

ODOTOBRI RURAL BANK LIMITED

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FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER, 2021

D. D. OFOE & ASSOCIATES
(CHARTERED ACCOUNTANTS)

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D. D. OFOE & ASSOCIATES

CHARTERED ACCOUNTANTS

OUR Ref:

P O BOX KS. 6755

YOUR Ref:

KUMASI

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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ODOTOBRI RURAL BANK LIMITED

Our opinion

In our opinion, the accompanying financial statements give a true and fair view of the financial position of **Odotobri Rural Bank Limited** as at 31st December 2021, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards and in manner required the requirements of the Companies Act, 2019 (Act 992).

What we have audited

We have audited the financial statements of **Odotobri Rural Bank Limited** (the "Company") for the year ended 31st December, 2021.

The financial statement comprises:

- the statement of financial position as at 31st December 2021;
- the statement of comprehensive income for the year then ended;
- the statement of changes in equity for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Financial Reporting Standards in manner required by the Companies Act, 2019 (Act 992) issued by the International Accounting Standards Board. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report.

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

Key Audit Matters

Key audit matters refer to those matters that in our opinion were of material significance in our audit of the financial statements. These matters were addressed within our audit and in our overall opinion we do not furnish a different and separate opinion on these matters.

Key Audit Matter

IFRS 9 Impairment

AS at the end of December 2021, the Bank's loan and advances portfolio was Gh¢50.06m of which Gh¢2.04m had become virtually irrecoverable, requiring a write off leaving a net good balance of Gh¢48.038m. Against this was an accumulated credit loss provision of Gh¢3.773m, although current year charge for credit loss provision was estimated as Gh¢2.385m.

Expected credit loss computations under IFRS 9 Financial instruments, involves complex computations, estimations and judgments.

In view of the process and the figures thereon, this area was considered to be a key audit matter.

Audit Response

Notwithstanding the challenges outlined above, this accounting standard under article B.5.51 allows peer group experience and data within an industry to be applied if exact information for the exercise is unavailable for the accounting estimate. Consequently with a good loan classifications under the "Olem" procedure present for the various loan stages and their average industry impairment factors, (a model fairly acceptable for use including Bank of Ghana(BOG), we resulted to a simple average computations for the impairments, including updating our understanding of management's processes of measuring of ECL, selecting a good sample from each stage to assess their conformity of management ECL accounting policy, quality of data, indicators for default criteria, confirmations from debtors to establish their existence, age, values, recoverability, etc.

The Bank however is encouraged to outsource for good software for this calculation, if acquiring one may be too expensive, such that the benefits may not be appreciably comparable to the costs associated with the purchase, as is done by most rural banks and other medium sized firms in the country.

Independence

We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code). We have fulfilled our other ethical responsibilities in accordance with the IESBA Code.

Other information

The directors are responsible for the other information. The other information is the Report of the Directors 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 and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above 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 on the other information, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the financial statements

The directors are responsible for the preparation of financial statements that give a true and fair view in accordance with International Financial Reporting Standards and in requirements of the Companies Act, 2019 (Act 992) and 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.

In preparing the financial statements, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

The directors are responsible for overseeing the 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 ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

- 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 internal control;
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors;
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the 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 Company to cease to continue as a going concern; and
- 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 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 the directors with a statement that we have complied with relevant ethical requirements regarding independence, and have communicated with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

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 Company, so far as appears from our examination of those books; and
- iii) The Company's balance sheet (Company's statement of financial position) and Company's profit and loss account (part of the Company's statement of profit or loss and other comprehensive income) are in agreement with the books of account.

The Banks and Specialised Deposit Taking Institution (Act 930) requires that we state certain matters in our report. We hereby state that:

1. We confirm that the accounts give a true and fair view of the state of affairs of the Bank and results of operations for the year under review.
2. We confirm that the transactions of the entity were within the powers of the Bank
3. In our opinion the Bank has generally complied with the provisions of the Anti-Money laundering Act ,2008 (Act 749) as amended by the Anti-Money Laundering (Amendment) Act,2014 Act (874), the Anti-Terrorism Act,2008 (Act 762) and Regulations made under these enactments
4. The Bank has generally complied with the provisions of the Banks and Specialised Deposit –Taking Institutions Act ,2016 (ACT 930).
5. We are independent of the bank, pursuant to Section 143 of the Companies Act 2019 (Act 992).

The engagement partner on the audit resulting in this independent auditor's report is Daniel Doe Ofoe (ICAG/P/1019).

Signature:

Name of firm: D. D. Ofoe & Associates

Chartered Accountants

Accra- Ghana

License No. of Firm: ICAG/F/2022/057

D. D. OFOE & ASSOCIATES
CHARTERED ACCOUNTANTS

Date: 26th MAY 2022

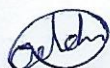
ODOTOBRI RURAL BANK LIMITED**STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31ST DECEMBER, 2021**

	<u>NOTES</u>	<u>2021</u> <u>Gh¢</u>	<u>2020</u> <u>Gh¢</u>
Interest Income	6	33,783,910.73	26,588,128.13
Interest Expense	7	<u>(6,456,502.49)</u>	<u>(5,462,227.63)</u>
Net Interest Income		27,327,408.24	21,125,900.50
Commission & Fees Income	8	3,344,983.18	2,969,347.05
Commission & Fees Expense		<u>(2,001,457.04)</u>	<u>(1,545,701.99)</u>
Net Commission & Fees Income		<u>1,343,526.14</u>	<u>1,423,645.06</u>
Total Income		28,670,934.38	22,549,545.56
Personnel Expenses	9	<u>(12,218,169.74)</u>	<u>(11,610,096.90)</u>
Occupancy Expenses	10	<u>(1,792,037.18)</u>	<u>(1,498,923.61)</u>
Other Operating Expenses	11	<u>(6,270,003.61)</u>	<u>(5,728,227.30)</u>
Loss on disposal		<u>--</u>	<u>(3,399.70)</u>
Profit Before Depreciation / Amortisation & Tax		8,390,723.85	3,708,898.05
Depreciation & Amortisation	(4 & 5)	<u>(1,957,209.91)</u>	<u>(1,988,945.43)</u>
Profit After Depreciation & Amortisation		6,433,513.94	1,719,952.62
Expected Credit Loss	15(s)	<u>(2,385,360.92)</u>	<u>(3,818,758.52)</u>
Profit Before Tax		4,048,153.02	(2,098,805.90)
Current Tax	20 (a)	<u>(1,784,717.77)</u>	<u>(541,860.63)</u>
Realised Profit After Tax But Before Deferred Tax		2,263,435.25	(2,640,666.53)
Deferred Tax Credit (Liability)	20 (a)	<u>(335,271.92)</u>	<u>840,450.15</u>
Profit After Deferred Tax		1,928,163.33	(1,800,216.38)
Other Income	15 (q)	<u>898,645.69</u>	<u>0.00</u>
Total Comprehensive Income For The Year		<u>2,826,809.02</u>	<u>(1,800,216.38)</u>
Basic & Fully Diluted Earnings Per Share (EPS)		<u>0.007</u>	<u>(0.009)</u>

