ARB APEX BANK LIMITED

FINANCIAL STATEMENTS
31 DECEMBER 2016

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GENERAL INFORMATION

BOARD OF DIRECTORS

Mr. James Kwame Otieku	- Non Executive	Chairman
Osagyefo Amanfo Edu VI	- Non Executive Vice	Chairman
Mr. Kwadwo Aye Kusi	- Managing Director	Retired
Mr. Yaw Odame-Darkwa	- Non Executive Member	Apptd 01/01/16
Dr. Joseph France	Non Executive Member	Apptd 09/12/16
Ms. Yvonne Odoley Quansah	- Non Executive Member	
Mr. Larry Kwesi Jiagge	- Non Executive Member	Apptd 01/01/16
Nana Bram Okae II	- Non Executive Member	
Mr. Ronald Acquah-Arhin	- Non Executive Member	
Alhaji Fusheini Seidu	- Non Executive Member	
Dr. Nana Akowuah Boamah	- Non Executive Member	
Mr. Anthony K. Forkah	- Non Executive Member	
Dr. Phillip Yaw Amakye	- Non Executive Member	Apptd 01/01/16

REGISTERED OFFICE

P.O. Box GP 20321
Accra
No. 5, 9th Road
Gamel Abdul Nasser Avenue
South Ridge, Accra

SECRETARY

Curtis William Brantuo
ARB Apex Bank Ltd.

AUDITORS

Ernst & Young
Chartered Accountants
G15, White Avenue
P. O. Box KA 16009, Airport
Airport Residential Area
Accra

BANKERS

Bank of Ghana, Accra
Ghana International Bank PLC, London

REPORT OF THE DIRECTORS
TO THE MEMBERS OF
ARB APEX BANK LIMITED

The directors present their report together with the audited financial statements of the ARB Apex Bank Ltd for the year ended 31 December 2016.

Statement of Directors' Responsibility

The directors are responsible for the preparation of the financial statements for each financial year, which gives a true and fair view of the state of affairs of the Bank. In preparing the financial statements, the directors have selected suitable accounting policies, applied them consistently, made judgments and estimates that are reasonable and prudent and have followed International Financial Reporting Standards and the provisions of the Companies Act, 1963 (Act 179).

The directors are responsible for ensuring that the Bank keeps proper accounting records that disclose with reasonable accuracy at any time the financial position, the financial performance and cash flows of the Bank. The directors are also responsible for safeguarding the assets of the Bank and taking reasonable steps for the prevention and detection of accounting fraud.

Nature of business

The ARB Apex Bank Limited is a Public Limited Liability Company incorporated under the Companies Act 1963 (Act 179) and owned by the Rural and Community Banks in Ghana. It has been licensed by the Bank of Ghana, through the ARB Apex Bank Ltd Regulation 2006 (LI 1825), to provide support services to the Rural and Community Banks (RCBs).

Results of operations

The results of operations for the year ended 31 December 2016 are set out in the statement of comprehensive income, statement of financial position, statement of changes in equity and statement of cash flows together with notes to the financial statements.

Activities

Operational Results	**2016**	2015
	GH¢	GH¢
(Loss)/ Profit before taxation	**(13,639,646)**	1,575,914
Income tax expense	**-**	(244,953)
Deferred tax	**274,395**	(274,395)
(Loss)/Profit after tax for the year	**(13,365,251)**	1,056,566
Other Comprehensive income/(loss)	**49,056**	117,860
	(13,316,195)	1,174,426

REPORT OF THE DIRECTORS (CONTINUED)

Directors

Mr. James Kwame Otieku	- Non Executive Chairman
Osagyefo Amanfo Edu VI	- Non Executive Vice Chairman
Mr. Yaw Odame-Darkwa	- Non Executive Member
Ms. Yvonne Odoley Quansah	- Non Executive Member
Mr. Larry Kwesi Jiagge	- Non Executive Member
Nana Bram Okae II	- Non Executive Member
Mr. Ronald Acquah-Arhin	- Non Executive Member
Alhaji Fusheini Seidu	- Non Executive Member
Dr. Nana Akowuah Boamah	- Non Executive Member
Mr. Anthony K. Forkah	- Non Executive Member
Dr. Phillip Yaw Amakye	- Non Executive Member
Dr. Joseph France	- Non Executive Member
Mr. Alex Kwasi Awuah	- Ag. Managing Director

The directors in office at the date of signing these financial statements are as follows;

Signed on behalf of the Board by:

Signed	Signed
Director	Director
Date: 30th March, 2017	Date: 30th March, 2017

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF
ARB APEX BANK LIMITED

Opinion

We have audited the accompanying financial statements of ARB Apex Bank Limited as set out on pages 7 to 54, which comprise the statement of financial position as at 31 December 2016, statement of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.
In our opinion the financial statements present fairly, in all material respects, the financial position of ARB Apex Bank Limited as at 31 December 2016 and of its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards and in the manner required by the Companies Act, 1963 (Act 179) and the Banking Act, 2004 (Act 673) as amended by the Banking (Amendment) Act, 2007 (Act 738).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and other independence requirements applicable to performing audits of ARB Apex Bank Limited. We have fulfilled our other ethical responsibilities in accordance with the IESBA Code, and in accordance with other ethical requirements applicable to performing the audit of ARB Apex Bank Limited. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

The directors are responsible for the other information. The other information comprises the Directors' Report as required by the Companies Act, 1963 (Act 179). The other information 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 an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Statements

The directors are responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards and the requirements of the Companies Act, 1963 (Act 179), 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.

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 judgement and maintain professional scepticism 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 company's 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 company'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 company to cease to continue as a going concern.

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

- We communicate with the 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.

Report on other legal and regulatory requirements

The Companies Act 1963, (Act 179) 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 proper returns adequate for the purposes of our audit have been received from branches not visited by us; and
iii. The balance sheet (statement of financial position) and the profit and loss account (profit or loss section of the statement of comprehensive income) of the company are in agreement with the books of account.

The Banking Act 2004 (Act 673), Section 78 (2), requires that we state certain matters in our report. We hereby state that;

i. The accounts give a true and fair view of the state of affairs of the bank and its results for the period under review;
ii. We were able to obtain all the information and explanation required for the efficient performance of our duties as auditors;
iii. the banks' transactions are within its powers; and
iv. the bank has generally complied with the provisions in the Banking Act 2004 (Act 673) and the Banking (Amendment) Act 2007 (Act 738).

Signed by Pamela Des Bordes (ICAG/P/1329)
For and on behalf of Ernst & Young (ICAG/F/2017/126)
Chartered Accountants
Accra, Ghana
Date:

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2016

	Notes	2016	2015
		GH¢	GH¢
Interest Income	3	44,709,605	41,207,459
Interest expense	4	(7,759,405)	(6,493,549)
Net interest income		36,950,200	34,713,910
Fees & commission income		4,361,529	5,889,217
Fees & commission expense		(198,166)	(911,793)
Net fee and commission income	5	4,163,363	4,977,424
Net trading income	6	2,552,463	5,695,763
Other operating income	6b	2,767,329	5,890,381
Total operating income		46,433,355	51,277,478
Net Impairment loss on financial asset	7	(977,405)	(1,718,756)
Net operating Income		45,455,950	49,558,722
Personnel expenses	8	(28,449,047)	(22,780,835)
Operating lease expenses	9(b)	(641,082)	(638,360)
Depreciation and amortisation	17	(5,295,741)	(5,195,663)
Other operating expenses	9	(24,709,726)	(19,367,950)
Total operating expenses		(59,095,596)	(47,982,808)
(Loss) /Profit before tax		(13,639,646)	1,575,914
Income tax expense	10(a)	274,395	(519,348)
(Loss)/Profit for the period		(13,365,251)	1,056,566
Gain/(loss) on post-retirement medical benefits	23b	49,056	117,860
Total comprehensive (loss) / income for the year		(13,316,195)	1,174,426
(Loss) /Profit for the year attributable to Owners of the bank		(13,316,195)	1,174,426
Earnings per share			
Basic (loss) / earnings per share	11	(1.30)	0.10

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2016

	Notes	2016	2015
Assets		GH¢	GH¢
Cash and cash equivalents	12	**155,354,413**	153,815,870
Investments (other than securities)	13	**3,069,530**	2,538,519
Loans and advances to customers	14	**16,464,372**	18,756,873
Investment securities	15	**55,420,214**	60,199,272
Corporate tax assets	10d	**436,372**	436,372
Intangible assets	17c	**2,870,446**	4,066,629
Other assets	16	**24,833,266**	24,570,891
Property, plant and equipment	17a	**15,466,219**	12,148,957
Total Assets		**273,914,832**	276,533,383
Total liabilities and equity			
Liabilities			
Deposits from banks	18	**226,663,617**	203,721,928
Deposits from customers	18(b)	**5,236,817**	4,523,207
Deferred tax liability	10(c)	-	259,742
Government grant	19	**2,588,787**	2,696,521
Other liabilities	20	**14,612,220**	27,251,599
Total liabilities		**249,101,441**	238,452,997
Equity			
Issued capital	24	**9,093,490**	9,044,290
Income surplus		**4,513,210**	17,878,461
Statutory reserves	25	**11,308,749**	11,308,749
Credit risk reserves	26	-	-
Other Reserves	27	(102,058)	(151,114)
Total Equity		**24,813,391**	38,080,386
Total Liabilities and Equity		**273,914,832**	276,533,383

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

	Stated Capital GH¢	Income surplus GH¢	Regulatory credit risk reserves GH¢	Other Reserves GH¢	Statutory reserves GH¢	Total GH¢
Balance as of 1 January 2016	9,044,290	17,878,461	-	(151,114)	11,308,749	**38,080,386**
Loss for the year	-	**(13,365,251)**	-	-	-	**(13,365,251)**
Other comprehensive income	-	-	-	**49,056**	-	**49,056**
Total comprehensive income	**9,044,290**	**4,513,210**	-	(102,058)	11,308,749	**24,764,191**
Transfer from statutory reserves	-	-	-	-	-	-
Transfer to regulatory credit risk reserve		-	-			
Shares Issued	49,200	-	-	-	-	**49,200**
						-
Balance as of 31 December 2016	**9,093,490**	**4,513,210**	-	**(102,058)**	**11,308,749**	**24,813,391**

	Stated capital GH¢	Income surplus GH¢	Regulatory credit risk reserve GH¢	Other reserve GH¢	Statutory reserve GH¢	Total GH¢
Balance as of 1 January 2015	9,019,690	17,002,374	83,662	(268,974)	11,044,608	36,881,360
Profit for the year	-	1,056,566	-	-	-	1,056,566
Other comprehensive income	-	-	-	117,860	-	117,860
Total comprehensive income	9,019,690	18,058,940	83,662	(151,114)	11,044,608	38,055,786
	-	-	-	-	-	-
Transfer to statutory reserves	-	(264,141)	-	-	264,141	-
Transfer from regulatory credit risk reserve	-	83,662	(83,662)	-	-	-
Shares Issued	24,600	-	-	-	-	24,600
Balance as of 31 December 2015	9,044,290	17,878,461	-	(151,114)	11,308,749	38,080,386

