AGRICULTURAL DEVELOPMENT BANK

Annual Report & Financial Statements 2012

ADB
AGRICULTURAL DEVELOPMENT BANK
Agric and more...

ADB
AGRICULTURAL DEVELOPMENT BANK
Agric and more...

2012

Annual Report & Financial Statements

Contents

ADB
AGRICULTURAL DEVELOPMENT BANK
Agric and more...

Board of Directors, Officials and Registered Office

BOARD OF DIRECTORS	Alhaji Ibrahim Adam	- Chairman
	Mr. Stephen Kpordzih	- Managing Director
	Mr. Paul Agyiri	- Executive Director *(Resigned- 10/11/12)*
	Dr. S. K. Dapaah	- Non-Executive Director
	Dr. Johnson Asiama	- Non-Executive Director
	Ms. Nancy Ampofo	- Non-Executive Director
	Mrs. Esther Kumado	- Non-Executive Director *(Resigned -1/07/12)*
	Mr. E. H. Cobbinah	- Non-Executive Director *(Appointed -15/06/12)*
	Mrs. Caroline Otoo	- Non-Executive Director *(Appointed -7/09/12)*
BOARD COMMITTEE		
Audit & Compliance Committee	Dr. S. K. Dapaah	- Chairman
	Dr. Johnson Asiama	- Member
	Mrs. Caroline Otoo	- Member
	Mr. E. H. Cobbinah	- Member
Governance & Risk Management	Dr. Johnson Asiama	- Chairman
	Ms. Nancy Ampofo	- Member
	Mrs. Caroline Otoo	- Member
	Dr. S. K. Dapaah	- Member
Loans and Advances Committee	Dr. Johnson Asiama	- Chairman
	Ms. Nancy Ampofo	- Member
	Mr. Stephen Kpordzih	- Member
	Mrs. Caroline Otoo	- Member
Human Resources	Alhaji Ibrahim Adam	- Chairman
	Mr. Stephen Kpordzih	- Member
	Ms. Nancy Ampofo	- Member
	Mrs. Caroline Otoo	- Member
	Mr. E. H. Cobbinah	- Member

COMPANY SECRETARY

Mr. James K. Agbedor
ADB House, 37 Independence Avenue, Accra

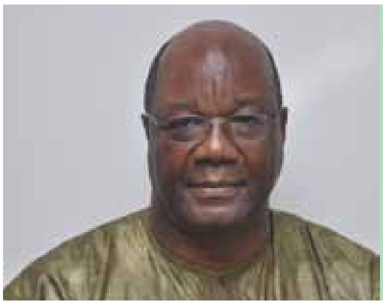
REGISTERED OFFICE

ADB House, 37 Indpendence Avenue
PO Box 4191, Accra

AUDITORS

KPMG
Chartered Accountants
13 Yiyiwa Drive, Abelenkpe
P O Box GP 242
Accra

Board of Directors



1
Alhaji Ibrahim Adam

2
Mr. Stephen Kpordzih

3
Mr. Paul Agyiri

4
Ms. Nancy Ampofo

5
Dr. S. K. Dapaah

6
Dr. Johnson Asiama

7
Mrs. Esther Kumado

8
Mr. E. H. Cobbinah

9
Mrs. Caroline Otoo

10
Mr. James K. Agbedor

Profile of Directors

Ibrahim ADAM (Chairman)
Alhaji Ibrahim Adam holds a B.Sc (Hons) Agric Degree from the Kwame Nkrumah University of Science and Technology. He has attended several short courses on rice production, administration and management. The list includes WARDA (Monrovia), IITA (Ibadan, Nigeria), Ghana Institute of Management and Public Administration (GIMPA). Others are EDI (Maastricht) and Feldafing (Germany). Mr. Adam served in government for several years between 1984 and 2001. He was PNDC Under-Secretary for Agriculture (Northern Region) between 1984 and 1985 before becoming the PNDC Deputy Secretary for Agriculture (Crops). He was promoted to the substantive position of PNDC Secretary for Agriculture in 1992. At the beginning of the Fourth Republic in 1993, he first served as the Minister of Food and Agriculture until 1996 when he was made the Minister of Trade. Mr. Adam is currently the CEO of Brada Ventures and was appointed the Chairman of the Board on 26th June 2009.

Stephen KPORDZIH (Managing Director)
Mr. Kpordzih, a Chartered Banker, holds an MBA (Finance) from the University of Leicester, UK, and a Post-Graduate Certificate-Strategic Bank Management from Odense Business School, Denmark. He has to his record immense banking experience and consultancy assignments with leading banks, including the preparation of a paper on Financing Rural Agriculture in Ghana as part of the Government's Compact Programme for accessing the US$547 million Millennium Challenge Account. He also developed feasibility reports for the establishment of non-bank financial institutions. He was one-time lecturer in Finance of International Trade at the Chartered Institute of Bankers, Ghana, a resource person in Treasury Management at the Ghana Banking College, and an Honoured Member of the International Who's Who of Professionals for his achievements in and contribution to banking. Mr. Kpordzih took office as the Managing Director of the Bank in August 2009.

Paul O. AGYIRI – Executive Director (Resigned – 10/11/12)
Mr. Agyiri holds a Bachelor Laws Degree from the University of Ghana and a Professional Qualifying Certificate in Law from the Ghana School of Law. He served in the Attorney-General's Department between 1978 and 1984. Between 1984 and 1991, he engaged in private consultancy practice with Maxwell & Maxwell Law Offices, Liberia and took the position of Director of Legal Services of the West African Examinations Council, Head Office. He joined the Bank as Chief Legal Advisor in 1991. Between June 2003 and July 2005, Mr. Agyiri was seconded to the Ministry of Finance & Economic Planning as Chief Director, returning to the Bank to resume his position as Solicitor. He was later appointed Deputy Managing Director, and later as the Executive Director of the Bank and a member of the Board. He retired in November 2012.

