK LIMITED** will be held at **WESLEY METHODIST CHURCH, KINTAMPO** on Saturday 23rd June, 2018 at 10:00 am to transact the following business.

AGENDA

1. To read the Notice convening the meeting
2. To receive and consider the Directors' and Chairman's Report
3. To receive and consider the Accounts for the year ended 31st December 2017, and report of Auditors
4. Passing of Resolution (s)
5. To elect Directors
6. To approve the Directors fee for 2018
7. To authorize the Directors to fix the remuneration of the Auditors for the year 2018
8. Any Other Matters

DATED THIS 5th day of May, 2018



.....
BY THE ORDER OF THE BOARD
MARTIN MENSAH
(SECRETARY)

NOTE:

A member entitled to attend and vote at the meeting may appoint a proxy who need not be a member of the bank to vote in his/her stead. A form of proxy for it to be valid for the purposes of the meeting must be completed and deposited at the Head office, Kintampo, not less than forty-eight (48) hours before the meeting.

All Shareholders who have not received their Annual Reports and accounts for the year 2017 should contact the bank and its Agencies/Mobilization Centres for their copies or act on this **NOTICE** and attend the meeting.



KINTAMPO RURAL BANK LIMITED

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CORPORATE INFORMATION

BOARD OF DIRECTORS:	Dr. Samuel Donyina -Ameyaw	- Chairman(Resigned01/07/17)
	Mr. David Ayi-Poku	- Vice Chairman(Retired 28/07/17)
	Hon. Yaw Effah-Baafi	- Chairman (Appointed 01/07/17)
	Mr. Sulemana Abubakari	Member
	Madam Mary Ama Owusu	- Member
	Mr. Martin Kwame Kodom	- Member
	Mr. David Dumah Amoah	- Member
	Mr. Yaw Wiredu Peprah	- Co-opted Member
	Mr. Boyd Donkor	- Vice Chairman(Appointed 26/08/17)
	Mr. Appiah Donyina	- Member (Appointed 28/07/17)
	Nana Owusu Gyare II	- Member (Appointed 28/07/17)

SECRETARY: Mr. Martin Mensah

MANAGEMENT TEAM:	Mr. Martin Mensah	- General Manager
	Mr. Isaac KwartengAnkomah	- Head, Operations
	Mr. Aidoo Bright Clifford	- Head, Credit Dept.
	Mr. Samuel Appiah	- Head, Administration
	Mr. Alhassan Adams	- Head, Finance
	Mr. Frank Asante-Bediako	- Head, Internal Audit
	Mr. Emmanuel K.Tawiah	- Head, ICT
	Mr. Benjamin OfosuOkyere	Head, Risk & Compliance

REGISTERED OFFICE: THE BANK PREMISES
PLOT 131 BLOCK D SECTOR 1
KINTAMPO-BRONG AHAFO REGION

AUDITORS: ASAFU-ADJAYE & PARTNERS
(CHARTERED ACCOUNTANTS)
HSE. NO. ODURO 44
MANHYIA, KUMASI
P. O. BOX AN 15110
ACCRA-NORTH.

SOLICITORS: WIREDU PEPRAH, ODURO & CO.
P. O. BOX 1542
SUNYANI-BRONG AHAFO REGION
GHANA-WEST AFRICA

BANKERS: ARB APEX BANK LIMITED



KINTAMPO RURAL BANK LIMITED

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BOARD OF DIRECTORS



HON. YAW EFFAH-BAAFI
(Chairman)



BOYD DONKOR
(Vice Chairman)



SULEMANA ABUBAKARI
(Member)



YAW WIREDU PEPPRAH
(Co-opted Member)



MARY AMA OWUSU
(Member)



MARTIN KWAME KODOM
(Member)



MR. APPIAH DONYINA
(Member)



NANA OWUSU GYARE II
(Member)



MANAGEMENT TEAM



MARTIN MENSAH
(Board Secretary & General Manager)



ISAAC A. KWARTENG
(Head: Operations)



FRANK ASANTE-BEDIAKO
(Head: Internal Audit)



BRIGHT CLIFFORD AIDOO
(Head: Credit)



ALHASSAN ADAMS
(Head: Finance)



BENJAMIN O. OFOSU
(Head: Risk & Compliance)



SAMUEL APPIAH
(Head: Administration)



MAHAMAM DAMBA S.
(Head: Electronic Transfers)



EMMANUEL K. TAWIAH
(Head: ICT)



UMAR SAEED A. YEBOAH
(Agency Head: Jema)



ABOAGYE A. ANTWI
(Agency Head: Bulpe)



RUTH FAKAA YEBOAH
(Agency Head: Kintampo)



FRANCIS K. NUTSUGAH
(Agency Head: Techiman)



REPORT OF THE DIRECTORS ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2017 TO THE MEMBERS

KINTAMPO RURAL BANK LIMITED

The Directors have the pleasure in submitting their Annual Report together with the audited financial statements of the Bank for the year ended 31st December, 2017 to the members as follows:

1) Directors' Responsibility Statements

The Bank's Directors are responsible for the preparation and fair presentation of the financial statements comprising the Statement of Financial Position, Statement of Comprehensive Income, the Statement of Changes in Equity, Statement of Cash Flows for the year then ended and the notes in accordance with International Financial Reporting Standards (IFRS) and in the manner required by the Companies Act 1963 (Act 179) and the Banking Act 2004 (Act 673) (As Amended by) Act 2007 (Act 738).

The directors' responsibilities include: designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of these financial reports that are free from material misstatement, whether due to fraud or error, selecting and applying appropriate accounting policies, making accounting estimates that are reasonable in the circumstances.

The directors have made an assessment of the bank's ability to continue as a going concern and have no reason to believe the business will not be a going concern.

2) Financial Results

The financial results of the Bank for the year ended 31st December, 2017 are set out in the attached financial statements, highlights of which are as follows.

The Bank recorded profit before tax of
From which is deducted tax of

Giving a net profit after tax of

There was transfer to statutory reserve of

There is transfer to Community Development Fund

There is transfer to General Pension

Leaving a profit for the year of

When added to the opening balance on the retained earning account of

From which is deducted final dividend

Prior Year Adjustment (Tax)

Resulting in a Balance on the Retained Earnings of

2017
GH¢

1,862,460

(505,031)

1,357,429

(169,679)

(30,000)

(30,000)

1,127,750

4,472,489

(319,230)

(3,060)

5,277,949

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REPORT OF THE DIRECTORS ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2017 TO THE MEMBERS

3) **Nature of Business**

The Bank is authorized to carry on the business of Rural Banking. There was no change in the nature of the Bank's business during the year.

4) **Stated Capital**

The Stated Capital of the bank increased by GH¢215,023 to GH¢1,250,662 for the year under review. This is against the previous year's capital of GH¢1,035,639.