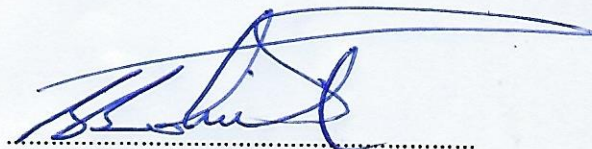
ODOTOBRI RURAL BANK LIMITED

STATEMENT OF FINANCIAL POSITION AS AT 31ST DECEMBER, 2021

<u>Assets</u>	<u>NOTES</u>	<u>2021</u> <u>Gh¢</u>	<u>2020</u> <u>Gh¢</u>
Cash and Bank Balances	12	28,458,496.75	23,380,107.79
Securities	15 (r)	137,694,073.38	125,544,477.82
Loans & Advances	15 (o)	44,265,526.70	39,699,398.34
Investment Securities- Available For Sale	14	26,844.02	26,844.02
Investment in Subsidiary	13	1,000.00	1,000.00
Intangible Assets	5	156,785.53	368,754.44
Other Assets	16	3,720,033.53	3,468,176.38
Deferred Tax Asset	20 (b)	271,079.68	606,350.85
Right of use Assets (Leases and Licence)	4	3,367,936.04	2,845,405.75
Property, Plant And Equipment	4	11,568,063.27	13,105,161.10
Total Assets		<u>229,529,838.90</u>	<u>209,045,676.49</u>
<u>Liabilities</u>			
Deposits and Current Accounts	18	203,409,726.61	186,315,377.42
Payables and Accruals	19	3,826,563.10	6,240,681.63
Taxation	20 (c)	784,717.77	34,148.60
Borrowed Funds	17	2,214,933.74	6,930.40
Total Liabilities		<u>210,235,941.22</u>	<u>192,597,138.05</u>
<u>Equity & Reserves</u>			
Stated Capital	21	2,995,461.10	2,976,910.88
Retained Earnings		13,189,706.92	10,844,938.73
Statutory Reserve		3,021,915.64	2,539,874.81
Capital Grant		72,000.00	72,000.00
Fair Value Reserves		14,814.02	14,814.02
Total Equity		<u>19,293,897.68</u>	<u>16,448,538.44</u>
Total Liabilities, Equity and Reserves		<u>229,529,838.90</u>	<u>209,045,676.49</u>



DIRECTOR



DIRECTOR

ODOTOBRI RURAL BANK LIMITED

STATEMENT OF CHANGES IN EQUITY

	STATED CAPITAL	INCOME SURPLUS	STATUTORY RESERVE FUND	CAPITAL GRANT	FAIR VALUE RESERVES	TOTAL
At 1 January, 2021	2,976,910.88	10,844,938.73	2,539,874.81	72,000.00	14,814.02	16,448,538.44
Realised Profit for the year	--	1,928,163.33	--	--	--	1,928,163.33
Other comprehensive income	--	898,645.69	--	--	--	898,645.69
Issue of Additional Shares	18,550.22	--	--	--	--	18,550.22
Transfer to Statutory Reserve	--	(482,040.83)	482,040.83	--	--	--
At 31 December, 2021	2,995,461.10	13,189,706.92	3,021,915.64	72,000.00	14,814.02	19,293,897.68
2020						
At 1 January, 2020	2,948,152.90	12,645,155.11	2,539,874.81	72,000.00	14,814.02	18,219,996.84
Realised Profit For The Year	--	(2,640,666.53)	--	--	--	(2,640,666.53)
Other comprehensive income	--	840,450.15	--	--	--	840,450.15
Issue of Additional Shares	28,757.98	--	--	--	--	28,757.98
Transfer to Statutory Reserve	--	--	--	--	--	--
At 31 December, 2020	2,976,910.88	10,844,938.73	2,539,874.81	72,000.00	14,814.02	16,448,538.44

ODOTOBRI RURAL BANK LIMITED**CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST DECEMBER, 2021.**

Cash Flows From Operating Activities	<u>2021</u> Gh¢	<u>2020</u> Gh¢
Profit Before Tax	4,048,153.02	(2,098,805.90)
Adjustment For:		
Depreciation & Amortisation	1,957,209.91	1,988,945.43
Impairment Loss on Financial Assets (Loans)	2,385,360.92	3,818,758.52
Loss on disposal	--	3,399.70
ROU Assets Written off	237,711.46	220,556.48
Transfer of cwip to P&L	--	86,808.00
Cash Flow From Operating Activities Before Changes in Operating Assets & Liabilities	8,628,435.31	4,019,662.23
Income Tax Paid	(1,034,148.60)	(774,232.30)
Cash From Operating Activities	7,594,286.71	3,245,429.93
Changes In Operating Assets & Liabilities		
Change in Loans and Advances to Customers	(6,951,489.28)	1,018,083.50
Change in Receivables and Other Assets	(251,857.15)	275,475.98
Change in Deposits and Current Account	17,094,349.19	60,818,983.76
Change in Payables & Accruals	(2,414,118.53)	1,955,845.78
Net Cash Generated From Operating Activities	15,071,170.94	67,313,818.95
Cash Flows From Investing Activities		
Purchase of Property & Equipment	(892,183.67)	(3,256,114.31)
Increase in Intangible Assets	(76,201.25)	(12,450.00)
Purchase of Treasury Bills & Other Eligible Bills	(11,250,949.87)	(63,263,042.35)
Net Cash Used in Investing Activities	(12,219,334.79)	(66,531,606.66)
Cash Flows From Financing Activities		
Additional Shares Issued	18,550.22	28,757.98
Change in Borrowed Funds	2,208,003.34	(305,364.25)
Net Cash Used in Financing Activities	2,226,553.56	(276,606.27)
Net (Decrease)/Increase in Cash & Cash Equivalent	5,078,388.96	505,606.02
Cash & Cash Equivalent at Start of Year	23,380,107.79	22,874,501.77
Cash & Cash Equivalent at End of Year	28,458,496.75	23,380,107.79
Analysed As Follows		
Cash & Cash Equivalent at End of Year	28,458,496.75	23,380,107.79