Nancy Dakwa AMPOFO (Non-Executive Director)
A Notary Public, Solicitor and Barrister, Ms. Ampofo graduated from the University of Ghana in 1979 with a B. A. (Combined) Degree in Law (with Political Science). She obtained a Professional Law Qualifying Certificate in 1981 from the Ghana Law School and was called to the Ghana Bar on 20th November 1981. Ms. Ampofo has had a track record and expertise in legal consultancy acquired through undertaking legal work for both public and private sector institutions, as well as individuals and multinationals. Ms. Ampofo founded her own legal firm, N. D. Ampofo Associates in 2000 and has been offering legal consultancy services to both local and international clients in all areas of the law. She was appointed as Director of the Bank in June 2009.

Dr. Samuel K. DAPAAH (Non-Executive Director)
Dr. Dapaah has had a long professional experience in Agricultural Policy and Public Administration, Teaching, Research and Management. He graduated from the University of Ghana, Legon with a B.Sc. (Hons) Agriculture Degree in June 1972 and proceeded to the University of Guelph, Canada where he graduated with an M.Sc. Degree (Agricultural Economics) in February 1975 and Ph.D. (Agricultural Economics) in February 1982. He returned to the University of Ghana, Legon as a Research Fellow at the Institute of Statistical, Social and Economic Research (ISSER) and Lecturer at the Department of Economics and Department of Agricultural Economics. Dr. Dapaah served in the Ministry of Food and Agriculture, first, as Director of Policy, Planning, Monitoring and Evaluation between 1986 and 1992, and as Chief Technical Advisor and Chief Director between 1993 and 2001. A member of the Board between 1993 and 2001, Dr. Dapaah was reappointed as Director in June 2009.

Dr. Johnson P. ASIAMA (Non-Executive Director)
Dr Johnson P. Asiama holds a PhD in Economics from the University of Southampton, England. He is currently Director, Macroeconomic Management Department, West African Institute for Financial and Economic Management (WAIFEM), Nigeria. Dr. Asiama also has extensive experience in the financial sector in Ghana, having served for sixteen (16) years at the Bank of Ghana, working in different departments such as the Banking Supervision Department and Research Departments. He brings to the Board, a wealth of knowledge and experience in Ghana's banking sector as well as regional perspectives in financial sector development.

Mrs. Esther KUMADO – Non-Executive Director (Resigned – 1/07/12)
Mrs. Esther Kumado holds a BA (Hons) Degree and a Qualifying Certificate in Law (QCL) from the University of Ghana, and a Professional Diploma in Law issued by the Ghana Law School. She is a member of the Ghana Bar Association and International Bar Association, as well as a Member of the Governing Body of the Financial Intelligence Centre (FIC).

Mr. E. H. COBBINAH – Non-Executive Director (Appointed 1/06/12)
Mr. Cobbinah served on the Board as the then Chief Director of the Ministry of Finance and Economic Planning.

Mrs. Caroline OTOO – Non-Executive Director (Appointed 7/09/12)
Mrs. Caroline Otoo holds LLB (Hons) Degree from the University of Ghana, BL from the Ghana School of Law, and Advanced Diploma in Legislative Drafting from the University of West Indies. She is a member of the Ghana Bar Association and International Bar Association. Mrs Otoo worked previously at the Ministry of Justice and Attorney-General's Department and joined Bank of Ghana in 1993. She is currently the Head of the Legal Department of Bank of Ghana and represents the Financial Investment Trust (a subsidiary of the Bank of Ghana) on the Board.

James K. AGBEDOR (Secretary)
Mr. Agbedor holds the Bachelor-of-Laws Degree from the University of Ghana and a Professional Law Certificate from the Ghana School of Law. He joined the Bank in 1985 as a Legal Officer and is currently the General Counsel of the Bank. He was appointed Secretary to the Board in 2006.

Financial Highlights

	The Group		The Bank	
	2012	2011	2012	2011
	GH¢'000	GH¢'000	GH¢'000	GH¢'000
At 31 December				
Total assets	**1,455,146**	1,213,671	**1,444,223**	1,205,757
Loans and advances to customers (net)	**773,694**	678,747	**773,694**	678,747
Customer deposits	**965,018**	827,718	**965,018**	827,718
Shareholders' equity	**207,724**	181,707	**197,199**	176,164
For the year ended 31 December				
Profit before tax	**32,273**	51,113	**26,696**	45,903
Profit after tax	**32,273**	48,557	**26,696**	43,608
Dividend per share (Ghana cedis)	**-**	-	**-**	-
Earnings per share (Ghana cedis):				
- Basic	**1.291**	1.942	**1.068**	1.744
- Diluted	**1.291**	1.942	**1.068**	1.744
Return on average equity (%)	**16.24**	33.7	**14.00**	30.9
Return on average assets (%)	**2.41**	4.5	**2.01**	4.0
At 31 December				
Number of staff	**1,311**	1,345	**1,311**	1,345
Number of branches	**77**	76	**77**	76

ADB AGRICULTURAL DEVELOPMENT BANK Agric and more...

Chairman`s Statement – 2012

I deem it a great satisfaction and an honour to present to you, the Annual Report and the Financial Statement of your Bank for the year ended 31st December 2012.

1. World Economy

The Bank's performance in the period under review was influenced significantly by international economic developments during the year. Global economic growth in 2012 of 3.2 percent marked a decline from the 3.9 percent recorded in 2011 per the IMF estimates. The main sources of growth were from the emerging market economies where activity picked up broadly as expected and the United States where growth surprised on the upside. Growth in the advanced economies was 1.3 percent, down from the 1.6 percent growth recorded in 2011. Emerging economies returned a growth of 5.1 percent in 2012 against the 6.3 percent recorded in 2011. This growth came with China in the lead at 7.3 percent in spite of a decline in its 2011 growth rate of 9.3 percent. Sub-Saharan Africa recorded 4.8 percent in 2012 compared to its 2011 performance of 5.3 percent.

However, in 2013 the world output is expected to pick up to 3.5 percent with lesser challenges though this growth would be more gradual. This is expected to be powered as usual by the emerging economies with 5.5 percent growth while advanced economies are expected to grow by 1.4 percent. Growth in Sub-Saharan Africa would equally lift up to 5.8 percent.

Crude oil price at the beginning of the year 2012 was USD107 per barrel. This rose sharply to USD125 in the first quarter but receded thereafter, remained generally stable and ended the year at about USD109 in December 2012.