5) **Dividend**

The Directors recommend the payment of dividend of GH¢0.0264 (2016: GH¢0.272) per share amounting to GH¢339,357 (2016: GH¢319,230) for the year under review.

6) **Corporate Governance**

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

7) **Committees of the Board**

The Board has four (4) Committees namely, Audit, Finance & Compliance, Corporate Governance and Human Resource, Credit and Business Development, and Procurement, Tender and Technological Development.

a)	Audit, Finance & Compliance	
	Mr. Yaw Wiredu Peprah	- Chairman
	Mr. Boyd Donkor	- Member
	Mr. Appiah Donyina	- Member
	Mr. Martin Mensah	- Member
	Mr. Frank Asante-Bediako	- Secretary

The roles of the committee includes:

- 1) Review, Advise and Report to the Board on the adequacy of the Bank's internal control systems and its operational viability.
- 2) Advise the Board on the maintenance of proper books of accounts and the reliability of financial information used within the business.
- 3) Review, Advise and Report to the Board on the Bank's general operational systems including finance, treasury and other core banking activities.
- 4) Any other responsibility that the Board may assign to the committee from time to time.



REPORT OF THE DIRECTORS ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2017 TO THE MEMBERS

b) **Credit and Business Development**

Mr. Abubakari Sulemana	-	Chairman
Nana Owusu Gyare II	-	Member
Madam Mary Ama Owusu	-	Member
Mr. Martin Kwame Kodom	-	Member
Mr. Martin Mensah	-	Member
Mr. Bright Clifford Aidoo	-	Secretary

The roles of the committee includes:

- 1) Review, Advise and Report to the Board on the Bank's credit operational systems.
- 2) Review, Advise and Report to the Board significant business developmental activities such as new clients targets, referral sources and prospects.
- 3) Ensure the growth of the bank's Deposit on consistent basis.
- 4) Any other responsibility that the Board may assign to the committee from time to time

c) **Tender, Procurement and Technological Development**

Mr. Martin Kwame Kodom	-	Chairman
Madam Mary Ama Owusu	-	Member
Nana Owusu Gyare II	-	Member
Mr. Martin Mensah	-	Member
Mr. Emmanuel K. Tawiah	-	Secretary

The roles of the committee includes:

- 1) Review, Advise and Report to the Board on the Bank's implementation and compliance with procurement and ICT policies.
- 2) Assess, Advice and Report to the Board on the Bank's current state of Technology in terms of competitiveness and functionality.
- 3) Any other responsibility that the Board may assign to the Committee from time to time

d) **Corporate Governance and Human Resource**

Mr. Boyd Donkor	-	Chairman
Mr. Yaw Wiredu-Peprah	-	Member
Mr. Appiah Donyina	-	Member
Mr. Abubakari Sulemana	-	Member
Mr. Martin Mensah	-	Member
Mr. Samuel Appiah	-	Secretary



REPORT OF THE DIRECTORS ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2017 TO THE MEMBERS

The roles of the committee includes:

- 1) Review the Bank's employment policies and advise the Board in management of its Human Resource Capital.
- 2) Ensure the development and maintenance of the Code of Professional Conduct, and monitoring compliance thereof.
- 3) Review and advise the Board on efficient implementation of the short and medium term plans of the bank
- 4) Advise and assist the Board in implementing best practices and good Corporate Governance in the performance of the day-to-day functions of the bank and
- 5) Any other matter(s) referred to it by the Board.

8) **AUDITORS**

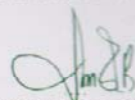
In accordance with section 134(5) of the Companies Act 1963, (Act 179) as amended by Companies (Amendment) Act, 2012, (Act 835) and Bank of Ghana's directives requiring Banks to change Auditors every five (5) years, Messrs', Asafu-Adjaye & Partners, will resign as auditors of the bank. The Board is therefore seeking the shareholders' consent to appoint new external auditors.

9) **ACKNOWLEDGEMENT**

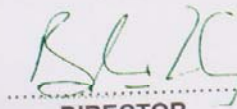
The Board of Directors wish to express its sincere gratitude to our shareholders and customers for their loyalty and confidence reposed in our team. We also express our thanks to staff for their hard work and dedication to duty which enable us to achieved these result.

10) **APPROVAL OF THE FINANCIAL STATEMENTS**

The Audited Financial Statements were approved by the Board of Directors on 23rd March, 2018 and signed on its behalf by.



DIRECTOR



DIRECTOR

Name: YAW EFFAH-BAAH.

Name: BOYD DONKOR....



KINTAMPO RURAL BANK LIMITED

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CHAIRMAN'S REPORT



HON. YAW EFFAH-BAAFI

INTRODUCTION

Distinguished Shareholders, on behalf of the Board of Directors and Management of Kintampo Rural Bank Ltd, I warmly welcome you to the 33rd Annual General Meeting (AGM) of our bank. In line with the dictates of my office, I present to you, the Annual Report and Financial Statements for the financial year ended 31st December 2017. Our bank's financial performance remained robust within the context of a competitive and dynamic banking environment.

ECONOMIC REVIEW

The global economy saw an upturn with some commodity prices appreciating, a gradual rebound in oil prices, a healthy global trade and general easing of monetary policy in the developed world.

The Ghanaian economy saw a turnaround in 2017 following subdued growth in the previous year largely due to the slowdown in economic activities. Inflation dropped from 15.4% in December 2016 to 11.8% in December 2017. Interest rate on the 91-day Government Instrument reduced from 16.8% in December 2016 to 13.3% in December 2017. The Bank of Ghana cut the monetary policy rate by a cumulative 550 basis points from 25.5% in 2016 to 20% by the end of 2017. The exchange rates also saw some relative stability with the US Dollar, our main trading currency, depreciating by 4.5%. There was a healthy growth in GDP estimated at 7.9% at the end of 2017 (as compared with 3.7% in 2016).

THE BANKING INDUSTRY

The performance of the banking industry in Ghana was resilient in the year despite the pressure from a very large energy sector debt. The industry's high non-performing loan (NPL) levels, remained the major driver behind the high lending rates and industry's restricted credit stance.

THE LOCAL ECONOMY

With the booming cashew and mango production in the bank's catchment area, and the launching of a 10-year cashew development plan by the government, it is hoped that there will be improved income flow into our catchment area and ultimately standard of living among the



CHAIRMAN'S REPORT (CONT.)

people in the area.

The above-mentioned development has its opportunities and associated risks in our business. We have however positioned ourselves strategically to ensure that we take advantage of the opportunities and put in risk mitigating factors to ensure value to our Shareholders.

PERFORMANCE OF THE BANK FOR THE YEAR 2017

Ladies and Gentlemen, I am happy to report that in spite of the challenges in 2017, the bank steered its affairs in a manner which was mutually beneficial to all stakeholders resulting in very commendable results. The total assets grew by 19.87% from GH¢27.455 million in 2016 to GH¢32.912 million in 2017. We funded assets growth largely with GH¢4.767 million (27.81%) in new deposits. The total deposit closed at GH¢21.905 million in 2017 from GH¢17.138 million in 2016. Shareholders' Fund also increased by GH¢1.186 million (17%) from GH¢6.890 million to GH¢8.167 million.