ODOTOBRI RURAL BANK LIMITED

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31ST DECEMBER, 2021

1 REPORTING ENTITY

Odotobri Rural Bank Limited is a private company incorporated and domiciled in Ghana. The Registered office is located at Jacobu, Ashanti. The Bank primarily is involved in rural banking.

2 BASIS OF OPERATION

The financial statements have been prepared on the historical cost basis, except for land and buildings and available for sale financial instruments that have been measured at fair value. The financial statements are presented in Ghana cedis (GH¢) which is the functional currency of the company.

2.1 Statement of Compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and its (IFRS) its interpretations adopted by the International Accounting Standards Board (IASB).

2.2 Use of estimates and judgements

The preparation of financial statements in conformity with IFRS Required management to make judgement, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and 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 other apparent from sources. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

3 SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies adopted by the Bank and which have been applied in preparing these financial statements are stated below.

3.1 Revenue Recognition

Revenue is recognised to the extent that it is probable that economic benefits will flow to the Bank and revenue can be reliably measured. The following specific recognition criteria apply in revenue recognition.

3.2 Interest Income and Expense

Interest income and expense are recognised in the income statement for all interest bearing financial instruments including loans and advances as interest accrues using the effective interest rate method. The effective interest rate is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the instrument to the net carrying amount of the financial asset or liability.

ODOTOBRI RURAL BANK LIMITED

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31ST DECEMBER, 2021

3.1.2 Non -Interest -Income

The Bank earns commission and fees from a wide range of services provided to its customers. Fee income is accounted as follows:

Income earned on the performance of discrete services (such as funds transfer, special clearing, transaction negotiation with third parties, etc) is recognised as revenue upon completion of the act or service. Income arising from service fees (such as special statement request, commission on turnover, safe custody etc) are recognised as the services are provided. Loan origination fees and similar fees are form part of the effective interest rate of a financial instrument and are not shown as part of non interest income.

3.1.3 Income Tax

Income tax in the income statement comprises current and deferred tax.

Current tax is the tax expected to be payable under the internal revenue Act 2000 (Act 592) as amended (ACT 896, 2015) on the taxable profit for the year.

Deferred income tax is provided on all temporary differences at the reporting date between the tax bases of the assets and liabilities and their carrying amounts.

Deferred tax liability is generally recognised for all taxable temporary differences while deferred tax assets are recognised to the extent that it is probable future taxable profit will be available against which deductible temporary differences can be utilised.

3.2 Commission and fees

Fees and commission

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

3.3 Loans & Advances

Loans and advances are accounted for at amortised cost using the effective interest rate method, except those which the Bank intends to sell in the short term and which are accounted for at fair value, with the gains and losses arising from changes in their fair value reflected in the income statement. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees and costs that are integral part of the effective interest rate. Loans and Advances are initially recognised when cash is advanced to the borrowers at fair value, inclusive of transaction costs. Subsequent to initial recognition loans and advances to subsequent are stated on the balance sheet at amortised cost using the effective interest method less impairment losses.

3.4 Property, Plant & Equipment

The Bank recognises an item of property, plant and equipment as an asset when it is probable that future economic benefits will flow to it and the amount meet the materiality threshold set by the bank.

They are stated at cost less accumulated depreciation and any impairment in value. Deprec provided on the depreciable amount of each component on straight line basis over the anticipated useful and residual value of the asset. The residual value is the estimated amount, net of disposable assets, that the Bank would currently obtain from the disposal of an asset in similar age and condition at the end of the useful life of the asset. The current annual depreciation rates for each class of asset are as follows:

	%
Building	5
Motor Vehicle	33.33
Office Equipment	25
Furniture & Fittings	20
Computers & Accessories	33.33

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31ST DECEMBER, 2021

3.5 Capital work in progress

Property, plant and equipment under construction is measured at initial cost and depreciated from the date the asset is made available for use over its estimated life or the relevant rate. Assets are transferred from working capital in progress to an appropriate category of property, plant and equipment when commissioned and ready for its intended use.

3.6 Investments

Investments are purchased with the intention of being held to maturity and they are stated at fair value. The discount is disclosed separately as interest income, whilst the unearned portion is stated in the accounts as a liability.

3.7 Dividend

Dividend on ordinary shares is recognised on equity in the period in which they are approved by the company's shareholders. Dividend proposed for approval at AGM is not recognised as a liability as at 31st December, 2020. The Directors do not propose any dividend for the year 2020.

3.8 Cash & Cash equivalent

For the purpose of cash flow statement, cash and cash equivalent include cash, non-cash restricted balances with Bank of Ghana, amounts due from banks and financial institutions and short terms securities maturing in three months or less from the date of acquisition.

3.9 Post statement of financial position events

Events subsequent to the financial statements date are reflected in the financial statements only to the extent that they relate to the year under consideration and the effect is material.