Gold price recorded steady growth from USD1,599 per ounce at the end of 2011 and peaked at USD 1,772 per ounce in October 2012. The price thereafter receded ending the year at USD1,690 per ounce. Cocoa price was stable throughout the year and was above USD2,000. It began the year 2012 at USD2,109 per ton and made steady gains with the year ended price at USD2,431 per ton.

2. Domestic Economy

Developments within the domestic economy also impacted strongly on the bank's performance during the year under review. Provisional real GDP growth including oil was 7.1 percent in 2012 and was below the projected target of 9.4 percent. This was also lower than the real GDP growth of 14.4 percent recorded in 2011. Government's fiscal performance showed an overall budget deficit of GH¢8.7 billion that constituted 12.1 percent of GDP. This was in excess of the target of GH¢4.7 billion or 6.7 percent of GDP and the 2011 deficit of GH¢2.1 billion or 4.0 percent of GDP.

The country's trade position deteriorated as the current account deficit of USD4.9 billion in 2012 exceeded the USD3.5 billion recorded in 2011. This reflected in a similar deterioration in the overall balance of payments position which showed a deficit of USD1.2 billion and reversed the 2011 surplus from USD546.5 million. The gross external reserves position declined from USD5.4 billion in 2011 to USD5.3 billion at the end of December 2011 but maintained the threshold three months of import cover.

The Cedi depreciated steeply against all major currencies in the first half of 2012 but remained stable in the second half as strict monetary measures were introduced by the Bank of Ghana. It recorded a cumulative depreciation of 17.5 percent against the USD compared to 5 percent in 2011.

Inflationary pressures were subdued during the year. This notwithstanding, the consumer price index went up from 8.6 percent at the end of 2011 to 8.8 percent at the end of December 2012. The monetary and foreign exchange market developments led to a significant jump in the Bank of Ghana Prime Rate from 12.5 percent at the end of 2011 to 15.0 percent in most parts of the year.

3. Financial Performance

Net Profit Before Tax for 2012 was GH¢32.2 million and fell below the GH¢48.6 million recorded in 2011 by 33.7 percent. Total provisions for bad and doubtful debts recognized in 2012 amounted to GH¢26.1 billion and

Chairman`s Statement (Cont`d)

showed a deterioration in the credit portfolio. This amount marked a significant reverse in the gains made in 2011 when provisions write back of GH¢7.6 million was recorded. The Bank will strengthen its credit risk management practices to prevent a further deterioration in its assets and the resultant negative consequences it will potentially have on profitability and the strength of the Bank's balance sheet.

The balance sheet showed a growth of 19.9 percent in the financial year 2012 compared to 25.5 percent in 2011. Total assets increased from GH¢1,213.7 million at year end December 2011 to GH¢1,455.2 million. This was funded mainly from the increase in deposits mobilized from GH¢827.7 million to GH¢965.0 million - a growth of 16.6 percent. The stated capital was maintained at GH¢75.0 million and exceeded the Bank of Ghana minimum capital requirement of GH¢60.0 million. The Bank's Reserves position rose from GH¢106.5 million at the end of December 2011 to GH¢132.7 million at the end of December 2012.

4.0 Financing to Agriculture Sector

The Bank increased its new credit disbursement to various productive agricultural projects totaling GH¢146.9 million. This was in excess of the GH¢141.7 million recorded in 2011 by GH¢5.2 million or 3.7 percent. Total credit to the agriculture sector at the end of December 2012 stood at GH¢235.5 million and this constituted 29.0 percent of the total credit portfolio compared to 27.5 percent at the end of December 2011. This marked an increase of GH¢44.7 million or 23.4 percent in the December 2011 position of GH¢190.8 million.

5.0 Changes in the Board

During the year 2012, three Board members namely; Mr. Paul Ofori Agyiri, Major M. S. Tara and Mrs. Esther Kumado resigned. Two new members were appointed and these were Mr. E. H. Cobbinah from the Ministry of Finance and Economic Planning, and Mrs. Caroline Otoo from the Bank of Ghana. We wish to take the opportunity to thank our retired members for their numerous services to the Bank and also congratulate our new colleagues on their appointment and wish them greater successes in the coming years.

Strategic Plan 2013 – 2015

The Bank set its vision to be among the top 3 performing Banks in Ghana by 2012, balancing market orientation with a development focus on agriculture and more. The first strategic cycle came to an end in December 2012. Subsequent to that the Board has approved a new strategic plan for 2013 to 2015 which will re-define the Bank's business model to ensure sustainable growth and profitability. We will build on the key successes that were achieved in the previous strategic plan. A key driver in this exercise is our decision to raise additional capital that will enable us expand our business frontiers, open more branch networks and make our banking products accessible to more Ghanaians.

6.0 Outlook for 2013

We do recognize the economic challenges that the global and domestic economies present to our business in 2013 as world output growth increases to 3.5 percent while the domestic economy will rein in the significant fiscal deficit recorded in 2012. However, we would tap into the Government's economic programme for 2013 and make key propositions that will benefit our numerous customers.

7.0 Conclusion

I, on behalf of the Board wish to congratulate the shareholders and customers, as well as Management and Staff for your contribution to the Bank's successes in 2012. We wish you all a prosperous 2013.

ALHAJI IBRAHIM ADAM
BOARD CHAIRMAN

Executive Management

Mr. Stephen Kpordzih
Managing Director

Mr. Paul Agyiri (Retired 10/11/12)
Executive Director

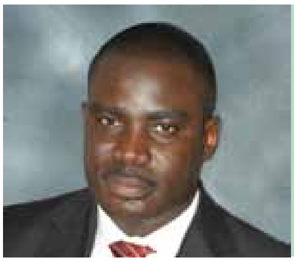
James K. Agbedor
Board Secretary and General Counsel

Akwelley Adoley Bulley
Executive Head - Human Resources

Abdul-Samed Iddrisu
Executive Head - Transaction Banking and Technology

Adam Sulley
Executive Head-Retail Banking

George Baah Danquah
Treasurer



Bernard Appiah Gyebi
Executive Head - Credit Risk Management

Edward Ian Armah-Mensah
Executive Head-Corporate Banking

Robert Karikari Darko
Executive Head-SME Banking

James Baidoo Sagoe
Executive Head-Finance & Planning

S. N. S. Abbey
Executive Head-Operations

Sylvia Nyante
Executive Head-Agricultural Finance

Profile Of Executive Management

Mr. Stephen Kpordzih – Managing Director
Appointed Managing Director in August 2009, he holds an MBA (Finance) from University of Leicester, UK, and a Post-Graduate Certificate - Strategic Bank Management from Odense Business School, Denmark. He is also a Chartered Banker. His banking career spanned BBG, GCB and Stanbic Bank. One-time lecturer in Finance of International Trade at the Chartered Institute of Bankers, Ghana, and a resource person in Treasury Management at the Ghana Banking College, he is an Honoured Member of the International Who's Who of Professionals for his achievements in and contribution to banking.