STATEMENT OF CASH FLOW
FOR THE YEAR ENDED 31 DECEMBER 2016

	Note	2016 GH¢	2015 GH¢
CASH FLOWS FROM OPERATING ACTIVITIES			
(Loss) /Profit before taxation		**(13,639,646)**	1,575,914
Adjustments for:			
Depreciation and amortisation		**5,295,741**	5,195,663
Impairment on financial assets		**977,405**	1,718,756
Impairment provision no longer required	6	-	(4,688,885)
Cost of bailout to RCBs	9	-	3,529,864
Notional Interest income	6	**(1,221,964)**	(402,514)
Profit / (loss) on disposal of property, plant and equipment	6	**60,744**	(356,810)
Write off of asset held for sale	18	-	271,288
Unrealised Exchange (losses) / gains		**(653,944)**	667,884
Capital grant amortisation		**(107,734)**	(110,985)
		(9,289,398)	7,400,175
Change in loans and advances to customers		**2,006,049**	9,231,240
Change in other assets		**1,238,482**	(1,169,000)
Change in deposits from banks		**22,941,689**	20,060,960
Change in deposits from customers		**713,610**	(10,987,980)
Change in other liabilities and provisions		**(12,610,085)**	9,688,121
		5,000,347	34,223,516
Income tax expenses		-	(681,325)
Net cash generated from operating activities		**5,000,347**	33,542,191
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of investing securities		**3,278,202**	5,488,214
Purchase of property, plant and equipment		**(7,629,367)**	(4,835,847)
Proceeds from the sale of property and equipment		**207,593**	431,459
Purchase of intangible assets		**(55,791)**	(1,800,523)
Investment in RCBs – preference shares		-	(9,500,000)
Net cash flows used in investing activities		**(4,199,363)**	(10,216,697)
FINANCING ACTIVITIES			
Proceed from share issue		**49,200**	24,600
Net cash flows generated from financing activities		**49,200**	24,600
Net Increase / (decrease) in cash and cash equivalents		**850,184**	23,350,094
Cash and cash equivalents at 1 January		**153,850,285**	131,168,075
Effects of exchange rate fluctuations on cash held		**653,944**	(667,884)
CASH AND CASH EQUIVALENTS AS AT 31 DECEMBER	25	**155,354,413**	153,850,285

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
31 DECEMBER 2016

1. CORPORATE INFORMATION

1.1 ACTIVITIES

The ARB Apex Bank Ltd is a mini Central Bank in Ghana for the Rural/ Community Banks (RCBs) financed mainly through the Rural Financial Services Project (RFSP), which is a Government of Ghana project to holistically address the operational bottlenecks of the rural financial sector with the aim of broadening and deepening financial intermediation in the rural areas.

The ARB Apex Bank Limited is registered and incorporated in Ghana as a public limited liability company under the Companies Act, 1963 (Act 179) to provide corporate loans to rural banks, monitor their operations and serve as a primary dealer in the purchase of investment instruments on their behalf.

2.0 BASIS OF PREPARATION

Presentation of financial statements

The bank presents its statement of financial position broadly in order of liquidity. Financial assets and financial liabilities are offset and the net amount reported in the statement of financial position only when there is a current legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liability simultaneously. Income and expenses are not offset in profit or loss unless required or permitted by any accounting standard or interpretation, and as specifically disclosed in the accounting policies of the bank.

The financial statements have been prepared in Ghana Cedi (GHC) and under the historical cost convention (unless otherwise stated).

Statement of compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and Interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC) as issued by the International Accounting Standards Board (IASB).

2.1 SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

In the process of applying the Bank's accounting policies, management has exercised judgment and estimates in determining the amounts recognized in the financial statements. The most significant uses of judgment and estimates are as follows:

Going concern

The Bank's management has made an assessment of the Bank's ability to continue as a going concern and is satisfied that the Bank has the resources to continue in business for the foreseeable future. Furthermore, management is not aware of any material uncertainties that may cast significant doubt upon the Bank's ability to continue as a going concern. Therefore, the financial statements continue to be prepared on the going concern basis.

2.1 SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS (CONT'D)

Impairment losses on loans and advances

The Bank reviews its individually significant loans and advances at each reporting date to assess whether an impairment loss should be recorded in profit or loss. In particular, management's judgement is required in the estimation of the amount and timing of future cash flows when determining the impairment loss. These estimates are based on assumptions about a number of factors described in the next paragraph and actual results may differ, resulting in future changes to the allowance.

Loans and advances that have been assessed individually and found not to be impaired and all individually insignificant loans and advances are then assessed collectively, in groups of assets with similar risk characteristics, to determine whether provision should be made due to incurred loss events for which there is objective evidence, but the effects of which are not yet evident. The collective assessment takes account of data from the loan portfolio (such as levels of arrears, credit utilisation, loan-to-collateral ratios, etc.), and judgements on the effect of concentrations of risks and economic data (including levels of unemployment, real estate prices indices, country risk and the performance of different individual groups).

The impairment loss on loans and advances is disclosed in more detail in Note 14.

Deferred tax assets

Deferred tax assets are recognised in respect of tax losses to the extent that it is probable that future taxable profit will be available against which the losses can be utilised. Judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits, together with future tax-planning strategies. Tax losses can be used indefinitely.

2.2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The following are the significant accounting policies applied by the Bank in preparing its financial statements:

2.2.1 Property, plant and equipment

The Bank recognizes an item of property, plant and equipment as an asset when it is probable that future economic benefits will flow to it and the cost can be reliably measured.

Property, plant and equipment is stated at cost less accumulated depreciation and any impairment in value. Depreciation is provided on the depreciable amount of each asset on a straight-line basis over the anticipated useful life of the asset. The depreciable amount related to each asset is determined as the difference between the cost and the residual value of the asset. The residual value is the estimated amount, net of disposal costs that the Bank would currently obtain from the disposal of an asset in a similar age and condition as expected at the end of the useful life of the asset.

The current annual depreciation rates for each class of property, plant and equipment are as follows:

Office equipment	20%
Furniture and fittings	15%
Plant and equipment	20%
Land and building	2%
Computer software	5%
Computers and accessories	33.33%
Motor vehicles	20%

2.2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Costs associated with routine servicing and maintenance of assets are expensed as incurred. Subsequent expenditure is only capitalized if it is probable that future economic benefits associated with the item will flow to the Bank.

The carrying values of property, plant and equipment are reviewed for indications of impairment annually, or when events or changes in circumstances indicate that the carrying value may not be recoverable. If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets or cash-generating units are written down to their recoverable amount. The recoverable amount of property, plant and equipment is the greater of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present values using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceeds the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in profit or loss.

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the item. Any gain or loss arising on De-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in the profit or loss in the year the item is derecognized.

Residual values, useful lives and methods of depreciation for property, plant and equipment are reviewed, and adjusted prospectively if appropriate, at each financial year end.

The amount to be capitalized in respect of rented property is all cost incurred in improving and adapting the property to the Bank's requirements. Where there is reasonable doubt on the length of occupancy, depreciation is based on the length of the tenancy agreement.

2.2.2 Government grants

Government grants are recognized when grants are received or where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant relates to an expense item, it is recognized as income over the period necessary to match the grant on a systematic basis to the costs that it is intended to compensate. Where the grant relates to an asset, it is recognized as deferred income and released to income in equal amounts over the expected useful life of the related asset.

Where the Bank receives non-monetary grants, the asset and the grant are recorded gross at nominal amounts and released to profit or loss over the expected useful life and pattern of consumption of the benefit of the underlying asset by equal annual instalments. Where loans or similar assistance are provided by governments or related institutions with an interest rate below the current applicable market rate, the effect of this favourable interest is regarded as additional government grant.

2.2.4 Lease arrangement

The Bank has entered into commercial leases for premises. These leases have an average life of between three and five years with renewal option included in the contracts. Payments made under operating lease are recognised in income statement on straight line basis over the term of the lease. All the lease contracts are cancellable and advance payments have been made on all of them.

2.2.5 Foreign currencies translations

Assets and liabilities expressed in foreign currencies are translated into Ghana Cedi at the rates of exchange ruling at the reporting date. Transactions during the year are translated at the rates ruling at the dates of the transactions. Gains or losses on exchange are recognised in the profit and loss under the heading "Other Operating Income"

Transactions in foreign currencies are initially recorded by the Bank at their respective functional currency spot rates at the date the transaction first qualifies for recognition.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date.
Differences arising on settlement or translation of monetary items are recognised in profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions.

2.2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2.6 Employee benefits, pension and post-employment

Short-term employee benefits

The cost of all short-term employee benefits is recognized during the period employees render services, unless the entity uses the services of employees in the construction of an asset, at which stage it is included as part of the related property, plant and equipment item.

Leave benefits

Annual leave is provided in the period that the leave accrued.

Social security contributions

The Bank contributes to the defined contribution schemes (the Social Security Fund) on behalf of employees. This is a national pension scheme under which the Bank pays 13% of qualifying employees' basic monthly salaries to a state managed Social Security Fund for the benefit of the employees. All employer contributions are charged to profit or loss as incurred and included under personnel expenses.

2.2.7 Post-employment medical benefit

The Bank provides post-employment medical benefits to its retirees which are accrued as a liability in the financial statements, using the projected unit credit method. The entitlement to these benefits is conditional on the employee remaining in service up to retirement age and the completion of a minimum service period. The expected costs of these benefits are accrued over the period of employment.

The cost of providing benefits under the defined benefit plan is determined using the projected unit credit method. Re-measurements, comprising of actuarial gains and losses, the effect of the asset ceiling, excluding net interest (not applicable to the Bank) and the return on plan assets (excluding net interest), are recognised immediately in the statement of financial position with a corresponding debit or credit to retained earnings through other comprehensive income (OCI) in the period in which they occur. Re-measurements are not reclassified to profit or loss in subsequent periods.

Past service costs are recognised in profit or loss on the earlier of:

- The date of the plan amendment or curtailment, and
- The date that the bank recognises restructuring-related costs

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. The Bank recognises the following changes in the net defined benefit obligation under 'other operating expenses' in the statement of comprehensive income: Service costs comprising current service costs, past-service costs, gains and losses on curtailments and non-routine settlements.

The post-employment healthcare benefit obligations are valued annually by independent qualified actuaries.

Other employee benefits - loans at concessionary rate

The Bank grants facilities to staff of the Bank on concessionary terms. The Bank recognises such offerings as part of employee benefits on the basis that such facilities are granted to staff on the assumption of their continued future service to the Bank and not for their past service. The Bank's Lending Rate adjusted for risk not associated with the Bank's staff is applied to fair value such facilities. Any discount arising there from is recognised as a prepaid staff benefit which is amortised through profit or loss over the shorter of the life of the related facilities and expected average remaining working lives of employees.