As a result of the expansion of our liabilities, we grew our loans and advances portfolio from GH¢9.678 million in 2016 to GH¢10.932 million in 2017, an increase of 12.95%. The bank maintained a relatively high capital adequacy ratio of 38.68% which is well above the minimum regulatory requirement of 10%, providing an ample buffer against any eventualities.

Ladies and Gentlemen, with these resources, your bank generated a total operating income of GH¢6.570 million in 2017 compared to GH¢5.972 million in 2016, thus recording a 10.01% growth over the year. The operating expenses were GH¢4.602 million in 2017 which was 12.36% above the 2016 level of GH¢4.095 million. Consequently, profit before tax of GH¢1.862 million was recorded in 2017 showing an increase of 6.30% on the 2016 figure which confirms that your bank is a viable business entity.

DIVIDEND

Following from the impressive performance, the Board is pleased to recommend 25% of the net profit to be paid as total dividend for the year under review. This translates into a dividend per share of GH¢0.0264. This amounts to a total payout of GH¢339,357.00.

MINIMUM CAPITAL REQUIREMENT

Fellow Shareholders as you are aware, the bank has met the minimum capital requirement of GH¢1,000,000.00 as directed by the Bank of Ghana. However, I am respectfully urging members to increase their shareholdings to enable the bank invest in capital projects such as ATMs, E-Banking propositions to enable us serve you better and also expand our tentacles to other areas.

LENDING

Ladies and Gentlemen, during the year under review the bank extended loans and overdraft facilities of GH¢10,804,917.00 to 4,394



CHAIRMAN'S REPORT (CONT.)

customers representing an increase of 15.10% over the figure in 2016. Even though, the bank continues to extend credit to a larger number of customers within the catchment area, some beneficiaries still continue to default in the loan repayment resulting in a high non-performing loan ratio which stood at 6.16% at the end of 2017.

In this connection, the bank has contracted a Debt Recovery Company to retrieve loans from our recalcitrant defaulters. Loan defaulters are therefore advised in their own interest to pay their overdue loans to avoid any embarrassment.

PARTNERSHIP WITH USAID FinGAP

Ladies and Gentlemen, the bank's partnership with USAID FinGAP has helped us to increase our portfolio in the Agriculture sector especially in three (3) major crops namely maize, rice and soya as well as in its valued chain actors. Unfortunately, the project will end in June 2018 and it is our hope that the US government will extend it for us to continue to give support to our farmers. In the meantime the bank has signed an agreement with Bank of Ghana and Rural Enterprises Project to give loans to our small and medium scale artisans in our catchment area.

My humble appeal to our cherished customers therefore is that, beneficiaries of these loans who have defaulted should make positive efforts to repay them to enable others to also benefit from such facilities.

CORPORATE GOVERNANCE

During the year under review the bank continued to adopt good corporate governance practices, consistent with mandatory and regulatory rules or directives. The bank has in the process restructured its Committees to conform to new trends in the banking industry. The Board has also ensured good internal control processes and adhered strictly to regulatory requirements. The Board of Directors and Management remained committed to upholding the corporate governance standards of transparency, accountability and utmost good faith in its transactions.

HUMAN CAPITAL DEVELOPMENT

Our staff are always at the centre of everything done by the bank. Their ability to deliver as a team remains the driving force for our sustained growth. It is for this reason that we continue to provide our employees with the resources and opportunities necessary to build their careers, reach their full potential and remain effective and be motivated.

CORPORATE SOCIAL RESPONSIBILITIES

Corporate Social Responsibilities remained a key part of our operating model during the year, as we continue to support the communities in our catchment area with tangible projects. It will interest you to know that within the year an amount of GH¢47,175.00 was spent on Corporate Social Responsibilities compared to GH¢29,215.00 in the previous year.



CHAIRMAN'S REPORT (CONT.)

RECOGNITIONS/ACCOLADES

Ladies and Gentlemen, I am proud to report that your bank is still a prestige member of the Ghana Club 100 where it took the 68th position in the 2017 year compared to 69th in the previous year.

OUTLOOK FOR THE YEAR 2018

Fellow Shareholders, we are optimistic about the future of your bank and will continue to position ourselves to take advantage of the immense opportunities in the markets we operate in, in order to grow our earnings, and in so doing deliver good returns to our esteemed shareholders. I would wish to inform you that Bank of Ghana has given approval for the opening of a Mobilization Centre at Babatokuma which said centre has started operations as I address you today. The Board has also approved a five-year Strategic Plan which covers the period from 2018 to 2022. It is envisaged that the bank would extend its tentacles to Sunyani and Kumasi in the very near future to help alleviate the stress that our customers who ply their trades in these areas go through as well as help generate more income and hence profitability for the bank. The bank hopes to commission two (2) ATMs in the course of the year 2018. With the help of ARB Apex Bank Ltd the bank further hopes to introduce innovative digitized banking products and services in the course of the year 2018 and beyond.

40TH ANNIVERSARY OF THE BANK

Dear Shareholders, I would wish to inform you that the Board, Management and Staff of the bank have decided to celebrate the 40th Anniversary of the establishment of your bank in year 2019. Details of the programme for the said celebration shall be made known to all shareholders and stakeholders of the bank in due course.

ACKNOWLEDGEMENT

Ladies and Gentlemen, we as a Board are encouraged by the progress made by the bank in recent years and hope that it will continue to be competitive and viable in the coming years. I congratulate the Board, Management and Staff of the bank for their hard work and for staying the course of our strategies which have worked perfectly up to date. To our cherished customers, I say ayekoo and a big thank you for your patronage and loyalty over the years. I also wish to express the gratitude of the Directors to you the Shareholders for the show of trust and confidence in the Board up to date.

It is my hope that together, we will continue to dedicate ourselves to the building of Kintampo Rural Bank Ltd into a first class rural bank in Ghana in the years ahead.

Thank you for your attention and may the good Lord bless us all.



INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF KINTAMPO RURAL BANK LIMITED

ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2017

Report on the Audit of the Financial Statements

We have audited the accompanying Financial Statement of Kintampo Rural Bank Limited, which comprise the Statement of Financial Position as at 31st December, 2017 the Statement of Comprehensive Income, the Statement of Cash Flows, and the Statement of Changes in Equity for the year ended on that date and summary of significant accounting policies and explanatory notes.

Opinion

In our opinion, the accompanying financial statements show a true and fair view of the financial position of Kintampo Rural Bank Limited as at 31st December 2017, and of its financial performance and cash flows for the year then ended in accordance with the Companies Act, 1963 (Act 179) as amended by Companies (Amendment) Act, 2012, (Act 835), the Banks and Specialised Deposit Taking Institutions, Act 2016, (Act 930), the Anti-Money Laundering Act, 2008, Act 749 (AML), and International Financial Reporting Standards and the Securities Industry Act, 2016, (Act 929).