ODOTOBRI RURAL BANK LIMITED

NOTES TO THE ACCOUNT FOR THE YEAR ENDED 31ST DECEMBER, 2021

4 PROPERTY, PLANT & EQUIPMENT

a. COST/VALUATION

	Leasehold Land & Building	Right of Use Assets (Leases & Licenc	Office Equipment	Furniture & Fittings	Motor Vehicles	Computers & Accessories	Capital work in Progress	Total
Balance 1/1/21	11,458,440.90	3,993,987.38	5,083,025.99	3,116,959.75	907,070.49	2,444,088.28	1,141,848.70	28,145,421.49
Additions	34,502.00	176,252.05	51,853.37	65,276.52	268,597.00	144,930.73	150,772.00	892,183.67
Capitalization/(WIP)	--	583,989.70	109,747.00	153,929.00	--	19,780.00	(867,445.70)	--
Balance 31/12/21	11,492,942.90	4,754,229.13	5,244,626.36	3,336,165.27	1,175,667.49	2,608,799.01	425,175.00	29,037,605.16

b Depreciation

Balance 1/1/21	1,684,571.16	1,148,581.63	4,168,332.71	2,135,418.92	900,161.26	2,157,788.96	-	12,194,854.64
Year Charge	431,060.36	237,711.46	620,361.11	374,077.01	14,370.25	229,171.02	-	1,906,751.21
Balance 31/12/21	2,115,631.52	1,386,293.09	4,788,693.82	2,509,495.93	914,531.51	2,386,959.98	-	14,101,605.85

Carrying Value 31/12/21

9,377,311.38 3,367,936.04 455,932.54 826,669.34 261,135.98 221,839.03 425,175.00 14,935,999.31

Carrying Value 31/12/20

9,773,869.74 2,845,405.75 914,693.28 981,540.83 6,909.23 286,299.32 1,141,848.70 15,950,566.85

ODOTOBRI RURAL BANK LIMITED**NOTES TO THE ACCOUNT FOR THE YEAR ENDED 31ST DECEMBER, 2021**

(c) Amount in SFP	<u>2021</u>	<u>2020</u>
(Due to isolation of Hired Premises)	Gh¢	Gh¢
Balance Per Schedule	14,935,999.31	15,950,566.85
Less Bal. ROU Assets	<u>3,367,936.04</u>	<u>2,845,405.75</u>
	<u>11,568,063.27</u>	<u>13,105,161.10</u>

5 INTANGIBLE ASSETS

Cost		
Bal 1/1/21	1,209,047.64	1,196,597.64
Additions	76,201.25	12,450.00
Bal 31/12/21	<u>1,285,248.89</u>	<u>1,209,047.64</u>
Accumulated Amortisation		
Bal 1/1/21	840,293.20	567,363.29
Charge For The Year	288,170.16	272,929.91
Bal 31/12/21	<u>1,128,463.36</u>	<u>840,293.20</u>
Year End Carrying Value	156,785.53	368,754.44

Intangible assets represent softwares that were acquired during the year and being used by the Bank in managing and processing of the company's business and other information transactions. Management estimate the useful number of years for the asset is 5 years, and 1/5 of the cost is accordingly amortised for the current year.

	<u>2021</u>	<u>2020</u>
	Gh¢	Gh¢
DEPRECIATION & AMORTISATION		
Depreciation (Exclude Hired Premises)	1,669,039.75	1,716,015.52
Amortisation (Intangible)	<u>288,170.16</u>	<u>272,929.91</u>
	<u>1,957,209.91</u>	<u>1,988,945.43</u>

6 INTEREST INCOME

Loans & Advances	15,490,560.00	14,759,586.82
Investments	<u>18,293,350.73</u>	<u>11,828,541.31</u>
	<u>33,783,910.73</u>	<u>26,588,128.13</u>

7 INTEREST EXPENSE

Interest on Borrowing/Loans	433,974.84	11,413.00
Savings Account & Fixed Deposits	<u>6,022,527.65</u>	<u>5,450,814.63</u>
	<u>6,456,502.49</u>	<u>5,462,227.63</u>

ODOTOBRI RURAL BANK LIMITED

NOTES TO THE ACCOUNT FOR THE YEAR ENDED 31ST DECEMBER, 2021

	<u>2021</u>	<u>2020</u>
	<u>Gh¢</u>	<u>Gh¢</u>
8 <u>FEES & COMMISSION INCOME</u>		
Cheque Clearing Fees	84,713.88	50,247.86
Commission	1,892,798.56	1,818,384.05
Commitment Fees	1,367,470.74	1,100,715.14
	<u>3,344,983.18</u>	<u>2,969,347.05</u>
9 <u>PERSONNEL EXPENSES</u>		
Staff Costs	9,833,924.18	9,473,925.22
Employer's pension Cont.	1,157,142.05	1,046,673.37
Employer's provident Cont.	478,155.16	469,847.84
Welfare Expenses	12,000.00	23,500.00
Other Staff Related Expenses	328,614.35	271,148.47
ESB. Expenses	408,334.00	325,002.00
	<u>12,218,169.74</u>	<u>11,610,096.90</u>
10 <u>OCCUPANCY COSTS</u>		
Bungalow Expenses	3,604.00	5,243.00
Rent Expenses	502,694.33	354,419.48
Rates	85,800.00	87,732.95
Light & Water	751,799.03	623,312.33
Insurance	252,142.59	249,373.35
Write off: Hired Premises	195,997.23	178,842.25
	<u>1,792,037.18</u>	<u>1,498,923.36</u>

ODOTOBRI RURAL BANK LIMITED**NOTES TO THE ACCOUNT FOR THE YEAR ENDED 31ST DECEMBER, 2021**

	<u>2021</u>	<u>2020</u>
	Ghc	Ghc
11 OTHER OPERATING & ADMINI. EXPENSES		
Directors Emoluments	97,075.00	140,895.00
Specie Movement	33,699.00	29,657.50
Entertainment	630.00	1,137.00
Travelling & Transport	320,904.00	298,733.42
Audit Fees & Expenses	35,000.00	33,601.00
Repairs & Maintenance	319,890.64	350,481.53
Motor Vehicle Expenses	595,162.08	543,695.94
ICT Expenses	650,659.26	472,077.85
Mobilization Expenses	330,276.46	116,622.00
Legal Fees	117,055.00	243,967.00
Printing & Stationery	594,632.61	630,434.73
Security/Police Guard	97,611.00	99,205.00
Board Meeting Expenses	808,559.77	823,725.31
Subscription & Periodicals	76,208.50	59,553.27
Postages & Telecommunicaions	79,476.10	64,083.41
Generator Expenses	181,740.00	184,915.00
Donations & Charitable Contributions	105,348.25	47,533.50
Retainers Fees	36,000.00	36,000.00
Bank Charges	109,246.12	39,105.39
Loan Recovery Expenses	13,110.00	3,225.00
Promotional Expenses	109,320.00	71,750.00
Advertising & Publicity	69,148.00	98,933.76
Payment Order Expenses	1,305.00	250.00
Corporate & Social Responsibilities	52,870.00	106,983.00
Sundry Expenses	342,438.11	344,810.74
Anniversary Expenses	200,990.65	129,040.30
Protocol Expenses	55,220.50	42,369.50
Cleaning & Sanitation Expenses	75,442.79	86,451.90
Directors and Staff Durbar	69,477.50	33,357.00
Fire Expenses	52,558.00	27,316.00
GDPC insurance	548,816.00	441,280.00
Right of use write off(Licence)	41,714.23	41,714.23
ATM Expenses	48,419.04	85,322.02
	<u>6,270,003.61</u>	<u>5,728,227.30</u>
12 CASH & BANK BALANCES		
Cash	3,560,773.02	3,640,960.24
Apex 5% Deposit	10,125,925.71	9,098,577.09
Apex Clearing Account	2,400,622.64	2,099,708.22
Cal Bank	546,885.07	781,773.93
Fidelity Bank	--	306,364.41
Republic Bank	2,187,208.06	55,684.55
Zenith Bank	9,378.69	2,925.90
UBA	6,325,986.04	6,187,879.73
CBG	3,301,717.52	1,206,233.72
	<u>28,458,496.75</u>	<u>23,380,107.79</u>