2.2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2.8 Revenue recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Bank and the revenue can be reliably measured. Details of the revenue recognition procedure are as stated below:

(i) Interest and similar income and expense

Interest income or expense is recorded using the effective interest rate, which is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset or financial liability. The Bank currently does not charge any additional fee to the interest on the loan. This has resulted in the effective interest rate being equal to the nominal rate on the loan. The carrying amount of the financial asset or financial liability is adjusted if the Bank revises its estimates of payments or receipts. The adjusted carrying amount is calculated based on the original effective interest rate and the change in carrying amount is recorded as 'Other operating income'. However, for a reclassified financial asset

For which the Bank subsequently increases its estimates of future cash receipts as a result of increased recoverability of those cash receipts, the effect of that increase is recognised as an adjustment to the effective interest rate from the date of the change in estimate.

Once the recorded value of a financial asset or a group of similar financial assets has been reduced due to an impairment loss, interest income continues to be recognised using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss.

(ii) Fee and commission income

The Bank earns fee and commission income mainly from brokerage fees on services provided to its customers.

(iii) Fee income from providing services

Brokerage fees income arising from brokerage of government bonds and bills for a third party. Income from such as the arrangement of the purchase of investment securities are recognised on completion of the underlying transaction.

Fee income for rediscounting of bonds and treasury bills are also recognised on completion of the service.

2.2.9 Financial instruments – initial recognition and subsequent measurement

(i) Date of recognition

All financial assets and liabilities are initially recognised on the trade date, i.e., the date that the Bank becomes a party to the contractual provisions of the instrument.

(ii) Initial measurement of financial instruments

The classification of financial instruments at initial recognition depends on the purpose and management's intention for which the financial instruments were acquired and their characteristics. All financial instruments are measured initially at their fair value plus transaction costs, except in the case of financial assets and financial liabilities recorded at fair value through profit or loss.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
31 DECEMBER 2016

2.2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(iii) Financial assets or financial liabilities held–for–trading.

Financial assets or financial liabilities held–for–trading are recorded in the statement of financial position at fair value. Changes in fair value are recognised in net interest income. 'Net trading income'.

The Bank has not designated any financial instrument as held–for–trading

(iv) Financial assets and financial liabilities designated at fair value through profit or loss

Financial assets and financial liabilities classified in this category are those that have been designated by management on initial recognition. Management may only designate an instrument at fair value through profit or loss upon initial recognition when the following criteria are met, and designation is determined on an instrument by instrument basis:

The designation eliminates or significantly reduces the inconsistent treatment that would otherwise arise from measuring the assets or liabilities or recognising gains or losses on them on a different basis.

The assets and liabilities are part of a bank of financial assets, financial liabilities or both which are managed and their performance evaluated on a fair value basis, in accordance with a documented risk management or investment strategy.

The financial instrument contains one or more embedded derivatives which significantly modify the cash flows that otherwise would be required by the contract.

Financial assets and financial liabilities at fair value through profit or loss are recorded in the statement of financial position at fair value. Changes in fair value are recorded in profit or loss. The Bank has not designated any financial instrument as fair value through profit or loss.

(vi) Held–to–maturity financial investments

Held–to–maturity financial investments are non–derivative financial assets with fixed or determinable payments and fixed maturities, which the Bank has the intention and ability to hold to maturity. After initial measurement, held–to–maturity financial investments are subsequently measured at amortised cost using the effective interest rate method (EIR), less impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees that are an integral part of the EIR. The amortisation is included in 'Interest and similar income' in profit or loss. If the Bank were to sell or reclassify more than an insignificant amount of held–to–maturity investments before maturity (other than in certain specific circumstances), the entire category would be tainted and would have to be reclassified as available–for–sale. Furthermore, the Bank would be prohibited from classifying any financial asset as held to maturity during the following two years.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
31 DECEMBER 2016

2.2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2.9 Financial instruments – initial recognition and subsequent measurement

(vii) Loans and advances

Loans and advances to customers and due from bank includes loans and advances to customers originated by the company which are not classified as held for trading or designated at fair value. Loans and advances are recognised when cash is advanced to the borrower. They are derecognised either when borrowers repay their obligation or are written off.
They are initially recognised at fair value plus any directly attributable transaction cost and are subsequently measured at amortised cost using the effective interest rate method less impairment loss.

2.2.10. De-recognition of financial assets and financial liabilities

(i) Financial assets

A financial asset (or, where applicable a part of a financial asset or part of similar financial assets) is derecognised when:

The rights to receive cash flows from the asset have expired.

The Bank has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass–through' arrangement; and either the Bank has transferred substantially all the risks and rewards of the asset, or the Bank has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Bank has transferred its rights to receive cash flows from an asset or has entered into a pass–through arrangement, and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Bank's continuing involvement in the asset. In that case, the Bank also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Bank has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Bank could be required to repay.

(ii) Financial liabilities

A financial liability includes due to customers, other liabilities and interest payable are derecognized when the obligation under the liability is discharged or cancelled or expires. 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 de-recognition 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 recognized in profit or loss.

2.2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2.11 Impairment of financial assets

(i) Framework for impairing financial assets

At each reporting date the Bank assesses whether, as a result of one or more events (loss event) occurring after initial recognition, there is objective evidence that a financial asset or bank of financial assets has become impaired. Evidence of impairment may include indications that the borrower or bank of borrowers is experiencing significant financial difficulty, default or delinquency in interest or principal payments, or the fact that the debt is being restructured to reduce the burden on the borrower.

(ii) Impairment of financial assets

The Bank makes an allowance for unrecoverable loans and receivables, held-to-maturity investments and available for sale financial assets when there is objective evidence that the carrying amount may not be recoverable. Significant management judgment is required to determine when objective evidence of impairment exists, and also in estimating future cash flows from the assets.

(iii) Financial assets carried at amortised cost

For financial assets carried at amortised cost (such as amounts due from rural banks as well as held–to–maturity investments), the Bank first assesses individually whether objective evidence of impairment exists for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Bank determines that no objective evidence of impairment exists for an individually assessed financial asset, it includes the asset in a bank of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognised are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the assets's carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred). The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in the profit and loss.

Interest income continues to be accrued on the reduced carrying amount and is accrued using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss.

The interest income is recorded as part of 'Interest and similar income'. Loans together with the associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the Bank. If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a future write–off is later recovered, the recovery is credited to the 'Credit loss expense'.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
31 DECEMBER 2016

2.2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(i) Impairment of available-for-sale investments

If there is objective evidence that the cost may not be recovered, an available-for-sale equity security is considered to be impaired. Objective evidence that the cost may not be recovered, in addition to qualitative impairment criteria, includes a significant or prolonged decline in the fair value below cost. The company's policy considers a significant decline to be one in which the fair value is below the cost by more than 20% and a prolonged decline to be one in which fair value is below the cost for greater than nine months. This policy is applied by the bank at the individual security level.

If an available-for-sale equity security is impaired based upon the company's qualitative or quantitative impairment criteria, any further declines in the fair value at subsequent reporting dates are recognized as impairments. Therefore, at each reporting period, for an equity security that is determined to be impaired based upon the company's impairment criteria, an impairment is recognized for the difference between the fair value and the original cost basis, less any previously recognized impairments.

Determining fair value

The Bank measures financial instruments, such as, available for sale financial assets at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible to by the Bank. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest. A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use. The Bank uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs. All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy disclosed in note 34

(ii) Renegotiated loans

Where possible, the Bank seeks to restructure loans rather than to take possession of collateral. This may involve extending the payment arrangements and the agreement of new loan conditions. Once the terms have been renegotiated any impairment is measured using the original EIR as calculated before the modification of terms and the loan is no longer considered past due. Management continually reviews renegotiated loans to ensure that all criteria are met and that future payments are likely to occur. The loans continue to be subject to an individual or collective impairment assessment, calculated using the loan's original effective interest rate.

2.2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2.12 Provisions

The Bank recognizes provisions when it has a present obligation (legal or constructive) as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Bank expects some or all of a provision to be reimbursed, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain.

The expense relating to any provision is presented in profit or loss net of any reimbursement.

If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as a borrowing cost. Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. Contingent liabilities and contingent assets are disclosed in the notes to the financial statements.

2.2.13 Cash and cash equivalents

Cash and cash equivalents as referred to in the statement of cash flow comprises cash on hand, non–restricted current accounts with central banks and amounts due from banks on demand or with an original maturity of three months or less. Cash and cash equivalents are subsequently measured at amortized cost.

2.2.14 Intangible assets

The Bank’s intangible assets are the value of computer software. An intangible asset is recognised only when its cost can be measured reliably and it is probable that the expected future economic benefits that are attributable to it will flow to the bank. Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses.

The amortisation expense on intangible assets is recognised in profit or loss in the expense category consistent with the function of the intangible asset. Amortisation is calculated using the straight–line method to write down the cost of intangible assets to their residual values over their estimated useful lives as follows:
Computer software - 5 years.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
31 DECEMBER 2016

2.2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2.15 Taxation

Current income tax
Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date. Current income tax assets and liabilities also include adjustments for tax expected to be payable or recoverable in respect of previous periods.
Current income tax relating to items recognised directly in equity or other comprehensive income is recognised in equity or other comprehensive income and not in profit or loss.

Deferred tax

Deferred tax is provided on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred tax liabilities are recognised for all taxable temporary differences, except:
☐
Where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss☐ In respect of taxable temporary differences associated with investments in subsidiaries, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised except:

Where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss ☐In respect of deductible temporary differences associated with investments in subsidiaries, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date. Current tax and deferred tax relating to items recognised directly in equity are also recognised in equity and not in the profit or loss.
Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
31 DECEMBER 2016

2.2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2.15 Standards issued but not yet effective

The standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Bank's financial statements are disclosed below. The Bank intends to adopt these standards, if applicable, when they become effective.

IFRS 16 Leases

In January 2016, the International Accounting Standards Board (IASB or Board) issued IFRS 16 Leases, which requires lessees to recognise assets and liabilities for most leases. For lessors, there is little change to the existing accounting in IAS 17 Leases.

. IFRS 16 will be effective for annual periods beginning on or after 1 January 2019. Early application is permitted, provided the new revenue standard, IFRS 15 Revenue from Contracts with Customers, has been applied, or is applied at the same date as IFRS 16.

The adoption of IFRS 16 will have an effect on the recognition of the Bank's operating leases. The Bank is currently assessing the impact of IFRS 16 and plans to adopt the new standard on the required effective date.