James K. Agbedor -- Board Secretary and General Counsel
He holds a Bachelor-of-Laws Degree from the University of Ghana and a Professional Law Certificate from the Ghana School of Law. He joined the Bank in 1985 as a Legal Officer and worked up the ladder until he was appointed Secretary to the Board in 2006. He is also the General Counsel of the Bank.

James Baidoo Sagoe - Executive Head-Finance & Planning
He joined ADB from Merchant Bank Ghana Limited where he was the Corporate Development Analyst and Financial Controller. Earlier at VALCO, he served as Planning & Financial Analyst and Chief Accountant. Mr. Sagoe is a Chartered Accountant and holds an Executive Masters in Business Administration from University of Ghana Business School.

S. N. S. Abbey – Executive Head-Operations
He holds BSc (Hons) Degree in Agriculture from the University of Ghana. He joined ADB in 1977 and has occupied various positions. He was made Co-Manager of the Business Blue Print and the MicroBanker banking software implementation projects, and Project Manager for the Flexcube banking application implementation project.

Abdul-Samed Iddrisu - Executive Head-Transaction Banking and Technology
He was previously Director of Business Solutions and then Director of Transaction Banking at Fidelity Bank. Prior to that, he was Head of IT at Stanbic Bank and First Atlantic Merchant Bank, and Systems Analyst/Programmer of the Volta River Authority. He holds a Bachelor of Science degree in Computer Science from the University of Science and Technology.

Adam Sulley - Executive Head-Retail Banking
He holds a B.Sc. in Industrial Management from the University of Petroleum and Minerals (Saudi Arabia), M.Sc. in International Business from South Bank University (UK), Dip M and MCIM of the Chartered Institute of Marketing (UK). He was the immediate past Chairman of the Chartered Institute of Marketing (UK), Ghana Branch and also a former member of the Governing Council of CIMG. He is a panel member of the National Accreditation Board (NAB) and an external examiner to the National Board for Polytechnic and Technical Examination Council (NABPTEX).

Akwelley Adoley Bulley – Head-Human Resources
She joined ADB from Millicom Ghana Limited (TIGO) where she was the Head of Human Resources. Prior to that, she was the Human Resource Manager at Holiday Inn, Accra Airport, and Employee Relations Manager and later Human Resource Manager of Cadbury Ghana Limited. She holds an MA Degree in Employment Studies from London Metropolitan University and a BA Degree in Psychology with Linguistics from University of Ghana.

Bernard Appiah Gyebi - Executive Head-Credit Risk Management
He joined ADB from Stanbic Bank Ghana Limited where he was the Head of Credit. Earlier at Barclays Bank, he served in various capacities as Corporate Credit Manager, Compliance Officer/Executive Assistant to the Managing Director, and Head of Corporate Credit.

Edward Ian Armah-Mensah - Executive Head-Corporate Banking
He joined ADB from Barclays Bank Ghana Limited where he was Head of SME (Medium Unit). He had earlier worked at Stanbic Bank as an Account Relationship Manager and Credit and Marketing Manager at NDK Financial Services Limited. He holds an Executive Masters in Business Administration (Finance Option) and a Bachelor of Science in Business Administration.

George Baah-Danquah - Treasurer
He joined ADB from Access Bank Ghana Limited where he was Head of Treasury. Prior to that, he occupied various positions in the Finance Department, Treasury Department, and the Global Markets Department of Stanbic Bank. He holds a Master's Degree in Business Administration and a Bachelor of Science in Business Administration.

Sylvia Nyante (Mrs) – Executive Head-Agricultural Finance
She holds a BSc Degree in Agricultural Economics from the University of Ghana and Executive Masters in Business Administration from the University of Ghana Business School. She is also a member of the Chattered Institute of Bankers (Ghana). She joined ADB in 1993 and has occupied various positions, which have included Team Leader for Large Corporate Banking, Ag. Head - Commercial Credit Department, and Area Manager - Accra Branches.

Robert Karikari Darko – Executive Head-SME Banking
He holds Mphil in Development Economics from the University of Oslo, Norway and is also Chartered Banker from the Institute of Financial Services (UK). He joined the Bank in 2010 as the Head of Corporate and Specialized Credit. Prior to his joining ADB, he had held various roles in Credit Risk Management and Relationship Management with Stanbic Bank and Cal Bank

Review Of 2012 Operations By Managing Director

Introduction

The Bank implemented key structural changes during the year. These changes have re-positioned it firmly in the banking industry and in the minds of the Ghanaian business community and the general public.

Business Growth

Total assets grew by 19.9 percent from GH¢1,213.7 million in 2011 to GH¢1,455.2 million in December 2012. This was mainly on account of increases in investment in securities and loans and advances. Investment in Government securities recorded an increase of 63.6 percent from GH¢209.5 million at the end of December 2011 to GH¢342.8 million. Total loans and advances (net) went up by 16.7 percent from GH¢678.7 million to GH¢773.7 million. This constituted 54.4 percent of the total assets. Total deposits grew by 16.6 percent from GH¢827.7 million at the end of December 2011 to GH¢965.0 million at the end of 2012. This constituted 66.3 percent of total liabilities.

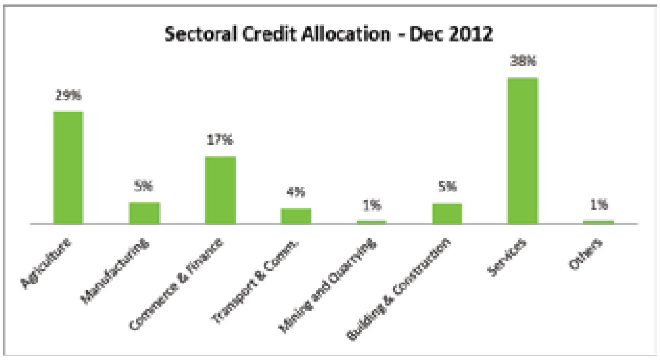
Branch Expansion

During the year we slowed down our branch expansion programme to enable us consolidate the massive expansion we undertook in prior years. However, to make our operations more accessible to our customers in the Western Region, we opened the Grel Apemanim branch and operations are successfully on-going.

