

OTUASEKAN RURAL BANK LIMITED

STATEMENT OF COMPREHENSIVE INCOME **FOR THE YEAR ENDED 31 DECEMBER, 2021**

	<u>2021</u> GH¢	<u>2020</u> GH¢
Interest Income	20,451,716	15,504,784
Interest Expense	<u>(2,596,664)</u>	<u>(2,111,606)</u>
Net Interest Income	17,855,052	13,393,178
Commission and Fees	1,761,715	1,306,379
Other Income	<u>295,322</u>	<u>436,450</u>
Total Income	19,912,089	15,136,007
Loan Impairment Charge	(1,476,767)	(351,007)
Personnel Expenses	(10,423,328)	(7,463,912)
Depreciation & Amortisation	(617,619)	(712,221)
Operating Expenses	<u>(5,689,967)</u>	<u>(5,153,471)</u>
Profit Before Taxation	1,704,408	1,455,396
Income Tax Expense	<u>(692,517)</u>	<u>(647,406)</u>
Total Comprehensive Income for the year	<u>1,011,891</u>	<u>807,990</u>
Earnings per share:		
Basic earnings per share (GH¢)	<u>0.11</u>	<u>0.09</u>
Diluted earnings per share (GH¢)	<u>0.11</u>	<u>0.09</u>

OTUASEKAN RURAL BANK

STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER, 2021

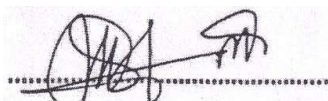
	<u>2021</u>	<u>2020</u>
	GH¢	GH¢
<u>Assets</u>		
Cash and Bank Balances	17,522,554	18,910,305
Non-Pledged Trading Assets	77,231,240	69,591,853
Loans & Advances	34,375,492	28,708,842
Investment Securities	53,704	53,704
Other Assets	2,004,475	1,060,570
Taxation	66,355	-
Deferred tax-Asset	396,328	228,325
Intangible Asset	295,807	333,975
Property, Plant and Equipment	2,712,029	2,990,699
Total Assets	<u>134,657,984</u>	<u>121,878,273</u>
<u>Liabilities</u>		
Deposits from Customers	116,938,571	104,941,044
Creditors and Accruals	3,769,625	3,729,306
Taxation	-	115,262
Other Liabilities	1,195,179	914,112
Total Liabilities	<u>121,903,375</u>	<u>109,699,724</u>
<u>Shareholder's Fund</u>		
Stated Capital	2,458,995	2,435,346
Retained Earnings	7,579,930	7,142,931
Statutory Reserve Fund	2,629,370	2,502,884
Capital Surplus	63,619	63,619
Credit Risk Reserve	22,695	33,769
Total Shareholders' Fund	<u>12,754,609</u>	<u>12,178,549</u>
Total liabilities and shareholders' fund	<u>134,657,984</u>	<u>121,878,273</u>

Approved by the Board of Directors on 25th April, 2022 and signed on its behalf by:

DIRECTOR:



DIRECTOR:



OTUASEKAN RURAL BANK LTD

STATEMENT OF CASH FLOWS

YEAR ENDED 31 DECEMBER

Cash Flows from Operating Activities	<u>2021</u>	<u>2020</u>
	GH¢	GH¢
Profit Before Tax	1,704,408	1,455,396
Depreciation & Amortisation	617,619	712,221
Interest Received	30,797	97,575
Cash Flows from Operating activities before changes in operating Assets & Liabilities	2,352,824	2,265,192
<u>Changes in Operating Assets & Liabilities</u>		
Change in Loans and Advances to Customers	(5,666,650)	(2,032,260)
Change Other Assets	(943,906)	(165,735)
Change in Deposits and Current Account	11,997,527	28,878,195
Funds Applied	(205,081)	(96,062)
Change in Creditors & Accruals	40,319	1,576,036
Cash generated from Operating Activities	7,575,032	30,425,367
Tax Paid	(1,042,136)	(492,089)
Net Cash Generated From Operating Activities	6,532,896	29,933,278
<u>Cash Flows from Investing Activities</u>		
Purchase of Property and Equipment	(300,780)	(264,154)
Purchase of Intangible Assets	(0)	(381,686)
Purchase of Treasury Bills and Other Eligible Bills	(7,639,387)	(24,334,874)
Dividend Paid	(4,129)	(15,068)
Net Cash used in Investing Activities	(7,944,296)	(24,995,782)
<u>Cash flows From Financing Activities</u>		
Additional Shares Issued	23,649	22,862
Net Cash used in Financing Activities	23,649	22,862
Net (decrease)/Increase in Cash and Cash Equivalent	(1,387,751)	4,960,359
Cash and Cash Equivalent at beginning of Year	18,910,305	13,949,946
Cash and Cash Equivalent at end of the year	17,522,554	18,910,305