ODOTOBRI RURAL BANK LIMITED

NOTES TO THE ACCOUNT FOR THE YEAR ENDED 31ST DECEMBER, 2021

13 INVESTMENT IN SUBSIDIARY

This represents 100% equity investment in Adu Darko community Centre Ltd, an event organising company set up at Jacobu in 2017

14 INVESTMENT SECURITY-AVAILABLE FOR SALE

	<u>2021</u>	<u>2020</u>
	Gh¢	Gh¢
At 1st January	26,844.02	26,844.02
Change in fair value	--	--
At 31st December	<u>26,844.02</u>	<u>26,844.02</u>

This represent investment in the ordinary shares of ARB Apex Bank limited

15 FINANCIAL INSTRUMENTS

(a) Financial assets

Financial assets are classified as financial assets at fair value through profit or loss, loans and receivables, held - to - maturity financial assets and available - for -sale financial assets, as appropriate. The Bank determines the classification of its financial asset at initial recognition.

When the financial assets are recognized initially, they are measured at fair value, plus, in the case of investments not at fair value through profit or loss, directly attributable costs.

Financial assets are derecognized only when the contractual rights to the cash flows from the financial assets expire or the Bank transfers substantially all risks and rewards of ownership.

The Bank's financial assets consist of loans and receivables and available - for sale financial assets.

Financial assets recognized in the statement of financial position as trade and other receivables. They are recognized initially at fair value and subsequently measured at amortised cost less provision for impairment.

Cash and cash equivalents are also classified as loans and receivables. They are subsequently measured at amortised cost. Cash and cash equivalents includes cash in hand, deposits held at call with banks and other short - term highly liquid investments with original maturities of three months or less.

They are assessed at each financial position date whether there is objective evidence that a financial asset or group of financial assets is impaired. If there is objective evidence (such as significant financial difficulty of the obligor, breach of contract, or it becomes probable that the debtor will enter bankruptcy), the asset is tested for impairment. The amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (that is, the effective interest rate computed at initial recognition). The carrying amount of the asset is reduced through use of an allowance account. The amount of the loss is recognised in the statement of profit or loss.

ODOTOBRI RURAL BANK LIMITED

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31ST DECEMBER, 2020 CONT'D

In relation to Loans and Receivables, a provision for impairment is made when there is objective evidence (such as the probability of insolvency or significant financial difficulties of the debtor) that the Bank will not be able to collect all of the amounts due under the original terms of the agreement. Impaired debts are derecognised when they are assessed as uncollectible.

If in a subsequent period the amount the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed, to the extent that the carrying value of the asset does not exceed its amortised cost at the reversal date. Any subsequent reversal of an impairment loss is recognised in statement of profit or loss.

b Financial Liabilities

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expired. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability. The difference between the carrying value of the original financial liability and the consideration paid is recognised in profit or loss.

c Impairment of financial assets

Impairment Approach

Management decided to apply the three stage general approach to the investment portfolio and calculate impairment loss as stage one, stage two or stage three.

d Segmentation

The bank groups its exposures into segments on the basis of shared credit risk characteristics. The different segments reflect differences in Probability of Defaults and in recovery rates in the event of default. To assess the staging of exposures, the grouping of exposures also takes into account the credit quality on origination in order to identify deterioration since recognition. (IFRS 9 B5.55)

Based on management's assessment the segmentations were as follows for the loan portfolio, Agric, Industries, Transport, Trading, and others. For the investments the segmentations were, Fixed deposits, Government and central bank bonds and treasury bills.

e Staging

A rebuttable presumption that the credit risk has increased significantly if contractual payments are more than 30 days past due and default definition of 90 days past due underlied the analysis. There was no qualitative information available for the purpose of staging. The staging assessment also determines how exposures will be disclosed in the notes to the financial statements.

(IFRS 9.5.5.9-11, IFRS 7.35A_M)

f Loss Given Defaults(LGD) and Probability Of Defaults

Implementing IFRS 9 for existing loans will often require the use of analyses which were not performed at an earlier date. Additional information that an entity begins to collect and use for new exposures may not have been collected for loans originated in the past. IFRS 9 makes some allowance for this particularly in determining whether there has been a significant increase in credit risk since initial recognition. IFRS 9 generally requires an entity to use reasonable and supportable information that is available without undue cost or effort to determine the credit risk of exposures on origination, to enable comparison to the credit risk at the balance sheet date. However, it is possible that the quality and extent of information available to determine the credit risk on origination for older exposures will be lower than would be expected for more recent and future lending. Also, limitations in historical data may result in simplifications in the modelling, for example, a higher level of aggregation in modelling certain portfolio of older loans. For loans that exists at transition, IFRS 9 requires that the bank should seek to approximate the credit risk on initial recognition by considering all reasonable and supportable information that is available without undue cost or effort. A bank with little historical information may use from internal reports and statistics, data about similar products or peer group experience for probability of comparable instruments. If a bank cannot construct comparable default(PD) data for such an instrument at its origination, it may be possible to compare to the maximum level that would have been deemed acceptable at origination. This would be appropriate only if the exposures in the portfolio all had a sufficiently similar credit risk at initial recognition(IFRS 9.B7.2.2-4, IE40-42)

g Loans and Advances

After staging the financial instrument based on the three stage general approach, management lack the historic data to reasonable build an IFRS 9 impairment model for the Bank. As practical expedient, management elected to apply the average probability of default(PD) and loss given default(LGD) rate that have been calibrated by peer group experience for comparable instruments in the same economy. This is perfectly permissible by IFRS 9 (article B5.5.51). The standard however encourages management to abandon this approach as and when adequate historic data is gathered in the future. Management considered all reasonable and supportable information that is available without undue cost or effort in arriving at this conclusion.