Funding for Agriculture and Allied Sectors

Credit to the agriculture and allied sectors amounted to GH¢235.5 million and represented 29.0 percent share of the credit portfolio as at the end of 2012 as against 27.4 percent recorded in December 2011. Total new lending to the sector amounted to GH¢146.9 million in 2011. This represented an increase of GH¢5.2 million or 3.7 percent over the total disbursements of GH¢141.7 million in 2011. Major sub-sectors that benefited from funding during the year included Industrial Crops GH¢60.9 million, Agro-processing GH¢35.1 million, Acquaculture GH¢22.5 million and Agro-chemicals GH¢20.2 million.

The graph below shows a pictorial view of the sectoral analysis of the Bank's credit portfolio at the end of December 2012.



Profit Performance

Profit After Tax declined from GH¢48.6 million at the end of December 2011 to GH¢32.3 million at the end of December 2012. This represented a fall of GH¢16.3 million or 33.5 percent during the year under review. The decline resulted from increased levels of provision for bad and doubtful debts from a write back of GH¢7.6 million in 2011 to a prudent recognition of GH¢26.1 million in 2012 to reflect the deterioration in the credit portfolio. This translates into Return on Assets and Return on Equity ratios of 2.2 percent and 15.5

Review Of 2011 Operations By Managing Director (Cont`d)

percent compared to the 4.0 percent and 26.7 percent respectively recorded in 2011.

Strategic Plan 2010-2012

The implementation of the Bank's 2010-2012 three year strategic plan came to its final year during 2012. During this period key structural changes were made in the Bank with the theme of "Repositioning ADB – the Future in Focus". The structural changes were introduced to align the Bank's structure to its strategy, improve business processes for efficient operations, outsource non-core functions, staff training and development, improvement in staff conditions of service, branch expansion and corporate branding and promotion programmes. The Bank was also able to upgrade its IT infrastructure by installing the new Flexcube UBS operating system to improve upon the efficiency of its business operations and expand service delivery to customers. The upgrade made it possible for the bank to launch several new products including the e-banking suite and the Visa Card. New business units were introduced and new employees were recruited to strengthen the skills base of the bank for improved performance.

Strategic Plan 2013 – 2015

The Bank will begin the roll out of its new Strategic Plan 2013 – 2015. The new plan seeks to re-define the Bank's business model to ensure sustainable growth and profitability. Achieving the objectives of this bold plan will however depend on certain key factors including injection of additional capital into the business, Government's payment of all its debts to the Bank and strong efforts at recovery of bad debts.

Corporate Social Responsibility

The Bank continued its Corporate Social Responsibility engagements and spent a total of GH¢680,813. Though this marked a decline in the 2011 amount of GH¢1,295,518, our flagship sponsorship for the National Best Farmer Award Project was maintained with the cost of GH¢130,005 (USD68,983) incurred on the house for the national best farmer.

Outlook for Year 2013

We expect 2013 to be a challenging year as the Government puts in the necessary measures to ensure fiscal consolidation. Competition in the banking industry is expected to be keener as there was a new entrant last year. Moreover, the mergers that took place in 2012 would also have an impact on competition in the banking industry. We would implement key strategic interventions to enable the Bank build upon the successes it has achieved in these recent years.

Conclusion

I wish to express my appreciation to the Board and the shareholders for their continued support to the Bank during the past year. I also wish to thank our loyal and dedicated customers for patronizing our services. I congratulate the hardworking staff of the Bank for their good effort.

STEPHEN KPORDZIH
MANAGING DIRECTOR

ADB AGRICULTURAL DEVELOPMENT BANK Agric and more...

REPORT OF THE DIRECTORS
TO THE MEMBERS OF AGRICULTURAL DEVELOPMENT BANK

The Directors submit their report together with the financial statements of the Bank for the year ended 31 December 2012.

DIRECTORS' RESPONSIBILITY STATEMENT

The Bank's Directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and in the manner required by the Agricultural Credit and Cooperative Bank Act (Act 286) as amended by the National Liberation Council Decree (NLCD) of 1967 as Agricultural Development Bank, the Agricultural Development Bank Act, 1970 (Act 352) and the Banking Act, 2004 (Act 673) as amended by the Banking (Amendment) Act, 2007 (Act 738) 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.

The Directors have made an assessment of the ability of the Bank and its subsidiary to continue as going concerns and have no reason to believe any of the entities will not be a going concern in the year ahead.

The Directors consider the state of the Group's affairs to be satisfactory.

PRINCIPAL ACTIVITIES

The Bank's principal activities comprise corporate banking, investment banking and retail banking. The activities carried out by the Bank during the year under review were within the limits permitted by its regulations.

DIRECTORS

The present list of members of the board is shown on page 3.

SUBSIDIARY AND ASSOCIATES

The Bank has the following wholly owned subsidiary, which is incorporated in Ghana and provide the following service:

ADB Properties Limited	-	Real Estate

The Bank holds significant interest in the following companies:

Agricare Limited	-	Agro Processing
Activity Venture Finance Company Limited	-	Venture Capital

REPORT OF THE DIRECTORS

TO THE MEMBERS OF AGRICULTURAL DEVELOPMENT BANK (CONT'D)

FINANCIAL STATEMENTS AND DIVIDEND

The Bank's results for the year are set out in the attached financial statements, highlights of which are as follows:

		2012 GH¢'000		2011 GH¢'000
Profit after NFSL (attributable to equity holders)		**32,273**		48,557
to which is added the balance brought forward on income surplus account		**9,529**		3,685
		41,802		52,242
out of which is transferred to the statutory reserve fund in accordance with Section 29 of the Banking Act an amount of	**(6,674)**		(21,804)	
transfers into credit risk reserve of	**(6,474)**		(8,299)	
transfers to stated capital	**-**		(25,000)	
Other movements;				
disposal of subsidiary	**-**		521	
surplus written off due to depreciation	**-**		231	
other adjustments	**(595)**		(736)	
disposal of property, plant and equipment	**-**		12,374	
		(13,743)		(42,713)
leaving a balance to be carried forward of		**28,059**		9,529

In accordance with section 29(c) of the Banking Act, 2004 (Act 673) as amended, an amount of GH¢ 6,673,952 (2011: GH¢ 21,804,063) was transferred to the statutory reserve fund from the income surplus account bringing the cumulative balance on the statutory reserve fund at the year end to GH¢ 58,750,358 (2011: GH¢ 52,076,405).