OTUASEKAN RURAL BANK

STATEMENT OF CHANGES IN EQUITY

<u>2021</u>	<u>STATED CAPITAL</u> GH¢	<u>RETAINED EARNINGS</u> GH¢	<u>STATUTORY RESERVE FUND</u> GH¢	<u>CAPITAL SURPLUS</u> GH¢	<u>CREDIT RISK RESERVE</u> GH¢	<u>TOTAL</u> GH¢
At 1 January, 2021	2,435,346	7,142,931	2,502,884	63,619	33,769	12,178,549
Profit for the year	-	1,011,891				1,011,891
Dividend Paid	-	(4,129)				(4,129)
Issue of additional shares	23,649					23,649
Transfer to Statutory Reserve		(126,486)	126,486			
Transfer to credit risk Reserve		11,074			(11,074)	
Transfers to Other Funds		(455,351)				(455,351)
At 31 December, 2021	2,458,995	7,579,930	2,629,370	63,619	22,695	12,754,609
<u>2020</u>	<u>STATED CAPITAL</u> GH¢	<u>RETAINED EARNINGS</u> GH¢	<u>STATUTORY RESERVE FUND</u> GH¢	<u>CAPITAL SURPLUS</u> GH¢	<u>CREDIT RISK RESERVE</u> GH¢	<u>TOTAL</u> GH¢
At 1 January, 2020	2,412,484	6,676,567	2,300,886	63,619	181,905	11,635,460
Profit for the year	-	807,990	-	-		807,990
Dividend Paid	-	(15,068)				(15,068)
Issue of additional shares	22,862					22,862
Transfer to Statutory Reserve		(201,998)	201,998			-
Transfer to credit risk Reserve		148,136			(148,136)	-
Transfers to Other Funds		(272,697)				(272,697)
At 31 December, 2020	2,435,346	7,142,931	2,502,884	63,619	33,769	12,178,549

VALUE ADDED STATEMENT FOR THE YEAR ENDED 31 DECEMBER

	<u>2021</u>	<u>2020</u>
Interest earned and other operating income	22,213,431	16,811,163
Direct cost of services and other costs	<u>(12,913,406)</u>	<u>(6,983,201)</u>
Value added by banking services	9,300,025	9,827,962
Non-banking income	295,322	436,450
Impairments	<u>(1,476,767)</u>	<u>(351,007)</u>
Value added	<u><u>8,118,580</u></u>	<u><u>9,913,405</u></u>

Distributed as follows:

To employees

Directors	(531,595)	(441,801)
Other Employees	<u>(5,264,958)</u>	<u>(7,303,987)</u>
	<u><u>(5,796,553)</u></u>	<u><u>(7,745,788)</u></u>

To Government

Income Tax	<u><u>(692,517)</u></u>	<u><u>(647,406)</u></u>
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To providers of capital

Dividends to shareholders	<u>-</u>	<u>-</u>
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To expansion and growth

Depreciation and amortisation	<u><u>(617,619)</u></u>	<u><u>(712,221)</u></u>
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Retained Earnings	<u><u>1,011,891</u></u>	<u><u>807,990</u></u>
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Reporting entity

Otuasekan Rural Bank Limited is a bank incorporated in Ghana. The address of the Bank's registered office is: Kofiase, Mampong, P. O Box MA339, Mampong.

Basis of accounting

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

Functional and presentation currency

These financial statements are presented in Ghana Cedi, which is the Bank's functional currency.

Use of judgements and estimates

In preparing these financial statements, management has made judgements, estimates and assumptions that affect the application of the Bank's accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

Significant Accounting Policies

The principal accounting policies of the Bank have been applied consistently to all periods in these financial statements. The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by International Accounting Standards Board (IASB) and adopted by Institute of Chartered Accountants, Ghana (ICAG). Additional information required under the Companies Act, 2019 (Act 992) and the Banks and Specialised Deposits-Taking Institutions Act 2016 (Act 930) have been included, where appropriate.