Basis for Opinion

We conducted our audit in accordance with International Standards of 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 Bank in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with the IESABA Code.

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

Key Audit Matters

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

Kintampo Rural Bank Limited has met the new capital requirement of GH¢1 million by December 31, 2017 as announced by Bank of Ghana.

The Bank has increased its Stated Capital from GH¢1,035,639 (31st December, 2016) to GH¢1,250,662 as at 31st December, 2017 as a result of proceeds from issue of shares of GH¢215,023 in 2017.



INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF KINTAMPO RURAL BANK LIMITED

ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2017

Responsibilities of Management and Directors for the Financial Statements

As described on Page 6 the Bank's Directors are responsible for the preparation of these Financial Statements in accordance with Companies Act, 1963 (Act 179) as amended by Companies (Amendment) Act, 2012, (Act 835), Banks and Specialised Deposit Taking Institutions, Act 2016, (Act 930), Securities Industry Act, 2016, (Act 929) and International Financial Reporting Standards (IFRS). This responsibility includes designing, implementing, and maintaining internal control as Management determines is necessary and relevant to the preparation and fair presentation of the Financial Statements that are free from material misstatements, whether due to fraud or error, and selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in circumstances.

In preparing the Financial Statements Management 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 Management either intends to liquidate the Bank or to cease operations, or has no realistic alternative but to do so.

Management and Board of Directors are responsible for overseeing the Bank's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

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

As part of an audit in accordance with ISAs, we exercise professional 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.



INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF KINTAMPO RURAL BANK LIMITED ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2017

Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Managements.

Conclude on the appropriateness of Management's 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.

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

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

We also provide those charged with governance 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 thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine 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 auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

The Companies Act, 1963 (Act 179) as amended by Companies (Amendment) Act, 2012, (Act 835) requires that in carrying out our audit we report on the following.



INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF KINTAMPO RURAL BANK LIMITED
ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2017

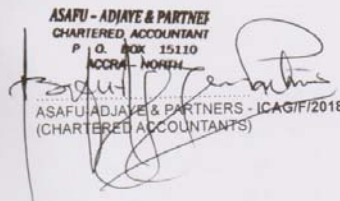
We confirm that;

- 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, so far as appears from our examination of those books, and
- iii) The Statement of Financial Position, the Statement of Comprehensive Income, the Statement of Cash Flows and the Statement of Changes in Equity of the Bank and are in agreement with the books of account.

The Banks and Specialised Deposit-Taking Institutions Act, 2016, (Act 930) requires that we state certain matters in our Report. We hereby certify that;

- a) The financial statements give a true and fair view of the State of Affairs as at 31st December, 2017 of the Bank for the year ended on that date.
- b) We obtained all the information and explanation required for the efficient performance of our audit.
- c) The Bank's transactions are within their powers; and
- d) The Bank has generally complied with the provisions of the Banks and Specialised Deposit-Taking Institutions Act, 2016, (Act 930), Anti-Money Laundering Act, 2008, Act 749 (AML) and Anti-Terrorism Act, 2008, (Act 762).

The engagement partner on the audit resulting in this independent auditor's report is Baffour Gyawu Jnr. (ICAG/P/1340)

ASAFU - ADJAYE & PARTNERS
CHARTERED ACCOUNTANT
P. O. BOX 15110
ACCRA - NORTHERN

ASAFU ADJAYE & PARTNERS - ICAG/P/2018/140
(CHARTERED ACCOUNTANTS)

30th April, 2018



KINTAMPO RURAL BANK LIMITED
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31ST DECEMBER, 2017

	<u>NOTE</u>	<u>2017</u> <u>GH¢</u>	<u>2016</u> <u>GH¢</u>
Interest Income	4	6,849,189	6,213,210
Interest Expenses	5	(1,109,203)	(1,056,045)
Net Interest Income		5,739,986	5,157,165
Fees & Commissions	6	830,191	814,957
Operating Income		6,570,177	5,972,122
Operating Expenses	7	(4,602,158)	(4,095,602)
Loan Impairment Charge	8	(105,559)	(124,499)
Profit Before Taxation		1,862,460	1,752,021
Income Tax Expense	9	(505,031)	(473,785)
Profit after Tax		1,357,429	1,278,236



KINTAMPO RURAL BANK LIMITED
STATEMENT OF FINANCIAL POSITION
FOR THE YEAR ENDED 31ST DECEMBER, 2017

	NOTES	2017 GH¢	2016 GH¢
ASSETS			
Cash & bank balances	12	2,410,382	2,448,770
Investments	13	16,850,000	12,710,000
Loans and advances	14	10,932,323	9,678,309
Other Assets	15	1,651,991	1,474,180
Investment in Equity	16	49,704	49,704
Property Plant and Equipment	17	1,018,389	1,094,288
Total Assets		32,912,789	27,455,251
LIABILITIES			
Deposits and Current Accounts	18	21,905,640	17,138,324
Creditors and Accruals	19	2,681,857	3,202,693
Taxation	9	158,292	133,296
Total Liabilities		24,745,789	20,474,313
SHAREHOLDERS' FUNDS			
Stated Capital	21	1,250,662	1,035,639
Statutory Reserve Fund	22	1,332,166	1,162,487
Capital Surplus	23	39,404	39,404
Retained Earnings		5,277,949	4,472,489
Community Development Fund	24	166,035	169,810
General Pension Fund	25	100,784	101,109
Total Shareholders' Fund		8,167,000	6,980,938
Total Liabilities and Shareholders' Funds		32,912,789	27,455,251

These financial statements were approved by the Board of Directors and signed on its behalf by:


 DIRECTOR


 DIRECTOR

23rd March 2018



KINTAMPO RURAL BANK LIMITED

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31ST DECEMBER 2017**

	Stated Capital GH¢	Retained Earnings GH¢	Statutory Reserve Fund GH¢	Capital Surplus GH¢	Development Fund GH¢	General Pension Fund GH¢	Total GH¢
2017							
Balance at 1 st January	1,035,639	4,472,489	1,162,487	39,404	169,810	101,109	6,980,938
Profit for the Year	-	1,357,429					1,357,429
Prior Year Adjustment		(3,060)					(3,060)
Dividend		(319,230)					(319,230)
Share Issued	215,023						215,023
Transfer To Community Dev't Fund	-	(30,000)		-	30,000	30,000	-
Transfer To General Welfare Fund	-	(30,000)		-		0	-
Transfer To Statutory Reserve Fund	-	(169,679)	169,679	-	-	-	-
Funds Applied	-	-		-	(33,775)	(30,325)	(64,100)
Capital Reserve written-off							0
Balance at 31 st December	1,250,662	5,277,949	1,332,166	39,404	166,035	100,784	8,167,000