REVIEW OF EXPOSURE LIMITS

Section 42 of the Banking Act, 2004 (Act 673) as amended by the Banking Amendment Act, 2007 (Act 738) requires that secured and non-secured facilities should not exceed 25% and 10% of the company's net worth respectively. Audit of the financial statements revealed that, one facility had breached the secured prescribed exposure limits.

APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements of the Bank were approved by the Board of Directors on 21st March, 2013 and signed on their behalf by:

.... CHAIRMAN

.... MANAGING DIRECTOR

.... DIRECTOR

.... EXECUTIVE HEAD-FINANCE& PLANNING

.... SECRETARY

ADB AGRICULTURAL DEVELOPMENT BANK Agric and more...

Corporate Governance

Commitment to Corporate Governance

The key guiding principles of the Group's governance practices are:

(i) Good corporate governance enhances shareholder value

(ii) The respective roles of shareholders, Board of Directors and management in the governance architecture should be clearly defined

(iii) The Board of Directors should have majority membership of independent directors, defined broadly as directors who are not employed by the Group or company, or who are not affiliated with organizations with significant financial dealings with the Group.

These principles have been articulated in a number of corporate documents, including the Bank's regulations, rules of procedures for Boards, a code of conduct for Directors and rules of business ethics for staff.

The Board of Directors

The Board is responsible for setting the institution's strategic direction, leading and controlling the institution and monitoring activities of executive management.

As of 31 December 2012, the Board of Directors of Agricultural Development Bank consisted of seven (7) members made up of an independent Non-executive Chairman, 5 (five) Non-executive Directors, and one (1) Executive Director. These board members have wide experience and in-depth knowledge in management, industry and the financial and capital markets, which enable them make informed decisions and valuable contributions to the Group's progress. The Board met thirteen times during the year.

The Board has delegated various aspects of its work to the Governance and Risk Management, Audit and Compliance, Loans and Advances, Human Resource Committees.

Governance and Risk Management Committee

This committee is chaired by Dr. Johnson Asiama and its members are listed on page three of this Financial Statement.

The role of the committee includes:

1. The review all risks to which the Bank is exposed, assess from time to time their relative importance and evaluate whether the resources and controls designed to manage each risk are proportionate to the quantum of risk involved.

2. To the extent that management accepts residual risk, because the resources required to reduce it further are considered to be disproportionate, the Committee determines whether it is within the parameters set by the Board. The risk parameters set by the Board is generally defined in terms of a proportion of the Bank's capital or profits that may be at risk of loss in the worst case if a risk crystallizes. The Committee takes into account the connectivity of risks.

3. The review of risks with a frequency that it judges to be proportionate to their materiality to the Bank paying particular attention to new risks arising from changes in the Bank's business strategy and those arising from the wider current commercial, economic and political environment. The Committee reviews the comprehensiveness of record of risks from time to time and updates it

Corporate Governance (Cont`d)

where appropriate.

4. The consideration prior to implementation of all new products, significant changes in the balance of the business of the Bank or scale of its operations in any area. The consideration of all proposed changes to key systems and operational controls, management structure and key responsibilities of the senior management team.

5. Assisting management in the recognition of risks and also to ensure that the Board is made aware of changes in the risk profile arising from:

   - Asset quality concentration
   - Counterparty limits
   - Currency, maturity and interest rate mismatches
   - The external environment, including country risk for any country where the bank has a significant exposure
   - Business strategy and competition
   - Operational risk, including vulnerability to fraud, human resources and business continuity
   - Legal, compliance and reputational risk

6. The committee annually reviews its terms of reference and modus operandi and makes recommendations for changes that it considers appropriate to the Board.

Audit and Compliance Committee

The role of the committee includes:

1. Annually recommending to the Board and Annual General Meeting (AGM), the appointment of the External Auditor, the audit fee and to advise the Board on any questions of resignation or dismissal of the External Auditors.

2. To keep under review the Bank's policy on non audit services provided by the External Auditors and recommend this to the Board having due regard to ensuring that the provision of such services does not impair the External Auditor's independence or objectivity.

3. Discussing with the External Auditors before their audit commences, the nature and scope of the audit.

4. Discussing any issues arising from the interim or final audits, and any matters the External Auditors may wish to raise and to report on such matters to the Board.

Loans and Advances Committee

The role of the committee includes

1. Setting and reviewing lending limits for the Credit Committee from time to time;
2. Considering and approving credit exposures which exceed the approval limit of the Credit Committee;
3. Considering and approving facilities where a member of management, a director, a shareholder has an interest in the borrower;
4. Considering and approving inter-bank lending
5. Considering and approving facilities referred to it by the Credit Committee

Corporate Governance (Cont`d)

Human Resource Committee

The role of the committee includes:

1. Proposing and making recommendations on Human Resource issues and matters relating to terms and appointments of Senior Management.

Code of Conduct

Management has communicated principles in the Bank's Code of Conduct to its employees to provide guidance in the discharge of their duties. This code sets the standards of professionalism and integrity required for the Bank's operations, which covers compliance with applicable laws, conflicts of interest, environmental issues, reliability of financial reporting, bribery and strict adherence to laid down principles, so as to eliminate the potential for illegal practices.

Anti-Money Laundering

The Bank also has an established anti-money laundering system in place in compliance with requirements of Ghana's Anti-Money Laundering Act 2008. These include due diligence for opening new accounts, customer identification, monitoring of high risk accounts, record keeping and training and sensitisation of staff on money laundering, which assist in reducing regulatory and reputational risks to its business.