IFRS 9 *Financial Instruments*

In July 2014, the IASB issued the final version of IFRS 9 Financial Instruments that replaces IAS 39 Financial Instruments: Recognition and Measurement and all previous versions of IFRS 9. IFRS 9 brings together all three aspects of the accounting for financial instruments project: classification and measurement, impairment and hedge accounting. IFRS 9 is effective for annual periods beginning on or after 1 January 2018, with early application permitted. Except for hedge accounting, retrospective application is required but providing comparative information is not compulsory. For hedge accounting, the requirements are generally applied prospectively, with some limited exceptions.

The Bank plans to adopt the new standard on the required effective date. During 2016, the Bank has performed a high-level impact assessment of all three aspects of IFRS 9. This preliminary assessment is based on currently available information and may be subject to changes arising from further detailed analyses or additional reasonable and supportable information being made available to the Bank in the future. Overall, the Bank expects no significant impact on its balance sheet and equity except for the effect of applying the impairment requirements of IFRS 9. The Bank expects a higher loss allowance resulting in a negative impact on equity and will perform a detailed assessment in the future to determine the extent.

(a) Classification and measurement

The Bank does not expect a significant impact on its balance sheet or equity on applying the classification and measurement requirements of IFRS 9. It expects to continue measuring at fair value all financial assets currently held at fair value. Debt securities are expected to be measured at fair value through OCI under IFRS 9 as the Bank expects not only to hold the assets to collect contractual cash flows but also to sell a significant amount on a relatively frequent basis.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
31 DECEMBER 2016

2.2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2.15 Standards issued but not yet effective (Continued)

The equity shares in non-listed companies are intended to be held for the foreseeable future. The Bank expects to apply the option to present fair value changes in OCI, and, therefore, believes the application of IFRS 9 would not have a significant impact. If the Bank were not to apply that option, the shares would be held at fair value through profit or loss, which would increase the volatility of recorded profit or loss.

Loans as well as trade receivables are held to collect contractual cash flows and are expected to give rise to cash flows representing solely payments of principal and interest. Thus, the Bank expects that these will continue to be measured at amortised cost under IFRS 9. However, the Bank will analyse the contractual cash flow characteristics of those instruments in more detail before concluding whether all those instruments meet the criteria for amortised cost measurement under IFRS 9.

(b) Impairment

IFRS 9 requires the Bank to record expected credit losses on all of its debt securities, loans and trade receivables, either on a 12-month or lifetime basis. The Bank expects to apply the simplified approach and record lifetime expected losses on all trade receivables. The Bank expects a significant impact on its equity due to unsecured nature of its loans and receivables, but it will need to perform a more detailed analysis which considers all reasonable and supportable information, including forward-looking elements to determine the extent of the impact.

Annual improvements 2011-2013 Cycle

IFRS 15 Revenue from Contracts with Customers

IFRS 15 was issued in May 2014 and establishes a new five-step model that will apply to revenue arising from contracts with customers. Under IFRS 15 revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The principles in IFRS 15 provide a more structured approach to measuring and recognising revenue. The new revenue standard is applicable to all entities and will supersede all current revenue recognition requirements under IFRS. Either a full or modified retrospective application is required for annual periods beginning on or after 1 January 2018 with early adoption permitted. The Bank is currently assessing the impact of IFRS 15 and plans to adopt the new standard on the required effective date.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
31 DECEMBER 2016

3. INTEREST INCOME

	2016	2015
	GH¢	GH¢
Cash and cash equivalents	25,903,344	22,391,614
Loans and advances to rural banks	3,184,761	4,587,912
Investments securities - Held to Maturity	15,104,904	13,888,396
Loan and advances to staff	516,596	339,537
	44,709,605	41,207,459

4. INTEREST EXPENSE

	2016	2015
	GH¢	GH¢
Clearing balances	639,770	521,021
Fixed and time Apex certificate of Deposit	4,922,206	4,104,667
Borrowings-Inter-Bank	406,485	230,527
Short term deposits(Rural community banks)	1,711,056	1,546,822
Staff balances	79,888	90,512
	7,759,405	6,493,549

5. NET FEES AND COMMISSIONS INCOME

	2016	2015
	GH¢	GH¢
Apex link and money transfers	579,042	830,173
Other Banks Funds Transfer	-	331
Foreign Transfers	1,371,217	1,526,753
Managed Funds	192,836	383,773
Specie Fees	83,730	69,073
Brokerage Fees income	436,009	1,428,098
Commission on clearing	269,328	164,126
Training Fees	205,480	252,520
Commission on MICR Cheque	827,693	889,530
Other commissions	137,806	115,229
SMS Commission	258,388	229,611
	4,361,529	5,889,217
Less; Fees and commission expenses		
Brokerage expenses	(198,166)	(911,793)
Net fees and commission income	4,163,363	4,977,424

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
31 DECEMBER 2016

6. NET TRADING INCOME

Gains from foreign currency dealings	**2,552,463**	5,695,763

6b. OTHER OPERATING INCOME

	2016	2015
	GH¢	GH¢
Exchange gain	**653,944**	-
Capital Grant Amortisation	**107,734**	110,985
Provision no longer required	**-**	4,688,885
Coupon Income-Preference shares	**531,011**	53,058
Notional Interest	**690,953**	402,514
Profit / (loss) on disposal	**-**	356,810
Other income	**783,687**	278,129
	2,767,329	5,890,381

7. NET IMPAIRMENT LOSS ON FINANCIAL ASSETS

	2016	2015
	GH¢	GH¢
Individual impairment	**140,899**	1,192,847
Collective impairment	**836,506**	525,909
	977,405	1,718,756

8. PERSONNEL EXPENSES

	2016	2015
	GH¢	GH¢
Wages and salaries	**16,759,775**	14,088,221
Social security cost	**2,942,572**	2,341,099
Staff Accommodation	**1,156,003**	938,422
Medical expenses	**1,078,969**	1,040,111
Staff Travel and relocation	**3,062,233**	2,266,240
Other staff allowances	**3,449,495**	2,106,742
	28,449,047	22,780,835

Other staff allowances includes staff utilities costs, donation to bereaved staff and other staff awards.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
31 DECEMBER 2016

9. OTHER EXPENSES

	2016	2015
	GH¢	GH¢
Professional fees	693,425	88,357
Exchange loss	-	667,884
Cost of bailout of RCBs	124,017	3,529,864
Directors' fees & allowance	844,221	761,317
Utilities and cleaning	2,169,971	1,474,058
Audit fees	113,955	100,000
Staff training	388,187	280,858
Rental	51,372	34,682
Training of rural banks	62,921	35,469
Repairs and maintenance	822,075	949,715
Meeting and conferencing	552,187	462,453
Travels (Local and foreign)	1,580,332	909,749
Advertising and marketing	510,274	607,771
Specie	141,042	67,060
Communication	399,085	455,738
Insurance	336,581	303,485
Printing/ Stationery	241,555	222,927
Office running costs	848,988	938,973
Provision for legal costs	1,633,672	-
Fuel and Lubricants	299,526	578,303
Vehicle Maintenance Costs	285,356	272,178
Subscription /License and Dues	577,590	260,442
Donations	54,352	79,568
New Products Expenses	62,432	103,600
Clothing & Image Enhancement	1,752,855	1,400,065
Outsourced Service	959,139	761,431
Bank Charges	40,986	39,871
GIS/ Swift Charges	65,919	83,561
Postage	117,100	95,661
Communication Cost - RCBs	8,974,571	3,795,585
Overs and shorts in till	6,042	7,325
	24,709,726	19,367,950

Communication Cost relates to Bandwidth usage by the Rural and community Banks (RCB's)

9b Operating lease expenses

	2016	2015
	GH¢	GH¢
Rental cost of Branch premises	641,082	638,360

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
31 DECEMBER 2016

10. INCOME TAX EXPENSE

The major components of income tax expense for the years ended 31 December 2016 and 2015 were:

(a)	**Tax credit/(charged) to profit or loss**		**2016**	2015
		GH¢	**GH¢**	GH¢
	Current income tax		-	244,953
	Deferred tax relating to the origination and reversal of temporary differences		(274,395)	274,395
	At 31 December		(274,395)	519,348

(b)	**Reconciliation of tax charge to the expected tax based on accounting profit**		
	Accounting Profit before taxation	(13,639,646)	1,575,914
	Tax at the applicable rate of 25%	(1,091,171)	126,073
	Tax on non-deductible expenses	1,020,973	421,819
	Income not subject to tax	(204,197)	(28,544)
		274,395	519,348

The effective income tax rate for year 2016 is nil (2015:33%)

(c)	**Deferred tax (asset)/liabilities**			
	Deferred tax relates to the following:		**2016**	2015
	Deferred tax liabilities		**GH¢**	GH¢
	Property, plant and equipment		**304,283**	513,108
	Deferred tax assets			
	Provision for impairment of loans		**(289,630)**	(238,713)
	Postretirement medical benefit	¤	**(14,653)**	(14,653)
	Net deferred tax (assets)/liabilities		-	259,742

(d) Unrecognised deferred tax assets as at 31 December 2016

Deferred tax assets has been limited to deferred tax liability as at the yearend. The unrecognised deferred tax assets as at the yearend is disclosed below.

	2016
	GH¢
Provision for impairment	**27,276**
Losses available for offsetting against future taxable income	**328,258**
	355,534

The deductible temporary differences do not expire under current tax legislation impairment provisions but will expire in three years for losses. Deferred tax assets have not been recognised in respect of these items because it is not considered probable that future taxable profit will be available against which they can be realised.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
31 DECEMBER 2016

10. TAXATION (CONTINUED

Movement on deferred tax account as shown in profit or loss and other comprehensive income is as follows;

	2016	2015
	GH¢	GH¢
Opening balance (assets)/ liabilities	**274,395**	-
Tax expense to profit or loss	(274,395)	274,395
	-	274,395
Opening balance (assets) / liabilities	**(14,653)**	**(24,902)**
Tax expense/(recovered) to OCI	**14,653**	**10,249**
	-	**(14,653)**
Total deferred tax (asset) / liability	-	**(259,742)**

(d) Corporate taxation (payable)/recoverable

	1 Jan	Paid during the year	Charged during the year	Adjustment	31 Dec
	GH¢	GH¢	GH¢	GH¢	GH¢
Corporate tax					
2015	(436,372)	-	-	-	(436,372)
2016	-	-	-	-	-
	(436,372)	-	-	-	(436,372)

11. EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the net profit for the year attributable to ordinary equity holders of the Bank by the weighted average number of ordinary shares outstanding during the year.

There are no other class of shares that will affect the basic earnings per share. Diluted earnings per share will be equal to the basic earnings per share as there are no dilutive instruments.

The following table shows the income and share data used in the basic earnings per share

	2016	2015
Net (loss)/profit attributable to ordinary equity holders of the parent	**(13,365,251)**	1,056,566
Weighted average number of ordinary shares for basic earnings per share	**10,245,589**	10,205,589

	2016	2015
Earnings per share		
Basic earnings per share	**(1.30)**	**0.10**

There have been no transactions involving ordinary shares or potential ordinary shares between the reporting date and the date of the completion of these financial statements which would require the restatement of earnings per share.