h Investments

Again the three stage general approach was adopted for the investment portfolio. An external rating approach was used to assess the impairment. Looking at the nature of sovereign investment exposures, observable and historic data showed that there were no evidence of significant increase in credit risk, and delinquency, which is confirmation that the loss rate is zero percent. However, the fixed deposits had an impairment charge attributed to them whether there was an evidence of significant increase in credit risk or not as there is a chance of default and delinquency.

At the close of 2021, the company had a gross loan portfolio of GH 50,063,636.79. A close review of this figure indicated that a total of GH 2,024,843.98 were completely bad and virtually irrecoverable, since 2013 and other years. These debts are due from collapsed businesses, relocated ones, absconded borrowers etc.

Based on good accounting practices and in consultation with Bank of Ghana, the Bank found it necessary to write off these loans against accumulated loan loss provisions,

(because they do not meet the definition of assets now) although some are being pursued in the court for recovery whilst others may unexpectedly repay in the future.

The difference of GH 48.03M is now subjected to normal impairment review.

After an assessment of the financial assets portfolio, using the external data available from industry bodies, the financial assets portfolio assessed for impairment was at GHS 48,038,792.81 at 31st December 2021, with total impairment value at GHS 3,773,266.11 as at the same period.

The table below shows a summary of the IFRS 9 impairment for each segment and stage.

The results are as tabulated

ODOTOBRI RURAL BANK LIMITED

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31ST DECEMBER, 2021 CONT'D

Table 1

LOANS AND ADVANCES IFRS 9

HGR	STAGE 1		STAGE 2		STAGE 3		TOTAL GHS	
	EXPOSURE	ECL	EXPOSURE	ECL	EXPOSURE	ECL		
Agric	704,942.72	35,247.14	302,118.30	15,105.92		0.00		50,353.05
Cottage industries	12,625.01	252.50	---	---		0.00		252.50
Transport	10,300.00	206.00	5,400.78	270.04	2,924.20	731.05		1,207.09
Trading	22,859,200.76	1,142,960.04	1,355,960.22	442,721.01	190,779.94	50,900.09		1,636,581.14
Others	17,857,366.51	892,868	2,941,457.94	294,145.79	1,795,716.43	897,858.22		2,084,872.33
Total	41,444,435.00	2,071,534	4,604,937.24	752,242.76	1,989,420.57	949,489.35	48,038,792.81	3,773,266.11

1

2

3

Table 2

INVESTMENTS

Type of financial instrument	Exposure at default. (EAD)	Loss rates	Expected credit loss adjusted for forward looking
91 DAYS FIXED DEPOSIT	---	0.52%	---
182 DAYS FIXED DEPOSIT	43,078,488.09	2.75%	1,184,658.42
1 YEAR FIXED DEPOSIT	16,641,949.32	2.83%	470,967.17
91 DAYS TREASURY BILL	601,372.49	0.00%	---
182 DAYS TREASURY BILL	24,947,127.62	0.00%	---
1 YEAR Bond	54,080,761.45	0.00%	---
EXPOSURE	139,349,698.97		
IMPAIRMENT			1,655,625.59

After an assessment of the investments portfolio for impairment, the investments had a face value of GHS 139,349,698.97 as at 31 December. The impairment stock was estimated at GHS 1,655,625.59 at the same period. The table shows in summary of the IFRS 9 impairment for the various investments. The results are as tabulated in the table 2 above.

Overview of the Expected Credit Loss (Expected Credit Loss) principles

The Expected Credit Loss allowance is based on the credit losses expected to arise over the life of the asset (the lifetime expected credit losses), unless there has been no significant increase in credit risk origination, in which case, the allowance is based on the 12 months expected credit losses.

The 12 months Expected Credit Loss is the portion of Life Time Expected Credit Losses that represent the Expected Credit Loss that result from default events on a financial instrument that are possible within the 12 months after the reporting date.

The Bank has established a policy to perform an assessment, at the end of each reporting period, of whether a financial instrument's credit risk has increased significantly since initial recognition, by considering the change in the risk of default occurring over the remaining life of the financial instrument.

Based on the above process, the Bank groups its loans into Stage 1, Stage 2, and Stage 3, as described below:

- * Stage 1: When loan is first recognised, the Bank recognises an allowance based on 12 months Expected Credit Loss. Stage 1 loans also includes facilities where the credit risk has improved and the loan has been reclassified from Stage 2.
- * Stage 2: When a loan has shown a significant increase in credit risk since origination, the Bank records an allowance for the Life Time Expected Credit Loss. Stage 2 loans include facilities, where the credit risk has improved and the loan has been expected Credit Loss classified from Stage 3.
- * Stage 3: Loans considered credit-impaired. The Bank records an allowance for the Life Time Expected Credit Loss.

For financial assets for which the Bank has no reasonable expectations of recovering either the entire outstanding amount, or a proportion thereof, the gross carrying amount of the financial asset is reduced. This is considered a (partial) derecognition of the financial asset.

The calculation of Expected Credit Loss

The mechanics of the Expected Credit Loss calculations are outlined below and the key elements are, as follows:

- * The Probability of Default is an estimate of the likelihood of default over a given time horizon. A default may only happen at a certain time over the assessed period, if the facility has not been previously derecognised and is still in the portfolio.
- * The Exposure at default is an estimate of the exposure at a future default date, taking into account expected changes in the exposure after the reporting date, including repayments of principal and interest, whether scheduled by contract or otherwise, expected drawdowns on committed facilities, and accrued interest from missed payments.