KINTAMPO RURAL BANK LIMITED

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31ST DECEMBER 2016**

2016	Stated Capital GH¢	Retained Earnings GH¢	Statutory Reserve Fund GH¢	Capital Surplus GH¢	Development Fund GH¢	General Pension Fund GH¢	Total GH¢
Balance at 1 st January	851,350	3,604,152	1,002,707	39,404	191,570	123,053	5,812,236
Profit for the Year	-	1,278,236					1,278,236
Dividend		(250,119)					(250,119)
Share Issued	184,289						184,289
Transfer To Community Dev't Fund	-	(0)		-	0	-	-
Transfer To General Welfare Fund	-	(0)		-		0	-
Transfer To Statutory Reserve Fund	-	(159,780)	159,780	-	-	-	-
Funds Applied	-	-	-	-	(21,760)	(21,944)	(43,704)
Capital Reserve written-off							0
Balance at 31 st December	1,035,639	4,472,489	1,162,487	39,404	169,810	101,109	6,980,938



KINTAMPO RURAL BANK LIMITED
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31ST DECEMBER, 2017

OPERATING ACTIVITIES

	<u>2017</u> <u>GH¢</u>	<u>2016</u> <u>GH¢</u>
Profit before Tax	1,862,460	1,752,021
Adjustments for:		
Depreciation	213,431	190,545
Community Development Fund Applied	(33,775)	(21,760)
General Pension Fund Applied	(30,325)	(21,944)
Income Tax Paid	(483,095)	(340,489)
Adjustment for Income Tax/Prior Year	376	(2,619)
Operating Profit before Working Capital Changes	1,529,072	1,555,754

Changes in Working Capital

Change in Loans and Advances to Customers	(1,254,014)	(1,570,632)
Change in Other Assets	(178,187)	(719,381)
Change in Customer's Savings and Deposits	4,767,316	2,909,025
Change in Creditors & Accruals	(520,836)	1,111,219
Net Cash Flow from Operating Activities	4,343,351	1,730,231

INVESTING ACTIVITIES

Purchase of Property and Equipment	(137,532)	(52,647)
Purchase of Treasury Bills & Other Eligible Bills	(4,140,000)	(2,650,000)
Dividend	(319,230)	(250,119)
Net Cash flow from Investing Activities	(4,596,762)	(2,952,766)

FINANCING ACTIVITIES

Additional Shares Issued	215,023	184,289
Net Cash Flow from Financing Activities	215,023	184,289
Net (Decrease)/Increase in Cash and Cash Equivalent	(38,388)	517,508

ANALYSIS OF CHANGES IN CASH AND CASH EQUIVALENT DURING THE YEAR

Cash and Cash Equivalents at beginning of year	2,448,770	1,931,262
Net (Decrease)/Increase in Cash and Cash Equivalent	(38,388)	517,508
Cash and Cash Equivalents at end of the year	2,410,382	2,448,770



KINTAMPO RURAL BANK LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER, 2017

1) **CORPORATE INFORMATION**

Kintampo Rural Bank Limited is a bank incorporated in Ghana. The Bank operates unit banking. The address of the registered office of the bank is Box 98, Kintampo-Brong Ahafo Region-Ghana West Africa.

2) **BASIS OF PREPARATION OF FINANCIAL STATEMENTS**

a) **Statement of Compliance**

The financial statements of Kintampo Rural Bank Limited have been prepared in accordance with International Financial Reporting Standards (IFRS) and under the historical cost convention except as disclosed in the accounting policies below.

b) **Use of Estimates and Judgement**

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

c) **Functional and Presentational Currency**

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

b) **Significant Accounting Policies**

The significant accounting policies adopted by the Bank which have been used in preparing these financial statements are as follows;

c) **Revenue Recognition**

i) **Interest Income and Expenses**

Interest income and expenses are recognised in the statement of comprehensive income for all financial instruments measured at amortised cost using the effective interest rate method. The effective interest rate method is a method of calculating the amortised cost of a financial asset or a financial liability and of allocating the interest income or interest expense over the relevant period.



KINTAMPO RURAL BANK LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER, 2017

The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instruments, when appropriate, a shorter period to the net carrying amount of the financial asset or liability. When calculating the effective interest rate, the Bank estimates cash flows considering all contractual terms of the financial instrument but does not consider future credit losses. The calculation includes all fees paid or received between parties to the contract that are an integral part of the instrument.

When a financial asset or group of similar financial assets have been written down as a result of impairment, interest income is recognised using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. Interest income and expenses on financial assets and liabilities held at fair value through profit or loss is recognised in the income statement in the period they arise.

ii) **Fees & Commissions**

Fees and commission income and expenses that are an integral part to the effective interest rate on financial instruments are included in the measurement of the effective interest rate. Fees and commissions relating to specific services are recognised as revenue when the related services are performed.

iii) **Other Operating Income**

Other income comprises gains or losses arising on fair value changes in trading assets and liabilities and derecognised available for sale financial assets.

d) **Financial Assets and Financial Liabilities**

i) **Categorisation of Financial Assets and Financial Liabilities**

The Bank classifies its financial assets in the following categories; financial assets held at fair value through profit or loss, loans and receivables, available for sale financial assets and held to maturity investments. Financial liabilities are classified as either held at fair value through profit or loss, or amortised cost. Management determines the categorisation of its financial assets and financial liabilities at initial recognition.

- ii) Financial assets and Financial Liabilities at Fair Value through profit or loss is a financial asset or financial liability that meets either of the following conditions;

g) **Held for Trading**

A financial asset or liability is classified as held for trading if it is; acquired or incurred principally for the purpose of selling or repurchasing in the near future; or part of a portfolio of identified instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit making.



KINTAMPO RURAL BANK LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER, 2017

h) Designated at Fair Value Through Profit or Loss

Upon initial recognition as financial asset or financial liability, it is designated by the Bank at fair value through profit or loss except for investment that do not have a quoted market price in an active market and whose fair value cannot be reliably measured.

l) Loans and Advances

Loans and advances are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market.

i) Property, Plant and Equipment

Items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses. Cost includes expenditures that are directly attributable to the acquisition of the asset. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Bank and the cost can be measured reliably. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

An impairment loss is recognised if the carrying amount of an asset exceeds its recoverable amount. The recoverable amount of an asset is greater of its value in use and fair value less cost to sell. Impairment losses are recognised in the Income Statement.

Depreciation is recognised in the income statement on a straight -line basis over the estimated useful lives of each part of an item of property, plant and equipment. Land is not depreciated. The current annual depreciation rates for each class of property, plant and equipment calculated in the month of acquisition are as follows;

Buildings	5%
Plant & Machinery	10%
Motor Vehicles	33.3%
Office Equipment	25%
Furniture & Fittings	20%
Computer and Accessories	25%

j) Taxation

The Bank provides for income taxes at the current tax rate on the taxable profits of the Bank. Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the balance sheet date and any adjustment to tax payable in respect of previous years. No provision is made for deferred tax.