12. CASH AND CASH EQUIVALENTS

	2016	2015
	GH¢	GH¢
Cash and balances with banks	**29,051,956**	28,370,613
Mobile Money E-cash	**2,431,922**	-

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
31 DECEMBER 2016

Unrestricted balances with the central bank	**25,870,535**	22,445,257
Money market placements	**98,000,000**	103,000,000
	155,354,413	153,815,870

There are no restrictions on these cash balances and the cash with central bank are non-interest bearing. There are no indications of impairment for cash and due from bank for 2016. The interest rate on placement due from other bank ranged from 22.0%-25.5% in 2016.

13. INVESTMENTS (OTHER THAN SECURITIES)

	2016 GH¢	2015 GH¢
Balance as at 1January	**2,538,519**	-
Cash advanced to bailout RCBs	-	**1,347,832**
Loans converted to bailout RCBs	-	**1190,687**
Notional interest income	**531,011**	-
	3,069,530	**2,538,519**

The Bank in 2015 bailed out four (4) distressed banks through the purchase of preference shares which were issued by the distressed Banks. The preference shares had a coupon rate of 2%, redeemable in 10 years
This was initially recognised at fair value and subsequently at amortised cost.

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
31 DECEMBER 2016

14. LOANS AND ADVANCES

	2016	2015
	GH¢	GH¢
On-lending	1,141,082	2,084,992
Capital projects	7,095,664	8,616,644
Micro finance	-	311,098
Short term Loan	1,007,094	502,279
Long term Loan	1,992,600	2,628,741
Rural Banks automobile loan	1,919,100	1,605,746
Staff loan	7,285,530	5,991,290
Total gross loans	20,441,070	21,740,790
Less: Allowance for impairment losses	(3,961,322)	(2,983,917)
Suspended Interest	(15,376)	-
	16,464,372	18,756,873

Impairment on losses on loans and advances

	2016	2015
	GH¢	GH¢
Individual impairment	2,072,998	2,458,008
Collective impairment	1,888,324	525,909
Balance as at 31 December	3,961,322	2,983,917

Reconciliation of impairment losses

	2016	2015
	GH¢	GH¢
Balance as at 1 January	2,983,917	5,954,046
Impairment no longer required	-	(4,688,885)
Charge for the year	977,405	1,718,756
Balance as at 31 December	3,961,322	2,983,917

The individual impairment represents the full provisions on gross loans which were individually impaired as at the year end.

15. INVESTMENT SECURITIES - HELD TO MATURITY

	2016	2015
	GH¢	GH¢
Government debt securities	39,361,048	38,044,157
Treasury bills held to maturity	16,059,166	22,155,115
	55,420,214	60,199,272

The average interest rate on the held to maturity investments are as follows:
91-day Treasury bill rate 21.89%
182-day Treasury bill 23.76%
1-year Notes 22.84%
2-year Notes 23.71%
5-year Notes 24.0%

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
31 DECEMBER 2016

16. OTHER ASSETS

	2016	2015
	GH¢	GH¢
Commission/ interest receivable	4,450,696	3,811,605
Prepayments	11,301,219	11,600,414
Deferred cost of intervention	8,028,151	8,152,168
Sundry receivables	1,053,200	1,006,704
	24,833,266	24,570,891

Prepayments relate to prepaid Bandwidth and Annual warranty charges in respect of the running of the Data centre. These are payments made on behalf of RCBs and surcharged to them at the end of each quarter.

Sundry receivables relates receivables other than the other assets listed above.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
31 DECEMBER 2016

17(a) PROPERTY, PLANT AND EQUIPMENT – 2016

	Land	Buildings	Improvement on Leased Premises	Office Equipment	Furniture & Fittings	Motor Vehicle	Computer Hardware	Work In Progress	Total
Cost	GH¢	GH¢	GH¢	GH¢	GH¢	GH¢	GH¢	GH¢	GH¢
As at 1/1/2016	1,370,298	3,409,702	1,417,805	2,972,251	700,536	5,019,119	8,473,760	622,918	23,986,390
Additions	-	-	-	180,010	147,535	208,000	682,504	6,411,319	7,629,368
Transfers	-	-	-	-	-	270,893	-	(270,893)	-
Disposal	-	-	-	(52,824)	(33,103)	(523,244)	(48,472)	(20,776)	(678,419)
Balance as at 31/12/16	1,370,298	3,409,702	1,417,805	3,099,437	814,968	4,974,768	9,107,792	6,742,568	30,937,339
Accumulated Depreciation									
As at 1/1/2016	-	680,138	900,738	2,056,789	477,949	1,791,922	5,929,900	-	11,837,435
Charge for the year	-	68,239	95,898	321,098	75,427	929,483	2,553,622	-	4,043,767
Disposal	-	-	-	(31,529)	(15,510)	(314,571)	(48,472)	-	(410,082)
Balance as at 31/12/16	-	748,377	996,636	2,346,358	537,866	2,406,834	8,435,050	-	15,471,120
Carrying amount as at 31/12/16	1,370,298	2,661,325	421,173	764,605	290,800	2,600,469	673,052	6,742,569	15,466,219

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
31 DECEMBER 2016
17(b) PROPERTY, PLANT AND EQUIPMENT - 2015

	Land	Buildings	Improvement on leased premises	Office equipment	Furniture & fittings	Motor vehicles	Computer-hardware	Work in progress	Total
Cost		GH¢	GH¢	GH¢	GH¢	GH¢	GH¢	GH¢	GH¢
As at 1/1/2015	1,370,298	3,409,702	1,417,806	2,343,502	584,250	2,390,617	8,245,670	832,403	20,594,248
Additions	-	-	-	670,617	134,533	3,085,822	653,207	291,669	4,835,848
Transfers	-	-	-	-	-	501,154	-	(501,154)	-
Disposal	-	-	-	(41,868)	(18,247)	(958,474)	(425,117)	-	(1,443,706)
Balance as at 31/12/15	1,370,298	3,409,702	1,417,806	2,972,251	700,536	5,019,119	8,473,760	622,918	23,986,390
Accumulated Depreciation									
As at 1/1/2015	-	611,899	804,837	1,708,936	420,369	1,804,870	3,900,731	-	9,251,642
Charge for the year	-	68,239	95,898	375,090	66,548	895,917	2,453,155	-	3,954,847
Disposal	-	-	-	(27,237)	(8,968)	(908,865)	(423,986)	-	(1,369,056)
Balance as at 31/12/15	-	680,138	900,735	2,056,789	477,949	1,791,922	5,929,900	-	11,837,433
Carrying amount as at 31/12/15	1,370,298	2,729,564	517,071	915,462	222,586	3,227,197	2,543,860	622,918	12,148,957

Government grants have been received for the purchase of certain items of property, plant and equipment. There are no unfulfilled conditions or contingencies to these grants.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2016

17 (c) INTANGIBLE ASSETS – COMPUTER SOFTWARE

	2016	2015
Cost	GH¢	GH¢
As at 1/1/2016	6,303,407	4,502,884
Additions - acquisition	55,791	1,800,523
	-	-
Balance as at 31/12/16	6,359,198	6,303,407
Accumulated Amortisation		
As at 1/1/2016	2,236,778	995,962
Charge for the year	1,251,974	1,240,816
Balance as at 31/12/16	3,488,752	2,236,778
Carrying amount as at 31/12/16	2,870,446	4,066,629

18. DEPOSITS FROM BANKS

	2016	2015
	GH¢	GH¢
Due to rural and community banks	226,663,617	203,721,928
	226,663,617	203,721,928

20 (b) DEPOSITS FROM CUSTOMERS

	2016	2015
	GH¢	GH¢
Staff balances	1,196,022	1,800,321
Other current accounts	4,040,795	2,722,886
	5,236,817	4,523,207

No cash collateral was held as deposit as at the year-end (2015:nil)

19. GOVERNMENT GRANT

	2016	2015
	GH¢	GH¢
At 1 January	2,696,521	2,807,506
Released to profit and loss	(107,734)	(110,985)
At 31 December	2,588,787	2,696,521

Government cash grants have been received for the purchase of certain items of property, plant and equipment. There are no unfulfilled conditions or contingencies attached to these grants.

20. OTHER LIABILITIES

	2016	2015

	GH¢	GH¢
Accounts payable and sundry creditors	**10,997,702**	24,842,747
Regulatory charges	**626,000**	608,000
Accrued expenses	**2,689,408**	1,505,380
Interest payable	**299,110**	295,472
	14,612,220	27,251,599

These other liabilities are not interest bearing.

21. POST-EMPLOYMENT BENEFIT PLAN

21a. Movement of defined benefit obligation

The ARB Apex Bank provides post-employment medical benefits to all employees of the Bank. These benefits are funded. The following table summarizes the changes in the present value of the defined benefit obligation.

	2016 GH¢	2015 GH¢
Defined benefit obligation at 1 January	**1,050,657**	926,505
Current service cost	**69,374**	84,080
Interest cost	**241,651**	213,096
Benefit paid/ Cost Incurred	**(75,013)**	(44,915)
Actuarial (gain)/loss	**(63,709)**	(128,109)
Total liability as at 31 December	**1,222,960**	1,050,657
Less plan assets for the year	**(1,383,744)**	(1,252,427)
Excess defined plan assets	(160,784)	(201,770)

The Excess defined plan assets does not represents a future economic benefit which is available in the form of refunds from the plan or a reductions in future contributions to the plan. Hence, this has not been recognised as an asset on the statement of financial position.

The plan assets are all investment in treasury bills.

21. POST-EMPLOYMENT BENEFIT PLAN (CONTINUED)

21b. Reconciliation of Actuarial (gains)/loss in OCI

	2016 GH¢	2015 GH¢
Actuarial gains	**63,709**	(128,109)

NOTES TO THE FINANCIAL STATEMENTS
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Effect of deferred taxes on actuarial gains and losses	(14,653)	10,249
Net amount recognized in OCI	49,056	117,860

This retirement benefit is only available on retirement with the Bank at the age of 60. The principal assumptions used in determining pension obligations for the Bank's plan are shown below:

	2016	2015
	%	%
Discount rate	19.1	23
Salary percentile increase	15	15
Inflation on medical cost	17.0	17.0

The post-retirement medical benefit is assumed to be an average of GH¢7,900 inflated at 16.5% annually. It has been assumed that the average life expectancy beyond the retirement age of 60 is 10 years for both men and women.