ODOTOBRI RURAL BANK LIMITED

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31ST DECEMBER, 2021 CONT'D

- * The Loss Given Default is an estimate of the loss arising in the case where a default occurs at a given time. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, including from the realisation of any collateral or credit enhancements that are integral to the loan and not required to be recognised separately, It is usually expressed as a percentage of The Exposure at default.

The mechanics of the Expected Credit Loss method are summarised below:

- * Stage 1: The 12 months Expected Credit Loss is calculated as the portion of Life Time Expected Credit Loss that represent the Expected Credit Loss that result from default events on a financial instrument that are possible within the 12 months after the reporting date. The Bank calculate the 12 months Expected Credit Loss allowance based on the expectation of a default occurring in the 12 monthss following the reporting date. These expected 90 Days default probalities are applied to a forecast EAD and multiplied by the expected LGD and discounted by an approximation to the original EIR.
- * Stage 2: When a loan has shown a significant increase in credit risk since origination, the Bank records an allowance for the LTExpected Credit Loss. The mechanics are similar to those explained above, including the use of multiple scenarios, but PDs and LGDs are estimated over the lifetime of the instrument. The expected cash shortfalls are discounted by an approximation to the original EIR.
- * Stage 3: For loans considered credit-impaired, the Bank recognises the lifetime expected credit losses for these loans. The method is similar to that for Stage 2 assets, with the PD set at 100%.

m Write-offs

Financial assets are written off either partially or completely only when the Bank has no reasonable expectation of recovering a financial asset in its entirety or a portion thereof. If the amount to be written off is greater than the accumulated loss allowance , the difference is first treated as an addition to the allowance that is then applied against the gross carrying amount. Any subsequent recoveries are credited to credit loss expense.

n Forborne and modified loans

The Bank sometimes makes concessions or modifications to the original terms of loans as a response to the borrower's financial difficulties, rather than taking possession or to otherwise enforce collection of collateral. The Bank considers a loan forborne when such concessions or modifications are provided as a result of the borrower's present or expected financial difficulties and the Bank would not have agreed to them if the borrower had been financial healthy. Indicators of financial difficulties include defaults on covenants, or significant concerns raised by new loan conditions. Once the terms have been renegotiated, any impairment is measured using the original EIR as calculated before the modification of terms. It is the Bank's policy to monitor forborne loans to help ensure that future payments continue to be likely to occur. De-recognition decisions and classification between Stage 2 and Stage 3 are determined on a case-by-case basis. If these procedures identify a loss in relation to a loan, it is disclosed and managed as an impaired Stage 3 forborne asset until it is collected or written off.

ODOTOBRI RURAL BANK LIMITED**NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31ST DECEMBER, 2021 CONT'D**

	<u>2021</u>	<u>2020</u>
	Gh¢	Gh¢
o Loans and Advances		
Loans deemed irrecoverable	2,024,843.98	--
Term Loan	42,571,470.13	37,776,157.60
Overdraft	5,467,322.68	5,335,989.91
Gross Loans/Advances to customers	50,063,636.79	43,112,147.51
Less write off	(2,024,843.98)	--
Less prov. Bal At Close	(3,773,266.11)	(3,412,749.17)
	<u>44,265,526.70</u>	<u>39,699,398.34</u>
p Movement in Expected Credit Loss in Loans/ Advances		
Balance at 1st January	3,412,749.17	2,148,261.93
Less write off	(2,024,843.98)	--
Bal Restated	1,387,905.19	2,148,261.93
Loan Impairment Charge	2,385,360.92	1,264,487.24
Bal from schedule at close	<u>3,773,266.11</u>	<u>3,412,749.17</u>
q Movement in Expected Credit Loss (Investments)		
Balance at 1st January	2,554,271.28	--
Less Decrease in Provision	(898,645.69)	2,554,271.28
Balance at 31st December	<u>1,655,625.59</u>	<u>2,554,271.28</u>
r Investments (Securities/ Bills)		
Gross Total	139,349,698.97	128,098,749.10
Less Bal in provision	(1,655,625.59)	(2,554,271.28)
	<u>137,694,073.38</u>	<u>125,544,477.82</u>
s Total ECL on Financial instruments		
Loans	2,385,360.92	1,264,487.24
Investments	(898,645.69)	2,554,271.28
	<u>1,486,715.23</u>	<u>3,818,758.52</u>
16 OTHER ASSETS		
Rent Prepaid	2,841,761.86	2,667,416.19
Stationery inventory	707,393.70	668,979.69
Prepayments	41,200.46	49,260.63
Office Account (DR)	110,498.51	53,091.87
Clothing Suspense	19,179.00	22,539.00
Cleaning & Sanitation	--	6,889.00
	<u>3,720,033.53</u>	<u>3,468,176.38</u>

ODOTOBRI RURAL BANK LIMITED**NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31ST DECEMBER, 2021 CONT'D**

	<u>2021</u>	<u>2020</u>
	Gh¢	Gh¢
17 <u>BORROWED FUNDS</u>		
CBRDP Loan	--	6,930.40
CBG	2,214,933.74	--
	<u>2,214,933.74</u>	<u>6,930.40</u>
18 <u>DEPOSITS & CURRENT ACCOUNTS</u>		
Savings Account	73,917,904.51	71,796,016.84
Current Account	43,385,573.59	40,718,675.37
Fixed Deposits	51,757,270.91	45,859,839.73
Susu/Micro Finance	34,348,977.60	27,940,845.48
	<u>203,409,726.61</u>	<u>186,315,377.42</u>
19 <u>PAYABLES & ACCRUALS</u>		
Discount on T'Bills	5,140.41	1,006,200.27
Audit Fees	29,000.00	28,602.00
Retainer Fees	18,000.00	--
Office Account (CR)	63,569.74	121,286.56
ESB	409,329.17	106,175.53
Bills Payable	18,920.30	171,131.20
Provision for Savings & Fixed Deposit	1,256,987.53	1,099,924.51
Land Secretariat (Manhyia))	--	800,000.00
Apex Bank (unpaid licence)	121,666.51	283,888.51
Uncleared Effect	297,278.43	175,184.96
SSF & Other Fund Management	182,289.65	74,718.52
Payment Order	232,635.63	427,472.63
Mindmill co ltd	--	77,801.85
Income Tax Suspense	74,620.99	203,043.67
Sundry Creditors	175,626.09	572,939.25
Loans Insurance	21,591.00	22,753.95
Ezwich Suspense	908,317.65	1,045,698.22
GH Link Issuer Suspense	11,590.00	23,860.00
	<u>3,826,563.10</u>	<u>6,240,681.63</u>