KINTAMPO RURAL BANK LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER, 2017

k) **Employee Benefits**

Post Employment Benefits

a) **Social Security and National Insurance Trust (SSNIT)**

Under a National Deferred Benefit Pension Scheme, the Bank contributes 13% of employees' basic salary to SSNIT for employees' pensions. The Bank's obligation is limited to the relevant contributions which were settled on due dates. The pension liabilities and obligations, however, rest with SSNIT.

b) **Provident Fund**

The Bank has a provident Fund Scheme for all employees who have permanent status with the Bank. Employees contribute 6% of their basic salary to the fund whilst the Bank contributes 10%. The obligation under the plan is limited to the relevant contribution and these are settled on due dates.

l) **Provision**

Provisions are recognised when the Bank has a present legal or constructive obligation as a result of past events, it is more likely than not, that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Where the obligation is expected to be settled over a period of years, the provision is discounted using a discount rate appropriate to the nature of the provisions.

m) **Dividend**

Dividend declared is treated as an appropriation of profits in the year of approval, whilst dividend proposed is disclosed as a note to the financial statements.

n) **Borrowings**

Borrowings are recognised initially at fair value, net of transaction cost incurred. Borrowings are subsequently stated at amortised cost. Any difference between the amount initially recognised (net of transaction cost) and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest rate method.

Borrowings are classified as non-current liabilities where the Bank has an unconditional right to defer settlement of liability for at least twelve months after the balance sheet date. Borrowing costs relating to an acquisition, construction or production of a qualifying asset are capitalised as part of the cost of the asset. All other borrowing costs are expensed as incurred.



o) **Post Balance Sheet Events**

p) **Cash and Cash Equivalent**

3) COMMITMENTS AND CONTINGENCIES

The Bank enters into various commitments in the normal course of banking.

There were no contingent liabilities at the end of the year.

There were no commitments for Capital Expenditure at the end of the year.

<u>2017</u> <u>GH¢</u>	<u>2016</u> <u>GH¢</u>
3,874,712	3,674,208
2,974,477	2,539,002
=====	=====
6,849,189	6,213,210
=====	=====
385,602	359,703
723,601	696,342
=====	=====
1,109,203	1,056,045
=====	=====

Interest on Savings & Deposits
Interest on Fixed Deposits

KINTAMPO RURAL BANK LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER, 2017

6) **FEES & COMMISSION INCOME**

	<u>2017</u> <u>GH¢</u>	<u>2016</u> <u>GH¢</u>
Commission and Fees	49,899	67,665
Commitment Fees	350,831	329,128
Other Income	393,705	367,582
Remittances	12,708	17,675
Sundries (SMSCharges& Bad Debt Recovery)	23,048	32,907
	-----	-----
	830,191	814,957
	=====	=====

7) **OPERATING EXPENSES**

a) Staff Costs	2,256,666	1,928,840
b) Occupancy Costs	339,227	323,997
c) General Administrative Expense	2,006,265	1,842,765
	-----	-----
Total Operating Expenses	4,602,158	4,095,602
	=====	=====

a) **Staff Costs**

Salaries, Wages & Allowances	1,933,043	1,667,863
Other Staff Costs	246,815	217,065
Training	57,832	29,858
Medical Expenses	18,976	14,054
	-----	-----
	2,256,666	1,928,840
	=====	=====

b) **Occupancy Costs**

Rent & Rates	30,620	30,989
Repairs and Maintenance	64,562	41,454
Electricity and Water	234,854	243,250
Housing	9,191	8,304
	-----	-----
	339,227	323,997
	=====	=====



KINTAMPO RURAL BANK LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER, 2017

c) **GENERAL ADMINISTRATIVE EXPENSES**

	<u>2017</u> <u>GH¢</u>	<u>2016</u> <u>GH¢</u>
Directors' Remuneration	57,100	47,560
Board Meeting Expenses	284,423	246,743
Travelling and Transport	109,478	234,474
Printing and Stationery	79,547	93,334
Telephone & Postages	22,082	27,538
Police Guard Expenses	102,463	75,370
General Office Expenses	37,194	64,686
Mobilization Expenses	8,553	11,960
Licensing & Operational Levy	6,595	5,460
Legal Expenses	500	3,380
Vehicle Running Expenses	95,142	92,895
Recruitment & Selection	13,061	5,868
Annual Gen. Meeting Expenses	53,914	59,815
Audit Expenses	14,497	10,961
Audit Fees	13,200	12,000
Loan Recovery expenses	383	0
Insurance	58,855	54,154
Generator Expenses	17,855	27,267
Computerization Expenses	155,526	126,048
Entertainment	4,385	11,075
Advertising and Publicity	28,900	26,528
Specie Movement Expenses	9,331	9,796
Susu Expenses	393,222	311,977
Subscription/Dues/Newspapers	71,725	40,029
Bank Charges	14,327	4,324
Donations	8,360	7,745
Depreciation	213,431	190,545
Funeral Expenses	10,730	14,116
E-zwich Expenses	50,000	7,529
Cleaning /Sanitation	21,486	19,588
40 th Anniversary Celebration Expenses	50,000	0
	2,006,265	1,842,765
	=====	=====

8) **LOAN IMPAIRMENT**

Bad debts written off	0	0
Charge for the year	105,559	124,499
	-----	-----
Revised Charge	105,559	124,499
	=====	=====



KINTAMPO RURAL BANK LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER, 2017

9) **TAXATION**

<u>Year</u>	<u>1st January</u>	<u>Payments</u>	<u>Charge for</u>	<u>31st December</u>
	<u>GH¢</u>	<u>GH¢</u>	<u>Year</u>	<u>GH¢</u>
			<u>GH¢</u>	
2013	0	100,560	100,560	0
2014	0	103,740	103,740	0
2015	0	118,561	118,561	0
2016	0	340,489	476,845	136,356
2017	136,356	483,095	505,031	158,292

The Bank's Tax liability as at 31st December, 2017 is **GH¢158,292**

All liabilities are subject to agreement with the Ghana Revenue Authority (Domestic Revenue Division).

10) **BASIC EARNINGS PER SHARE**

Basic earnings per share were based on profit attributable to ordinary shareholders and ordinary shares in issue during the year.

11) **PROPOSED DIVIDEND**

Total Dividend amounting to **GH¢339,857** proposed by the Directors to be paid to qualifying shareholders.