A quantitative sensitivity analysis for significant assumption as at 31 December 2016 is, as shown below:

	2016	2015
	GH¢	GH¢
Discount rate		
1% increase in rate	**12,229**	**10,559**
1% decrease in rate	(12,229)	(10,559)
Salary percentile increase		
1% increase in rate	**28,449**	**12,736**
1% decrease in rate	(28,449)	(12,736)
Inflation on medical cost		
1% increase in rate	**10,789**	**14,273**
1% decrease in rate	(10,789)	(14,273)

The sensitivity analyses above have been determined based on a method that extrapolates the impact on the defined benefit obligation as a result of reasonable changes in key assumptions occurring at the end of the reporting period. The sensitivity analyses are based on a change in a significant assumption, keeping all other assumptions constant. The sensitivity analyses may not be representative of an actual change in the defined benefit obligation as it is unlikely that changes in assumptions would occur in isolation of one another

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2016

22. RELATED PARTY TRANSACTION

Shareholdings

The rural banks are the owners as well as the only customers of the ARB Apex Bank Ltd. None of the rural banks has significant shareholding to influence the Board's decision-making. Transactions conducted between the Bank and rural banks are banking and non-banking business services at arm's length.

Apex Bank is legally required to issue shares only to the shareholders of the Bank, which are the rural banks in Ghana. As at December 2016 all the rural banks had a minimum of 20,000 shares allocated to them.

Compensation to key management personnel

Total compensation of key management personnel (Managing Directors, Deputy Managing Directors and Head of Departments of the Bank at 31 December 2016:

	2016	2015
	GH¢	GH¢
Short term employee benefits	2,697,236	2,126,654

Total loan balances of key management staff stood at GH¢1,657,053 (2015: GH¢1,652,329)
All key management staff are entitled to post employment medical benefit. The cost of this benefit has been recognized in profit or loss. Interests charged on loans to staff are at concessionary rates and lower than the rates that would be charged in an arm's length transaction. The secured loans are secured by real estate and other assets of the respective borrowers. No impairment losses have been recorded against the outstanding balances. However, these balances have been included in the portfolio for collective impairment assessment for loans and advances.

23. DIVIDENDS PAID AND PROPOSED

No dividend has been proposed in 2016. No dividend was paid in 2015.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2016

24. STATED CAPITAL

Authorized shares

The Bank is registered with 1,000,000,000 ordinary shares of no par value.

Ordinary shares issued and fully paid

Stated Capital	2016	2015
	GH¢	GH¢
At 1 January	9,044,290	9,019,690
Shares issued during the year	49,200	24,600
At 31 December	9,093,490	9,044,290

No. of Shares	2016	2015
	Number	Number
At 1 January	10,205,589	10,185,589
Shares issued during the year	40,000	20,000
At 31 December	10,245,589	10,205,589

25. STATUTORY RESERVES

The statutory reserve fund is a non-distributable reserve required by Section 29 of the Banking Act, 2004 (Act 673). This statute requires a mandatory transfer of a specified percentage of profit after tax, before declaring dividends to a non-distributable statutory reserve fund. The transfer to statutory reserve fund represents 25% of the Bank's profit after tax.

		2016	2015
		GH¢	GH¢
At 1 January		11,308,749	11,044,608
Transfer in 2015 (25% of profit)	-	-	264,141
At 31 December		11,308,749	11,308,749

26. CREDIT RISK RESERVES

The credit risk reserve fund is a non-distributable reserve required by the Bank of Ghana to account for differences between impairment provisions on loans and advances per IFRS and the specific and general provisions on loans and advances and contingent liabilities per the Bank of Ghana provisioning methodology.

27 OTHER RESERVE

This reserve is made up of actuarial gain or loss resulting from the actuarial valuation of the Bank's Post employment medical benefits.

28. MATURITY ANALYSIS OF ASSETS AND LIABILITIES- 2016

ASSETS	GH¢ Within 12 months	GH¢ After 12 months	GH¢ Total
Cash and cash equivalents	155,354,413	-	155,354,413
Investments (other than securities)	-	3,069,530	3,069,530
Loans and advances to customers	2,105,268	14,359,104	16,464,372

NOTES TO THE FINANCIAL STATEMENTS
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Investment securities-Held to maturity	31,863,714	23,556,500	55,420,214
Deferred tax assets	176,630	-	176,630
Intangible assets	15,924	2,854,521	2,870,446
Other assets	16,549,378	8,283,888	24,833,266
Property, plant and equipment	406,931	15,059,287	15,466,219
Total Assets	**206,472,258**	**67,182,830**	**273,655,090**
LIABILITIES & SHAREHOLDERS' FUNDS			
Deposits from banks	107,912,304	118,751,313	226,663,617
Deposits from customers	5,448,205	-	5,448,205
Government Grant	-	2,588,786	2,588,787
Other liabilities	6,834,255	7,235,375	14,069,631
Total Liabilities	**120,194,764**	**128,575,474**	**248,770,240**

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2016

28b. MATURITY ANALYSIS OF ASSETS AND LIABILITIES -2015

	GH¢	GH¢	GH¢
ASSETS	**Within 12 months**	**After 12 months**	**Total**
Cash and cash equivalents	143,936,900	9,878,970	153,815,870
Investments (other than securities)	-	2,538,519	2,538,519
Loans and advances to customers	4,888,860	13,868,012	18,756,872
Investment securities-Held to maturity	30,380,115	28,318,300	58,698,415
Deferred tax assets	561,905	-	561,905
Intangible assets	31,849	4,034,780	4,066,629
Other assets	9,525,554	16,546,194	26,071,748
Property, plant and equipment	24,751	12,124,207	12,148,958
Total Assets	**189,349,934**	**87,308,982**	**276,658,916**
LIABILITIES & SHAREHOLDERS' FUNDS			
Deposits from banks	149,396,751	54,325,179	203,721,930
Deposits from customers	1,356,962	3,166,245	4,523,207
Government Grant	233,070	2,463,452	2,696,522
Other liabilities	16,876,390	10,275,208	27,151,598
Total Liabilities	**167,863,173**	**70,230,084**	**238,093,257**

29. EVENTS AFTER THE REPORTING PERIOD

There were no adjusting or non-adjusting events after the reporting period.

30. CONTINGENCIES

Contingent assets

There was no contingent asset as of 31 December 2016. (2015, nil)

Contingent liabilities

There was no contingent liability as of 31 December 2016. (2015, nil)

31. CAPITAL COMMITMENTS

There were no capital commitments as of 31 December 2016. (2015, nil)

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2016

32. OPERATING LEASE COMMITMENT

There was no operating lease commitment as at the year end. All non-cancellable operating leases were prepaid.

33. RISK MANAGEMENT

Introduction:

Efficient risk management is fundamental to the long term profitability and survival of the Bank. The Bank manages risks inherent in its operations through a framework of risk principles, risk strategies, committees as well as risk protocols including risk guidelines, rules and procedures, risk management tools and techniques.
Risk is defined as the probability of loss to earnings and / or capital arising from business activities of the Bank and is managed at enterprise-wide level, with the aim of maximizing risk-adjusted returns within the context of the Bank's risk appetite. The major risks the Bank is exposed to are Operational, Credit, Market, Liquidity, Compliance and Reputational.

Risk Governance:

The Board of Directors, through its sub-committee on risk have the overall responsibility for the establishment and oversight of the Bank's risk management framework. They set the overall risk appetite and philosophy for the Bank.

- The Risk, Audit and Compliance (RAC), the Board's sub-committee on risk exercises oversight of the risk management process: identification, measurement, management and control of all significant risks throughout the Bank. The sub-committee is supported by the Internal Control Department, which provides an independent assessment of the design, adequacy, application and effectiveness of the Bank's internal control procedures.
- The Risk, Inspection and Compliance (RIC) is the management committee on operational risk. The committee reviews reports on risks from various Departments and Units when necessary and take appropriate decisions aimed at improving the management of operational risks in the Bank.
- The Asset and Liability Management Committee (ALMCO) is a management committee responsible for managing the risk inherent in the Bank's balance sheet. It is charged with ensuring that there is adequate liquidity for the Bank's operations by monitoring the maturity of the Bank's assets and liabilities.
- The Credit Committee is a management committee responsible for managing credit risk in the Bank. This committee is charged with the function of critically evaluating reports in terms of the technical, commercial and financial viability of borrowers (RCBs) as well as their potential default and security realization risks.
- The Risk Management Department is responsible for developing, monitoring and evaluation of overall policies and procedures including various risk management strategies and controls in the Bank. The department also provides a review of the overall risk profile of the Bank from time to time. It reports regularly on its activities to the Board's sub-committee on risk through the Managing Director.
- Business units are represented by a designated Operational Risk Champions who serves as contact persons on operational risk related matters. They assist in the department's self-assessment process, timely identification and recording of operational loss data and explanations.

33 RISK MANAGEMENT (CONTINUED)

Risk Appetite:

Risk Appetite refers to the amount and type of risk that the Bank is prepared to pursue and retain in order to achieve its strategic objectives. The Bank's risk appetite level reflects the Bank's capacity to sustain losses under stressed business conditions.
The Bank articulates its risk appetite via a combination of qualitative and quantitative statements to cover relevant risk areas.

Operational Risk:

Operational Risk is defined as the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events. Unlike other forms of risk, it is not taken in pursuit of an expected return, but exist as part of the normal course of business at all levels. It is pervasive and inherent in the Bank's products, activities, processes and systems.

To monitor, mitigate and control operational risk, the Bank maintains a system of policies and has established a framework for assessing and communicating operational risk as well as the overall effectiveness of the internal control environment across business lines. Risk Champions have been appointed for all departments, units and branches to monitor and report on operational risk events in their various business lines to the Risk Management Department.

The Bank's management committee on risk; Risk, Inspection & Compliance (RIC) ensures that the right and controlled environment exists to enable the identification and assessment of operational risk. The controlled environment is created by ensuring the following:

- Policies and Documentations:
  i. Processes are documented either in the form of policies, manuals or guidelines.
  ii. Processes mapping of core activities identifying all discrete activities with the respective key risk points identified.
  iii. The Bank's staff understand and adhere to the documented rules and procedures
- Appropriate internal controls exist including:
  i. Segregation of duties: business generating functions, recording and monitoring functions
  ii. Independent authorization
  iii. Transaction reconciliations
- Regularly monitor, analyze and report on the Bank's operational risk profile through:
  i. Analyzing internal loss data by recording of risk events in a Loss Events Database
  ii. Adoption of key risk indicators that provide early warning and insight into the Bank's risk exposure, particularly the ongoing trends in identified key risk areas.
  iii. Monitoring of external events to ensure that the Bank stays in tune with the industry

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2016

33 RISK MANAGEMENT (CONTINUED)

Operational Risk (CONTINUED)

- Ensure business continuity:
  i. That the physical infrastructure including buildings, network and computers of the Bank are protected.
  ii. That the business continuity plan exist, tested and communicated to relevant staff members.
- Physical Controls to ensure that un-authorized persons do not have access to sensitive areas of the Bank.
- Compliance with standards set by the Bank is supported by periodic reviews undertaken by the Internal Control, Risk Management as well as Legal and Compliance departments. The results of these reviews are discussed with the management of the business unit to which they relate, with summaries submitted to RIC, then to RAC where necessary.