ODOTOBRI RURAL BANK LIMITED

DEPRECIATION ALLOWANCES COMPUTATION

	Fixed							
	Pool 1 40%	Pool 2 30%	Pool 3 20%	Pool 4 B 10%	Pool 5 5 Years A	pool 5 5 Years B	pool 5 5years C	pool 5 d 10%
Bal.b/f (Per GRA)	457,884.98	262,258.04	2,745,745.03	95,047.44	211,978.50	534,853.72	151,324.89	2,620,208.91
Additions	144,930.73	268,597.00	117,129.89	--	--	--	--	--
Capitalised (wip)	19,780.00	--	263,676.00	--	--	--	--	--
Bal.31/12/21	622,595.71	530,855.04	3,126,550.92	95,047.44	211,978.50	534,853.72	262,867.36	2,620,208.91
D.A.	249,038.28	159,256.51	625,310.18	15,841.24	35,329.75	76,407.64	37,831.22	291,134.32
Bal.c/f	373,557.43	371,598.53	2,501,240.74	79,206.20	190,780.65	481,368.35	236,580.62	2,329,074.59

	pool 5 5 Years E	pool 5 5 Years F
Bal b/f	2,351,342.70	--
Additions	--	34,502.00
	2,351,342.70	34,502.00
DA	261,260.30	3,450.20
	2,090,082.40	31,051.80

SUMMARY	
D.A	1,754,859.65

ODOTOBRI RURAL BANK LIMITED

COMPUTATION OF TAX

Net Profit Per Account		4,048,153.02
Add Back		
Depreciation /Amortisation	1,957,209.91	
Impairment Charge	2,385,360.92	
Protocol Expenses	55,220.50	
Donation	105,348.25	
Sundry Expenses	<u>342,438.11</u>	<u>4,845,577.69</u>
Adjusted Profit		8,893,730.71
Less D.A.		<u>1,754,859.65</u>
Chargeable Income		7,138,871.06
Tax Thereon 25%		<u><u>1,784,717.77</u></u>

ODOTOBRI RURAL BANK LIMITED

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31ST DECEMBER, 2021 CONT'D

20(a) INCOME TAX EXPENSE

	2021	2020
	Gh¢	Gh¢
Current Tax Expense	1,784,717.77	541,860.63
Deferred Tax	335,271.17	(840,450.15)
	<u>2,119,988.94</u>	<u>(298,589.52)</u>

Deferred tax expense relates to the origination and reversal of temporary differences.

b Deferred Tax

	2021	2020
	Gh¢	Gh¢
Balance 1/1/21	(606,350.85)	234,099.30
Charge to Income Statement	335,271.17	(840,450.15)
Balance 31/12/21	<u>(271,079.68)</u>	<u>(606,350.85)</u>

RECOGNISED DEFERRED TAX ASSETS & LIABILITIES

Deferred tax assets & liabilities are attributable to the following

	2021			2020		
	Asset	Liabilities	Net	Asset	Liabilities	Net
PPE & Intangibles	--	672,236.85	672,236.85	--	885,404.26	885,404.26
Loan Impairment	(943,316.53)	--	(943,316.53)	(1,491,755.11)	--	(1,491,755.11)
	<u>(943,316.53)</u>	<u>672,236.85</u>	<u>(271,079.68)</u>	<u>(1,491,755.11)</u>	<u>885,404.26</u>	<u>(606,350.85)</u>

(c) TAXATION

Year of Assessment	Balance at 1 jan.	Prior Year Adjustment	Current Charges	Payments during the year	Balance at 31 Dec.
Corporate Tax					
2019	(132,712.03)	--	--	--	(132,712.03)
2020	166,860.63	--	--	(34,148.60)	132,712.03
2021	--	--	1,784,717.77	(1,000,000.00)	784,717.77
	<u>34,148.60</u>	<u>--</u>	<u>1,784,717.77</u>	<u>(1,034,148.60)</u>	<u>784,717.77</u>

All tax liabilities /repayments are subject to agreement with the Ghana Revenue Authority.

(d) RECONCILIATION OF EFFECTIVE TAX RATE

The tax charged on profit before income tax differs from the theoretical amount that would arise using the statutory income tax rate. This is explained as follows

	2021	2020
	Gh¢	Gh¢
Profit before tax	4,048,153.02	(2,098,805.90)
Income tax using the domestic tax rate	1,012,038.26	(524,701.48)
Non -deductible Expenses	1,211,394.42	1,579,391.85
Tax Impact of depreciation allowances	(438,714.91)	(512,829.74)
Tax Impact of other allowances	--	--
Recognition of previously unrecognised tax lossess	--	--
Deferred tax	335,271.17	(840,450.15)
Current tax charges	<u>2,119,988.94</u>	<u>(298,589.52)</u>

Effective tax rate	%	52.37	14.23
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ODOTOBRI RURAL BANK LIMITED**NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31ST DECEMBER, 2021 CONT'D**

21 <u>STATED CAPITAL</u>	No. of Shares	Proceeds	No. of Shares	Proceeds
	2021	2021	2020	2020
Authorised	<u>500,000,000</u>		<u>500,000,000</u>	
Issued Shares				
Preference Shares	125,000	12.50	125,000	12.50
Ordinary Shares	310,325,396	2,995,448.60	310,139,894	2,976,898.38
	<u>310,450,396</u>	<u>2,995,461.10</u>	<u>310,264,894.00</u>	<u>2,976,910.88</u>

All ordinary shares rank equal with regard to the company's residual assets. Holders of these shares are entitled to dividends as declared from time to time and are entitled to one vote per share at the bank's general meetings

22 **RELATED PARTY TRANSACTIONS**

Advances due from directors, staff, and other related parties are

	<u>2021</u>	<u>2020</u>
	Gh¢	Gh¢
Directors	177,916.60	90,208.22
Staff	3,882,498.27	1,002,409.00
Adu Darko Centre Ltd (subsidiary)	82,312.31	82,312.31
	<u>4,142,727.18</u>	<u>1,174,929.53</u>