Independent Auditor`s Report

TO THE MEMBERS OF AGRICULTURAL DEVELOPMENT BANK

Report on the Financial Statements

We have audited the accompanying consolidated and separate financial statements of Agricultural Development Bank and its subsidiary which comprise the statements of financial position as at 31 December, 2012, and statements of comprehensive income, changes in equity and cashflows for the year then ended, the notes to the financial statements which include significant accounting policies and other explanatory notes, as set out on pages 26 to 79.

Directors' Responsibility for the Financial Statements

The Bank's Directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and in the manner required by the Agricultural Credit and Cooperative Bank Act (Act 286) as amended by the National Liberation Council Decree (NLCD) 182 of 1967 as Agricultural Development Bank, the Agricultural Development Bank Act, 1970 (Act 352) and the Banking Act, 2004 (Act 673) as amended by the Banking (Amendment) Act, 2007 (Act 738) 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. These standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the consolidated and separate financial statements give a true and fair view of the consolidated and separate financial position of Agricultural Development Bank at 31 December 2012 and its consolidated and separate financial performance and consolidated and separate cashflows for the year ended in accordance with International Financial Reporting Standards and in the manner required by the Agricultural Credit and Cooperative Bank Act (Act 286) as amended by the National Liberation Council Decree (NLCD) 182 of 1967 as Agricultural Development Bank, the Agricultural Development Bank Act, 1970 (Act 352) and the Banking Act, 2004 (Act 673) as amended by the Banking (Amendment) Act, 2007 (Act 738).

Independent Auditor`s Report (Cont`d)

TO THE MEMBERS OF AGRICULTURAL DEVELOPMENT BANK

Report on Other Legal and Regulatory Requirements

Compliance with the requirements of the Agricultural Credit and Cooperative Bank Act (Act 286) as amended by the NLCD 182 of 1967 as Agricultural Development Bank, the Agricultural Development Bank Act, 1970 (Act 352) and Section 78 of the Banking Act, 2004 (Act 673) as amended by the Banking Amendment Act 2007 (Act 738).

We have obtained all the information and explanations, which to the best of knowledge and belief were necessary for the purpose of our audit.

In our opinion, proper books of account have been kept and the statements of financial position and comprehensive income are in agreement with the books of account.

Non-compliance with Banking Act, 2004 (Act 673) as amended by the Banking Amendment Act, 2007 (Act 738)

- Section 42 of the Banking Act, 2004 (Act 673) as amended by the Banking Amendment Act, 2007 (Act 738) requires that secured and non-secured facilities should not exceed 25% and 10% of the company's net worth respectively. Our audit of the financial statements revealed that, one facility had breached the secured prescribed exposure limits.

- Section 23(1) of the Banking Act, 2004 (Act 673) requires that banks maintain at all times a minimum capital adequacy ratio of 10%. The Bank in August 2012 however recorded a capital adequacy ratio of 9.64%

KPMG

....

Signed by: Nathaniel D. Harlley (ICAG/P/1056)
For and on behalf of:
KPMG: (ICAG/F/0036)
CHARTERED ACCOUNTANTS
13 YIYIWA DRIVE, ABELENKPE
P O BOX GP 242
ACCRA

21st March, 2013

Consolidated Statement of Financial Position

AT 31 DECEMBER 2012

		The Group		The Bank	
		2012	2011	2012	2011
Assets	**Note**	**GH¢'000**	**GH¢'000**	**GH¢'000**	**GH¢'000**
Cash and balances with Central Bank of Ghana	15	**127,945**	81,660	**127,945**	81,660
Investment in Government Securities	16	**342,808**	209,542	**342,808**	209,542
Deposits and balances due from Banking Institutions	17	**47,564**	90,248	**47,564**	90,248
Investment in other securities	18	**45,018**	35,899	**45,018**	35,899
Investment in associate companies	19	**640**	737	**640**	737
Investment in subsidiaries	20	**-**	-	**14,493**	14,493
Loans and advances to customers	21	**773,694**	678,747	**773,694**	678,747
Other assets	22	**77,535**	73,560	**66,506**	64,870
Intangible assets	23	**8,481**	11,974	**8,481**	11,974
Property and equipment	24	**31,461**	31,304	**17,074**	17,587
Total Assets		**1,455,146**	1,213,671	**1,444,223**	1,205,757
Liabilities					
Customer deposits	25	**965,018**	827,718	**965,018**	827,718
Borrowed funds	26	**214,154**	161,387	**214,154**	161,387
Other liabilities	27	**68,250**	42,859	**67,852**	40,488
		1,247,422	1,031,964	**1,247,024**	1,029,593
Capital Resources					
Share capital	28	**75,000**	75,000	**75,000**	75,000
Revaluation surplus	29	**1,748**	1,748	**1,748**	1,748
Income surplus	30	**28,059**	9,529	**17,534**	3,986
Credit risk reserve	31	**30,752**	25,773	**30,752**	25,773
Statutory reserve	32	**58,750**	52,076	**58,750**	52,076
Available for sale reserve	33	**13,415**	17,581	**13,415**	17,581
Shareholders' funds		**207,724**	181,707	**197,199**	176,164
Total liabilities and Shareholders' Funds		**1,455,146**	1,213,671	**1,444,223**	1,205,757

These financial statements were approved by the Board of Directors on 21st March, 2013 and signed on its behalf by:

DIRECTOR

DIRECTOR

The notes on pages 26 to 79 form an integral part of these financial statements.