Liquidity Risk:
Liquidity represents the bank's ability to efficiently meet its due obligations and fund increases in asset requirements without incurring unacceptable losses.
The Bank suffers funding liquidity risk when it is not able to meet its maturing obligations such as; withdrawal by RCBs, draw down on approved credit facilities to RCBs, payment of operational expenses so that the Bank is forced to sell assets at deep discounts or borrow at a highly excessive cost, above its normal cost of doing business.
It is the policy of the Bank to maintain adequate liquidity at all times and be in the position to meet all obligations under both normal and stressed conditions, without incurring unacceptable losses or risking damages to the Bank's reputation.
The Assets and Liability Management Committee (ALMCO), chaired by the Managing Director is responsible for developing the Bank's liquidity strategy. The Treasury Unit under Finance Department implements the liquidity policies and strategies by providing both qualitative and quantitative analysis of the Bank's liquidity position and instituting measures to meet all prudential and regulatory liquidity requirements.

The net liquidity gaps resulting from liquidity analysis of assets and liabilities of the Bank as of December 31, 2016 and 2015 are shown below:

ASSETS	Total	Less than 3 months	> 3 months< than 1 year	>1 year < 3 years	3 years and over
Cash and cash equivalents	155,354,413	145,354,413	10,000,000	-	
Investments (other than securities)	3,069,530	-	-	-	3,069,530
Loans and advances to customers	16,464,372	570,372	1,534,897	5,991,040	8,368,063
Investment securities-HTM	55,420,214	12,353,527	19,510,187	18,556,500	5,000,000
Other assets	24,833,266	6,837,337	9,712,041	74,880	8,209,008
Total Assets	**255,141,795**	**165,115,649**	**40,757,125**	**24,622,420**	**24,646,601**
LIABILITIES & SHAREHOLDERS' FUNDS					
Deposits from banks	226,663,617	84,857,219	23,055,085	712,902	118,038,411
Deposits from customers	5,448,205	1,634,462	3,813,744	-	-
Other liabilities	14,069,631	6,103,358	928,911	2,098,205	4,939,157

NOTES TO THE FINANCIAL STATEMENTS
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Total Liabilities	**246,181,453**	**92,595,039**	**27,797,740**	**2,811,107**	**122,977,568**
Net liquidity gap	**8,960,342**	**72,520,610**	**12,959,385**	**21,811,313**	**(98,330,967)**

MATURITY ANALYSIS OF ASSETS AND LIABILITIES IN CEDIS AS AT - 31 DEC 2015

			GH¢		
ASSETS	Total	Less than 3 months	> 3 months< than 1 year	>1 year < 3 years	3 years and over
Cash and cash equivalents	153,815,870	143,815,870	10,000,000		
Investments (other than securities)	2,538,519	-	-	-	2,538,519
Loans and advances to customers	18,756,873	718,162	3,644,790	10,332,016	4,061,905
Investment securities-HTM	58,698,415	18,197,267	12,182,848	23,318,300	5,000,000
Other assets	26,071,748	17,048,168	8,463,131	241,533	318,916
Total Assets	**259,881,425**	**179,779,467**	**34,290,769**	**33,891,849**	**1,919,340**
LIABILITIES & SHAREHOLDERS' FUNDS					
Deposits from banks	203,721,928	177,208,295	19,532,831	2,598,736	4,382,066
Deposits from customers	4,523,207	1,356,962	3,166,245		
Other liabilities	27,251,599	17,816,186	457,413	8,188,569	789,431
Total Liabilities	**235,496,734**	**196,381,443**	**23,156,489**	**10,787,305**	**5,171,497**
Net liquidity gap	**24,384,691**	**(16,601,976)**	**11,134,280**	**23,104,544**	**6,747,843**

Market Risk:

Market Risk is the risk of losses arising from adverse movements in market prices such as equity, bonds and commodity prices, currency exchange rates, interest rates and credit spreads. The relevant market risks to the Bank are Interest rate and Foreign exchange.

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Interest Rate Risk

Interest Rate risk is the risk of losses arising from unfavorable changes in interest rates resulting in either adverse change in interest earnings, interest expense paid and the fundamental value of the Bank's assets and liabilities. A change in interest rates affects the Bank's Interest income (interest revenue from lending and investments assets) and cost of funding (interest paid on funding).
The ALMCO manages the interest rate risk through Treasury Unit. Gap analysis is used in measuring interest rates risk. The interest- sensitive assets and liabilities are arranged in time buckets as per the re-pricing date (floating rate) and maturity (fixed rate and final repayment).

The Bank also conducts Earnings Sensitivity Analysis which measures the interest rate sensitivity of the bank's net interest income. It measures the amount the net interest income of the Bank would change as a result of a percentage parallel shift in interest rate as pertained to the current maturity structure of the Bank's Balance Sheet.
A standard scenarios that are considered on a monthly basis include a 200 basis points (bp) parallel fall or rise in market interest rates. A change in 200bp in interest rates at the reporting date would have impacted equity and profit or loss by the amounts shown below:

	2016		**2015**	
	Increase 200bp	**Decrease 200bp**	**Increase 200bp**	**Decrease 200bp**
Interest Income	2,290,556	(2,290,556)	824,149	(824,149)
Interest expense	(1,665,891)	1,665,891	(129,871)	129,841
Net Impact	**624,665**	**(624,665)**	**694,278**	**(694,278)**

Foreign Exchange Risk

Foreign Exchange risk is the risk that the Bank may suffer financial losses as a result of adverse movement in exchange rates during a period in which the Bank has an open position in a currency. The Bank's involvement in foreign currency dealings is mainly through the sale of proceeds from the foreign remittance business as well as occasional sale of foreign currency to other commercial banks. The Bank manages its foreign exchange risk by ensuring that it obtains the best rates on the market to avoid losses as much as possible.
The foreign exchange risk is managed by ALMCO through the Treasury Unit. The Bank's currency position and exposure are managed within the exposure guidelines stipulated by the Bank of Ghana. This position is reviewed on a daily basis by the management.
The following mid inter-bank exchange rate were applied at the end of the year:

Currency	**2016**	**2015**
US Dollar	4.2002	3.7950
GB Pound	5.1965	5.6165
EURO	4.4367	4.1320

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The table below summarises the Bank's exposure to foreign currency exchange rate risk as at December 31, 2016 and December 31, 2015 respectively (all figures are in Ghana cedis)

December 31, 2016	**Dollar**	**Pounds**	**Euro**	**Total**
Financial Assets	GH¢	GH¢	GH¢	GH¢
Cash	12,405	4,729	16,726	33,860
Bank Balances	3,878,862	965,094	502,187	5,346,143
Total	3,891,267	969,823	518,913	5,380,003
Financial Liabilities				
Unallocated Funds	-	2,065	-	2,065
Sundry Payments	-	-	-	-
Total	**-**	**2,065**	**-**	**2,065**
Net on Balance Sheet Position	**3,891,267**	**967,758**	**518,913**	**5,377,938**

December 31, 2015	**Dollar**	**Pounds**	**Euro**	**Total**
Financial Assets	GH¢	GH¢	GH¢	GH¢
Cash	8,389	5,111	5,620	19,120
Bank Balances	10,235,575	486,835	153,249	10,875,659
Total	**10,243,964**	**491,946**	**158,869**	**10,894,779**
Financial Liabilities				
Unallocated	-	2,232		2,232
Sundry Payments	404,464	-	-	404,464
Total	**404,464**	**2,232**	**-**	**406,696**
Net on balance sheet Position	**9,839,500**	**489,714**	**158,869**	**10,488,083**

Sensitivity Analysis

A 5% strengthening/weakening of the cedi against the following currencies as at December 31, 2016 would have impacted on equity and profit or loss by the amounts shown below:

2016	Change in currency	Effect on Profit/loss	Effect on Equity
		GH¢	GH¢
US Dollar	+/-5%	817,205/(817,205)	817,205/(817,205)
GB Pound	+/-5%	251,448/(251,448)	251,448/(251,448)
Euro	+/-5%	115,113/115,113)	115,113/115,113)

2015	Change in currency	Effect on Profit/loss	Effect on Equity
		GH¢	GH¢
US Dollar	+/-5%	1,867,045/(1,867,045)	1,400,283/(1,400,283)
GB Pound	+/-5%	137,524/(137,524)	103,143/(103,143)
Euro	+/-5%	32,822/(32,822)	24,617/(24,617)

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Credit Risk:

Credit Risk is the risk of financial loss to the Bank due to the failure of a counterparty to meet its contractual obligations. The Bank manages and controls credit risk by setting limits on the amount of risk it is willing to accept for individual counterparties, and by monitoring exposures in relation to such limits. The Bank also manages its counterparty risk through adherence to Bank of Ghana prudential requirements by ensuring that it's secured lending to any single borrower is below 25% of its net worth and that any single unsecured lending by the Bank is less than 10% of the bank's net worth.
The Bank is exposed to credit risk in its lending operations to the RCBs as well as placements with other commercial banks.

The table below represents the maximum credit risk exposure to the Bank as at December 31, 2016:

	2016	2015
	GH¢	GH¢
Past due and impaired	**2,649,367**	2,553,468
Past due but not impaired	-	-
Neither past due nor impaired	**21,869,090**	19,091,862
Fair value of collateral	**(50,460)**	(95,460)
	24,467,997	21,549,870

The Board has an oversight responsibility in the management of credit risk. Senior Management oversight of credit risk is undertaken through the Credit Committee which is chaired by the Managing Director. The Credit Committee controlled the credit risk using the following processes and measures:

a. Ensuring that credit facilities granted are within the risk tolerance limits set by the Board.
b. Insistence that all credit facilities approved are covered by the following:
    - Duly executed loan agreements between the Bank and the RCBs.
    - A lien on the short- term investments of the bank up to the quantum of the loan amount is used as a collateral.
c. Ensuring that all pre-disbursement conditions including (a) and (b) are fulfilled by the rural bank before disbursement is authorized. The Compliance Officer shall certify that all the pre-disbursement conditions have been fulfilled before Legal & Compliance Department issues a certificate of completion to enable disbursement to be authorized by the Credit Unit.
d. Ensuring that credit facilities are disbursed in tranches in some cases, and strictly according to the disbursement programme as contained in the credit appraisal report to ensure that facilities granted are used for the purpose for which they are granted and not diverted.

Stressed Testing

This is a forward looking quantitative tool which evaluates various stressed scenarios or conditions. The Bank stressed test for the Credit Portfolio assumes unanticipated deterioration in borrowers' (RCBs) credit worthiness. The test measures impacts of such asset quality migration on credit provisions, profitability, capital adequacy and non-performing loan ratios.