12) **CASH AND BANK BALANCES**

Cash Balance
 Current Account Balance- ARB APEX Bank Limited
 5% Placement - ARB APEX Bank Limited
 E-zwich Account

<u>2017</u>	<u>2016</u>
<u>GH¢</u>	<u>GH¢</u>
1,036,273	977,836
301,164	596,862
1,027,759	867,361
45,186	6,711
-----	-----
2,410,382	2,448,770
=====	=====
6,750,000	7,110,000
8,000,000	5,500,000
2,100,000	100,000
-----	-----
16,850,000	12,710,000
=====	=====

13) **INVESTMENTS**

Treasury Bills – BOG
 Others – SIC/Bond
 ACOD



KINTAMPO RURAL BANK LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER, 2017

14) **LOANS & ADVANCES**

Loans and Overdraft
Less: Provision for Bad & Doubtful Debts

<u>2017</u>	<u>2016</u>
<u>GH¢</u>	<u>GH¢</u>
11,556,921	10,197,348
624,598	(519,039)
-----	-----
10,932,323	9,678,309
=====	=====

Provision for Impairment:

Balance at 1st January
Bad Debts Written Off
Loan Impairment Charge

Balance at 31st December

519,039	808,780
0	(414,240)
105,559	124,499
-----	-----
624,598	519,039
=====	=====

15) **OTHER ASSETS**

Managed Fund Loans
Office Account (Debit)
Stationery Stocks
Insurance – Prepayments
Inter Agencies/Suspense
Defalcation Account
Automatic Generated
Rent – Prepayments
Interest in Arrears

104,715	104,715
918,334	790,251
74,004	81,251
9,790	8,158
0	118
0	2,182
19,790	23,559
128,168	141,168
397,190	322,778
-----	-----
1,651,991	1,474,180
=====	=====

16) **INVESTMENT IN EQUITY**

Apex Bank Limited-Ordinary Shares

49,704	49,704
=====	=====



17) PROPERTY, PLANT & EQUIPMENT

COST

Balance at 1st January
Additions during the year
Transfer during the year

Balance at 31st December

Depreciation

Balance at 1st January
Charge for the Year
Transfers

Balance at 31st December

Net Book Values

31st December, 2017

31st December, 2016

	Land & Buildings GH¢	Computers & Accessories GH¢	Motor Vehicles GH¢	Furniture & Fittings GH¢	Office Equipment GH¢	Work In Progress GH¢	Plant & Generator GH¢	Total GH¢
Balance at 1 st January	1,031,674	126,146	236,074	123,748	174,226	7,498	59,693	1,759,059
Additions during the year	0	70,698	0	28471	38,363	0	0	137,532
Transfer during the year	0	(27,972)	(3,819)	(20,085)	(17,820)	0	0	(69,696)
Balance at 31 st December	1,031,674	168,872	232,255	132,134	194,769	7,498	59,693	1,826,895
Balance at 1 st January	241,464	90,934	120,862	85,552	109,681	0	16,278	664,771
Charge for the Year	51,584	23,035	59,081	25,439	43,809	7498	2,985	213,431
Transfers	0	(27,972)	(3,819)	(20,085)	(17,820)	0	0	(69,696)
Balance at 31 st December	293,048	85,997	176,124	90,906	135,670	0	19,263	808,506
31 st December, 2017	738,626	82875	56,131	41,228	59,099	0	40,430	1,018,389
31 st December, 2016	790,210	35,212	115,212	38,196	64,545	7,498	43,415	1,094,288



KINTAMPO RURAL BANK LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER, 2017

18) **DEPOSITS AND CURRENT ACCOUNTS**

a) **Analysis By Type of Deposit**

	<u>2017</u> <u>GH¢</u>	<u>2016</u> <u>GH¢</u>
Savings Accounts	10,679,558	7,269,418
Demand Accounts	2,773,835	2,410,171
Time Deposits	4,092,745	3,948,657
Susu	3,975,295	3,419,411
E-zwich Holding	384,207	90,667
	<hr/>	<hr/>
	21,905,640	17,138,324
	=====	=====

19) **CREDITORS & ACCRUALS**

Loan Insurance Cover	66,418	37,259
Unearned Discount on Treasury Bills	403,729	259,413
Audit Fees	7,200	5,000
Office Account Credit	255,412	249,831
SIF Insurance	3,978	3,978
Payment Order	790,342	1,106,292
Accrued Interest	131,269	148,619
Managed Funds	179,400	179,400
Interest on Managed Funds	13,419	13,419
Interest in Suspense	0	609,059
Micro – Finance Project	49,000	29,247
Unassigned Lines	0	3,218
CCC Settlement Ac /Planting For food/Jobs	171	0
MmaanNkosuo Scheme	173,129	117,882
Dividend Account	365,018	322,929
Unearned Interest on Loan	201,392	99,788
Susu Project Account	32,433	14,996
Bancassurance Account	9,547	2,363
	<hr/>	<hr/>
	2,681,857	3,202,693
	=====	=====



KINTAMPO RURAL BANK LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER, 2017

20) FINANCIAL RISK MANAGEMENT

i) Introduction and Overview

The Bank has exposure to the following risks from its use of financial instruments:

Credit risk
Liquidity risk
Market risk
Operational risk

This note presents information about the Bank's exposure to the above risks, the bank's objectives, policies and processes for measuring and managing risk, and the Bank's management of capital.

The Board of Directors has overall responsibility for the establishment and oversight of the Bank's risk management structure. The Board has established the necessary committees which are responsible for developing and monitoring the Bank's risk management policies. These committees include members of the Bank's Management Committee and report regularly to the Board of Directors.

The Bank's risk management policies are established to identify and analyse the risks faced by the Bank, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions, products and services offered. The Bank, through its training and management standards and procedures, has developed a disciplined and constructive control environment, in which all employees understand their roles and obligations.

The Bank's Audit Committee is responsible for monitoring compliance with the Bank's risk management policies and procedures, and reviewing the adequacy of the risk management structure in relation to the risks faced by the Bank.

ii) Credit Risk

Credit risk is the risk of financial loss to the Bank is a customer or counter party to a financial instrument fails to meet its contractual obligations, and arises principally from the Bank's loans and advances to customers and other Bank and investment securities.

The Loan and Mobilisation sub-committee of the board has responsibility for credit risk issues. Procedures for managing credit risk are determined at the business levels with specific policies and procedures being adopted to different risk environment and business goals. Risk officers are located in the business to maximize the efficiency of decision making.

The businesses working with the Risk Officers take responsibility for managing pricing for risk, portfolio diversification and overall asset quality within the requirements of the Bank's standards, policies and business strategy.



KINTAMPO RURAL BANK LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER, 2017

iii) **Liquidity Risk**

The Bank defines liquidity risk as the risk that the Bank will encounter difficulty in meeting obligations associated with its financial liabilities that are settled by delivering cash or another financial asset.

It is the policy of the Bank to maintain adequate liquidity at all times. Hence it aims to be in a position to meet all obligations, to repay depositors, to fulfill commitments to lend and to meet any other commitments.