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 with the objective of maximizing risk-adjusted returns within the context of the Bank's risk appetite. The Board of Directors have 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. In addition, there are in place the Audit, Risk & Compliance Committee, the Credit Committee, the ICT Committee and Assets and Liability Committee (ALCO), which are responsible for developing and monitoring risk management policies in their specified areas.

Quantitative Disclosures

	2021	2020
	%	%
Capital adequacy ratio	19.40	19.58
Non-performing loans to Gross loans	4.36	4.94
Loan loss provision	5.52	5.43

Defaults in statutory liquidity and accompanying sanctions

	2021	2020
a) Default in statutory liquidity	Nil	Nil
b) Sanctions	Nil	Nil

Report of the Directors

The Directors in submitting to the shareholders the financial statements of the Bank for the year ended 31 December 2021 report as follows:

Directors' Responsibility Statement

The Bank's Directors are responsible for the preparation of the financial statements that give a true and fair view of Otuasekan Rural Bank Limited, comprising statement of financial position at 31 December, 2021, the statements of comprehensive income, changes in equity and 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.

The Directors are also responsible for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and for maintaining adequate accounting records and an effective system of risk management.

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.

The auditor is responsible for reporting on whether the financial statements give a true and fair view in accordance with the applicable financial reporting framework.

Nature of Business

The Bank is authorized by Bank of Ghana to receive deposits from and grant loans to customers and also provide any other service ancillary to financial services allowed by the regulator.

Dividend

The Directors do not recommend the payment of dividend for the year ended 31 December 2021.

Auditor

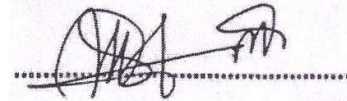
The auditor, John Allotey & Associates will continue in office in accordance with Section 134(5) and Section 81 of the Banks and Specialised Deposit – Taking Institutions Act, 2016 (Act 930).

Approval of the Financial Statements

The financial statements of the Bank were approved by the board of directors on 20 April 2022 and were signed on their behalf by:



.....
Dr. Prince Stephen Adom - Attakora
(Chairman)



.....
Mr. Issah Mallam Ahmed
(Member)

**Independent Auditor's Report on the Condensed Financial Statement
To the Members of Otuasekan Rural Bank Limited****Opinion**

The condensed financial statements, which comprise the statement of financial position at 31 December 2021, and the statements of comprehensive income, changes in equity and cash flows for the year then ended and related notes, are derived from the audited financial statements of Otuasekan Rural Bank Limited for the year ended 31 December 2021.

In our opinion, the accompanying condensed financial statements are consistent, in all material respects, with the audited financial statements, in accordance with the basis described in the notes.

Condensed Financial Statements

The condensed financial statements do not contain all the disclosures required by International Financial Reporting Standards and in the manner required by the Companies Act 2019, (Act 992) and the Banks and Specialised Deposits-Taking institutions Act, 2016 (Act 930) applied in the preparation of the audited financial statements of Otuasekan Rural Bank Limited. Reading the condensed financial statements and our report thereon, therefore, is not a substitute for reading the audited financial statements and our report thereon.

The Audited Financial Statements and Our Report Thereon

We expressed an unmodified audit opinion on the audited financial statements in our report dated 27 April 2022. That report also includes the communication of 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 for the current period.

Directors' Responsibility for the Condensed Financial Statements

The directors are responsible for the preparation of the condensed financial statements in accordance with the basis described in the notes.

Auditor's Responsibility

Our responsibility is to express an opinion on whether the condensed financial statements are consistent, in all material respects, with the audited financial statements based on our procedures, which were conducted in accordance with International Standards on Auditing (ISA) 810 (Revised), Engagements to Report on Summary Financial Statements.

The engagement partner on the audit resulting in this independent auditor's report is: Barima Ogyeabour Amankwaah Adunan II (ICAG/P/1154)

A handwritten signature in black ink, appearing to read 'Barima Ogyeabour Amankwaah Adunan II', with a stylized flourish at the end.

**FOR AND ON BEHALF OF: JOHN ALLOTEY & ASSOCIATES:
(ICAG/F/2022/161)
CHARTERED ACCOUNTANTS
PRUDENTIAL PLAZA, ADUM
P O BOX 884
KUMASI**

27 April 2022.