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Provisioning

An account is considered to be in default when payment is not received on due date. The process used for provisioning is based on Bank of Ghana guidelines which recognize cash as a credit mitigant. Individual provisions are made for outstanding amounts depending on the number of days past due. In certain situations such as bankruptcy or distress of a rural bank, full provision is made.

Write-off Policy

The Bank writes off a loan when the Credit Committee determines that the loan is non-recoverable. This determination is reached after considering information such as the occurrence of significant changes in the RCB's financial position such that the RCB can no longer pay the obligation. Upon the recommendation of the Credit committee, write-offs are referred to the Board of Directors and then to the Bank of Ghana for ratification.

Compliance Risk:

Compliance risk is defined as the risk of legal sanctions, material financial loss, or loss to reputation the Bank may suffer as a result of its failure to comply with laws, its own regulations, code of conduct, and standards of best practice.
The Bank's Legal & Compliance Department is responsible for establishing and maintaining an appropriate framework of the Bank's compliance policies and procedures. Compliance with such policies and procedures is the responsibility of all departmental heads. However, the Legal & Compliance Department monitors and reports on compliance to RAC through RIC. The Bank generally complied with regulatory requirements.

Reputation Risk:

This is the risk of loss arising from adverse publicity which result in the deterioration in or loss of public perception of the Bank. , or as a result of its failure to comply with banking laws, regulations, rules, internal management directives and other codes of conduct/ethics applicable to the banking industry.
Reputational risk may result from operational issues such as inefficient services that cause disaffection of customers and other stakeholders of the Bank. Other sources include system failures, unnecessary litigation, dealing with customers who engage in illegal business activities (Money Laundering) and so on.

Internal operational issues such as system breakdowns, employee errors, employee fraud and others may expose the Bank to serious reputational risk. In managing reputational risk emanating from these sources, the Bank has put in place appropriate measures and controls that ensures that system breakdowns and bookkeeping errors are checked at every level of operations in order to minimize their impact on customers and other stakeholders. These controls form part of the daily operational procedures of the Bank.
Furthermore, the Board of Directors, through the Management have assigned the responsibility of safeguarding the Bank's reputation to the Corporate Affairs Unit and every member of staff. It also revolves around effective communication between the Bank and its customers. This is achieved through daily monitoring of customer complaints and media reportage about the Bank for prompt resolution of the concerns raised or any adverse publicity. The Bank also have periodic operational meetings with the Board of Directors and Supervising Managers of the RCBs to address issues where necessary.

Concentration Risk

The key source of funding are from the Rural and Community Banks as a result of its mandate- ARB Apex Bank Limited Regulations, 2006 (L.I.1825). The Bank therefore, has only one customer type and that is the Rural and Community Banks.

The funding source concentration as at 31 December 2016 is as follows:

	2016	2015
Deposits from Rural and Community Banks	**GH¢**	**GH¢**

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Reserved Placement-5% of RCBs' total deposit	**113,499,190**	94,382,066
RCBs' Clearing Account	**66,964,212**	54,768,536
ACOD	**36,874,890**	45,416,000
Short-Term Borrowing	**9,325,326**	9,155,326
Total	**226,663,618**	203,721,928
Total Liabilities	**248,491,470**	238,093,256
Concentration Ratio	**91%**	85%

34. FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES

a. Fair value hierarchy

IFRS 13 specifies a hierarchy of valuation techniques based on whether the inputs to those valuation techniques are observable or unobservable. Observable inputs reflect market data obtained from independent sources; unobservable inputs reflect the Bank's market assumptions. These two types of inputs have created the following fair value hierarchy:

• Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities. This level includes listed equity securities and debt instruments on exchanges (for example, The Ghana Stock Exchange). As at 31 December 2016 and 31 December 2015, the Bank did not hold any level 1 financial asset and/or liabilities.

• Level 2 – Inputs other than quoted prices included within Level 2 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices). As at 31 December 2016 and 31 December 2015 the bank had investments in RCB's which was fair valued using the Bank of Ghana risk free rate of return.

• Level 3 – inputs for the asset or liability that are not based on observable market data (unobservable inputs). This level includes equity investments and debt instruments with significant unobservable components. As at 31 December 2016 and 31 December 2015 the Bank did not hold any level 3 financial assets and/or liabilities.

The carrying amounts of the financial assets and liabilities approximates their fair value.

There were no financial assets and liabilities measured at value in 2016, (2015: nil).

34. FAIR VALUES OF FINANCIAL ASSETS AND LIABILITIES (CONTINUED)

b Financial instruments by category

2016 Financial assets	Loans and Receivables GH¢	Held to Maturity GH¢	Total GH¢
Cash and balances with central bank	50,557,133	-	50,557,133
Financial Instruments – Held to maturity	-	63,655,367	63,655,367
Cash due from banks	92,368,927	-	92,368,927
Loans and advances to customers	16,464,371		16,464,371
Other assets excluding prepayments and deferred cost of intervention	19,588,474	-	19,588,474
	178,978,905	63,655,367	242,634,272

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Financial liabilities	Other financial liabilities at amortised cost	Total
		GH¢
Customer deposits	232,103,970	232,103,970
Interest payable and unearned discount	299,110	299,110
Accounts payable and other liabilities	13,572,508	13,572,508
	245,975,588	245,975,588

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34. FAIR VALUES OF FINANCIAL ASSETS AND LIABILITIES (CONTINUED)

2015 Financial assets	Loans and Receivables GH¢	Held to Maturity GH¢	Total GH¢
Cash and balances with central bank	40,971,315	-	40,971,315
Financial Instruments – Held to maturity	-	58,698,415	58,698,415
Cash due from banks	112,844,555	-	112,844,555
Loans and advances to customers	18,756,873		18,756,873
Other assets excluding prepayments and deferred cost of intervention	14,471,334	-	14,471,334
	187,044,077	58,698,415	245,742,492

Financial liabilities	Other financial liabilities at amortised cost	Total GH¢
Customer deposits	208,245,135	208,245,135
Interest payable and unearned discount	295,472	295,472
Accounts payable and other liabilities	26,956,127	26,956,127
	235,496,734	235,496,734

(c) Financial instruments not measured at fair value

Cash and bank balances with central bank

The management assessed that cash and bank balances with central bank approximate their carrying amounts largely due to the short-term nature.

Cash due from banking banks

Cash due from banking include inter-bank placements. The carrying amount of floating rate placements and overnight deposits is a reasonable approximation of fair value. The estimated fair value of fixed interest bearing deposits is based on discounted cash flows using prevailing money-market interest rates for debts with similar credit risk and remaining maturity. The carrying amount approximates their fair values.

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34. FAIR VALUES OF FINANCIAL ASSETS AND LIABILITIES (CONTINUED)

Loans and advances to customers

Loans and advances are net of charges for impairment. The estimated fair value of loans and advances represents the discounted amount of estimated future cash flows expected to be received. Expected cash flows are discounted at current market rates to determine fair value. The carrying amount approximates their fair value.

Financial Instruments – Held to maturity

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Bank's management has the positive intention and ability to hold to maturity. These are initially recognised at fair value including direct and incremental transaction costs and measured subsequently at amortised cost. Expected cash flows are discounted at current market rates to determine fair value. Using the effective interest method, less any provision for impairment.

Other assets (excluding prepayments)

The estimated fair value of other assets excluding prepayments and represents the discounted amount of estimated future cash flows expected to be received. The carrying amount approximates their fair value.

Due to customers

The estimated fair value of deposits with no stated maturity, which includes non-interest bearing deposits, is the amount repayable on demand. The estimated fair value of fixed interest-bearing deposits not quoted in an active market is based on discounted cash flows using interest rates for new debts with similar remaining maturity. The carrying amount approximates their fair value.

Interest payable and other liabilities

The estimated fair value of interest payable and other liabilities is based in discounted cash flows using prevailing money-market interest rates for debts with similar risk and remaining maturity. The carrying amount approximates their fair value.

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35. CAPITAL

The primary objectives of the Bank's capital management are to ensure that the Bank complies with externally imposed capital requirements by the Bank of Ghana and that the Bank maintains strong credit ratings and healthy capital adequacy ratio in order to support its business and to maximize its shareholders' value.

The Bank manages its capital structure and makes adjustments to it in the light of changes in the economic conditions and the risk characteristics of its activities.

The Bank may adjust the amount of dividend payments to shareholders, return capital to shareholders or issue capital securities. No changes were made in the objectives, policies and processes from the previous years.

There were no material changes in the Bank's management of capital during the period.

The table below summarises the composition of regulatory capital and the ratios of the Bank for the years ended 31 December 2016 and 2015. During those two years, the Bank complied with all of the externally imposed capital requirements to which it is subject to.

Item	2016	2015
Paid-up Capital	9,093,490	9,044,290
Disclosed Reserves	15,942,471	30,005,207
Net Tier 1 Capital	25,035,961	39,049,497
Adjusted Asset base	126,713,092	121,767,183
Adjusted Capital as a percentage of Adjusted Asset Base	19.8%	32%

36. Reclassification of 2015 figures

The Bank in 2016 modified the presentation of its financial statements to align it with the Sector based illustrative financial statements published by the Bank of Ghana in December 2016. The Bank has assessed the impact of the changes in presentation and has concluded that the presentation of the third statement of financial position (i.e. as at 1 January 2015) would not provide users of the financial information with any additional information that is useful or relevant. Based on the assessment of the materiality of the changes to presentation, ARB Apex Bank Limited has presented two statements of financial position. A summary of the key changes that impact the prior year (31 December 2015) are presented below;

Statement Comprehensive Income

Net trading income

Income from sales of foreign currency was previously included in “Other Income” of GH¢5,695,763 (2014: GH¢9,278,360) in the 2015 annual report. In the current year this has been has been disaggregated from “Other Income” and presented on the face of the statement of comprehensive income as “Net Trading Income” with a corresponding change in the comparatives.

Depreciation and amortisation

“Depreciation and amortisation” which includes “Depreciation” of GH¢3,954,847 (2014: GH¢3,112,259), “Amortisation of intangible assets” of GH¢1,240,816 (2014: GH¢880,712) were reported separately on the face of the statement of comprehensive income in the 2015 annual report. In the current year, these have been aggregated and reported on the face of the statement of comprehensive income.

Statement of Financial Position

Cash and Cash Equivalents

Overnight placements and fixtures with other banks of GH¢103,000,000 (2014: GH¢90,000,000) which were previously classified as “cash due from banks” have been reclassified as “cash and cash equivalents” in the current year accounts.

Statement of Cash flows

Depreciation and amortisation

“Depreciation and amortisation” which includes “Depreciation” of GH¢3,954,847 (2014: GH¢3,112,259), “Amortisation of intangible assets” of GH¢1,240,816 (2014: GH¢880,712) were reported separately on the face of the statement of cash flows in the 2015 annual report. In the current year, these have been aggregated and reported on the face of the statement of cash flows.