Liquidity risk management is governed by the Bank's Asset and Liability Management Committee (ALCO), which is chaired by the Supervising Manager. ALCO is responsible for both statutory and prudential liquidity. These responsibilities include the provision of authorities, policies and procedures, maintaining a liquidity crisis contingency plan

iv) **Market Risks**

The Bank recognizes market risk as the exposure created by potential changes in market prices and rates, such as interest rates. The Bank is exposed to market risk arising principally from customer driven transactions.

Market risk is governed by the Bank's risk office which is supervised by ALCO, and which agrees policies and procedures.

i) **Operational Risks**

Operational risk is the direct or indirect loss due to an event or action resulting from the failure of internal processes, people and systems, or from external events. The Bank seeks to ensure that key operational risks are managed in a timely and effective manner through a structure of policies, procedures and tools to identify assess, monitor, control and report such risks.

vi) **Compliance and Regulatory Risk**

Compliance and Regulatory risk includes the risk of non-compliance with regulatory requirements. The Bank's compliance and Regulatory Risk function is responsible -for establishing and maintaining an appropriate structure of the Bank's compliance policies and procedures. Compliance with such policies is the responsibility of all managers.



KINTAMPO RURAL BANK LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER, 2017

21a. STATED CAPITAL

Authorized

Number of Shares of no par value
 Ordinary Shares

2017		2016	
Number	GH¢	Number	GH¢
15,000,000		15,000,000	
Issued Shares			
Ordinary Shares at 1 st January	11,769,059	1,035,626	10,019,818
Capitalization	0	0	0
Issue of New Shares	1,075,111	215,023	1,749,241
31 st December	12,844,170	1,250,649	10,019,818
Preference Shares	125,000	13	125,000
		1,250,662	1,035,639

There is no unpaid liability on any share and there is no share in Treasury.

21b. TWENTY LARGEST SHAREHOLDERS

Name of Shareholder

- 1 Effah-Baafi Yaw
- 2 Boyd Donkor
- 3 Isaac Gyamfi-Boateng
- 4 Abubakari Sulemana
- 5 Donyina Ameyaw Samuel
- 6 Takyi Ekuban Kwabena
- 7 Agyapong Adu-Baah
- 8 Kwadwo Asante Philip
- 9 Akua Serwaa's Children
- 10 Appiah Donyina
- 11 Kwasi Fah Joseph
- 12 Kwabena Appiah Joseph
- 13 Kodom Martin Kwame
- 14 Tumtuo Christiana Nana
- 15 Kwaku Adamu George
- 16 Gyasi Kwasi
- 17 Depay Emmanuel
- 18 Peprah Wiredu Yaw
- 19 Owusu Mensah Mathew
- 20 Elizabeth Adjei/Isaac Yaw Twumasi

Shareholding
Number

Percentage
Holding

1,206,412	9.39
1,101,923	8.58
503,120	3.92
500,008	3.89
384,110	2.99
357,007	2.78
319,972	2.49
284,993	2.22
236,425	1.84
229,984	1.79
227,203	1.77
175,956	1.37
170,019	1.32
169,012	1.32
154,881	1.21
144,057	1.12
135,213	1.05
133,165	1.04
121,180	0.94
115,932	0.90
6,670,572	51.93
12,844,170	
51.93%	

TOTAL

TOTAL SHARES

% OF TOP 20 SHAREHOLDERS TOTOTAL SHARES



KINTAMPO RURAL BANK LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER, 2017

	<u>2017</u> <u>GH¢</u>	<u>2016</u> <u>GH¢</u>
22 <u>STATUTORY RESERVE FUND</u>		
Balance at 1 st January	1,162,487	1,002,707
Transfer From Retained Earnings	169,679	159,780
	-----	-----
Balance at 31 st December	1,332,166	1,162,487
	=====	=====
The transfer to Statutory Reserve Fund represents 12.5% of the Bank's net profit after tax and before dividend for the year. The transfer is in compliance with Section 29 of the Banking Act, 2004 (Act 673).		
23 <u>CAPITAL SURPLUS</u>		
Balance at 1 st January	39,404	39,404
Transfer during the year	0	0
	-----	-----
Balance at 31 st December	39,404	39,404
	=====	=====
24 <u>COMMUNITY DEVELOPMENT FUND</u>		
Balance at 1 st January	169,810	191,570
Funds Transferred	30,000	0
Funds Applied	(33,775)	(21,760)
	-----	-----
Balance at 31 st December	166,035	169,810
	=====	=====
25 <u>GENERAL PENSION FUND</u>		
Balance at 1 st January	101,109	123,053
Funds Transferred	30,000	0
Funds Applied	(30,325)	(21,944)
	-----	-----
Balance at 31 st December	100,784	101,109
	=====	=====



KINTAMPO RURAL BANK LIMITED
2017 YEAR OF ASSESSMENT
TAX COMPUTATION

	GH¢
Profit before tax	1,862,460
Add Back: Depreciation	213,431
Loan Impairment Charge	105,559

Adjusted Profit	2,181,450
Capital Allowances	(161,327)

Chargeable income	2,020,123

Tax thereon @ 25%	505,031
	=====

CAPITAL ALLOWANCE COMPUTATION
2017 YEAR OF ASSESSMENT

<u>CLASS</u>	<u>WDV</u> <u>1/1/2017</u> <u>GH¢</u>	<u>ADDITIONS</u> <u>GH¢</u>	<u>TOTAL</u> <u>GH¢</u>	<u>RATE</u> <u>%</u>	<u>DEP</u> <u>GH¢</u>	<u>WDV</u> <u>31/12/2017</u> <u>GH¢</u>
1	21,571	70,698	92,269	40	36,907	55,362
2	102,663	0	102,663	30	30,798	71,865
4	135,189	66,834	202,023	20	40,404	161,619
5	9,328	0	9,328	10	932	8,396
5a	9,387	0	9,387	10	938	8,449
5b	7,899	0	7,899	10	789	7,110
5c	175,275	0	175,271	10	17,527	157,744
5d	330,328	0	330,328	10	33,032	297,296
	-----				-----	
	791,640				161,327	
	=====				=====	



KINTAMPO RURAL BANK LIMITED
CORPORATE TAX PAID SUMMARY

2016
2017

2017
GH¢

151,844.84
331,250.00

483,095.00
=====

TAXATION

Year of
Assessment

Date

Receipt No.

Cheque No.

Amount
GH¢

2016

12/05/17
30/05/17
14/07/17

2286247
2286401
2286613

000987 ARB
001039 ARB
001145 ARB

133,296.00
15,489.00
3,059.84

151,844.84
=====

TAXATION

Year of
Assessment

Date

Receipt No.

Cheque No.

Amount
GH¢

2017

30/05/17
29/06/17
20/09/17
27/12/17

2286008
2286513
2286613
2287704

000789 ARB
001100 ARB
001246 ARB
004612 ARB

81,250
87,500
81,250
81,250

331,250
=====



Head Office

0501255074/0501255080/0202216234

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Kintampo: 0501255075/0501387529

Jema: 0501255078/0205152944

Buipe: 05012255079/0241085822

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