Consolidated Statement of Comprehensive Income

FOR THE YEAR ENDED 31 DECEMBER 2012

		The Group		The Bank	
		2012	2011	2012	2011
	Note	GH¢'000	GH¢'000	GH¢'000	GH¢'000
Interest income	7	**199,456**	119,189	**199,456**	119,189
Interest expense	8	**(41,166)**	(38,891)	**(41,166)**	(38,891)
Net interest income		**158,290**	80,298	**158,290**	80,298
Fees and commission income	9	**43,958**	39,665	**43,958**	39,665
Fees and commission expense	9	**(2,373)**	(2,221)	**(2,373)**	(2,211)
Net fees and commission income		**41,585**	37,444	**41,585**	37,454
Net trading income	10	**32,511**	27,996	**32,511**	27,995
Other operating income	11	**9,179**	17,854	**9,179**	17,854
Net non-interest revenue		**83,275**	83,294	**83,275**	83,303
Operating income		**241,565**	163,592	**241,565**	163,601
Impairment charge on loans and advances	21	**(26,087)**	7,610	**(26,087)**	7,610
Net Operating Income		**215,478**	171,202	**215,478**	171,211
Operating expenses	12	**(186,447)**	(132,984)	**(188,764)**	(135,508)
Operating profit		**29,031**	38,218	**26,714**	35,703
Share of post-tax loss of Associated Company	19	**(97)**	(411)	**(97)**	(411)
Profit from disposal of non-current assets	24	**3,324**	5,656	**64**	2,961
Profit from disposal of associate companies	19	**15**	6,088	**15**	6,088
Profit from disposal of subsidiary	20	**-**	1,562	**-**	1,562
Profit before National Stabilization Levy		**32,273**	51,113	**26,696**	45,903
National Fiscal Stabilization Levy		**-**	(2,556)	**-**	(2,295)
Profit after national stabilization levy		**32,273**	48,557	**26,696**	43,608

The notes on pages 26 to 79 form an integral part of these financial statements.

ADB
AGRICULTURAL DEVELOPMENT BANK
Agric and more...

Consolidated Statement of Comprehensive Income

FOR THE YEAR ENDED 31 DECEMBER 2012 (Cont'd)

		The Group		The Bank	
		2012	2011	2012	2011
	Note	GH¢'000	GH¢'000	GH¢'000	GH¢'000
Profit after national stabilization levy		**32,273**	48,557	**26,696**	43,608
Net change in value of available for sale investment securities	16,18	**(5,110)**	14,654	**(5,110)**	14,654
Total comprehensive income for the year		**27,163**	63,211	**21,586**	58,262
Profit for the year attributable to:					
Equity holders of the Bank		**32,273**	48,557	**26,696**	43,608
Total comprehensive income attributable to:					
Equity holders of the Bank		**27,163**	63,211	**21,586**	58,262
Earnings per share					
Basic and diluted (in Ghana pesewas)	14	**1.291**	1.942	**1.068**	1.744

The notes on pages 26 to 79 form an integral part of these financial statements.

Consolidated Statement of Changes In Equity

FOR THE YEAR ENDED 31 DECEMBER 2012

The Bank	Stated capital GH¢'000	Revaluation surplus GH¢'000	Available for sale reserve GH¢'000	Income surplus GH¢'000	Regulatory Credit reserve GH¢'000	Statutory reserve GH¢'000	Total GH¢'000
At 1 January 2011	**50,000**	**1,979**	**2,943**	**3,611**	**17,474**	**30,272**	**106,279**
Fair value adjustment	-	-	14,654	-	-	-	**14,654**
Release from credit risk reserve	-	-	-	(8,299)	8,299	-	**-**
Disposal of investment	-	-	-	12,374	-	-	**12,374**
Transfer to statutory reserve	-	-	-	(21,804)	-	21,804	**-**
Release of surplus	25,000	-	(16)	(25,000)	-	-	**(16)**
Surplus written off due to depreciation	-	(231)	-	231	-	-	**-**
Other adjustment	-	-	-	(735)	-	-	**(735)**
Profit for the year	-	-	-	43,608	-	-	**43,608**
Balance at 31 December 2011	**75,000**	**1,748**	**17,581**	**3,986**	**25,773**	**52,076**	**176,164**
At 1 January 2012	**75,000**	**1,748**	**17,581**	**3,986**	**25,773**	**52,076**	**176,164**
Fair value adjustment	-	-	(5,110)	-	-	-	**(5,110)**
Release from credit risk reserve	-	-	-	(6,474)	6,474	-	**-**
Disposal of investment	-	-	944	-	-	-	**944**
Transfer to statutory reserve	-	-	-	(6,674)	-	6,674	**-**
Release from credit risk reserve (loan write off)	-	-	-	-	(1,495)	-	**(1,495)**
Profit for the year	-	-	-	26,696	-	-	**26,696**
Balance at 31 December 2012	**75,000**	**1,748**	**13,415**	**17,534**	**30,752**	**58,750**	**197,199**

Consolidated Statement of Changes In Equity

FOR THE YEAR ENDED 31 DECEMBER 2012 (Cont'd)

The Group	Stated capital GH¢'000	Revaluation surplus GH¢'000	Available for sale reserve GH¢'000	Income surplus GH¢'000	Regulatory credit risk reserve GH¢'000	Statutory reserve GH¢'000	Non-controlling interest GH¢'000	Total GH¢'000
At January 2011	50,000	1,979	2,943	3,685	17,474	30,272	119	**106,472**
Fair value adjustment	-	-	14,654	-	-	-	-	**14,654**
Release from credit risk reserve	-	-	-	(8,299)	8,299	-		**-**
Disposal of PPE	-	-	-	12,374	-	-	-	**12,374**
Disposal of subsidiary	-	-	-	521	-	-	(119)	**402**
Transfer to statutory reserve	-	-	-	(21,804)	-	21,804	-	**-**
Release of surplus	25,000	-	(16)	(25,000)	-	-	-	**(16)**
Surplus written off due to depreciation	-	(231)	-	231	-	-	-	**-**
Other adjustment	-	-	-	(736)	-	-	-	**(736)**
Profit for the year	-	-	-	48,557	-	-	-	**48,557**
Balance at 31 December 2011	**75,000**	**1,748**	**17,581**	**9,529**	**25,773**	**52,076**	**-**	**181,707**
At January 2012	75,000	1,748	17,581	9,529	25,773	52,076	-	**181,707**
Adjustment	-	-	-	(595)	-	-	-	**(595)**
	75,000	1,748	17,581	8,934	25,773	52,076	-	**181,112**
Fair value adjustment	-	-	(5,110)	-	-	-	-	**(5,110)**
Release from credit risk reserve	-	-	-	(6,474)	6,474	-		**-**
Disposal of investment	-	-	944	-	-	-	-	**944**
Transfer to statutory reserve	-	-	-	(6,674)	-	6,674		**-**
Release from credit risk reserve (loan write off)	-	-	-	-	(1,495)	-	-	**(1,495)**
Profit for the year	-	-	-	32,273	-	-	-	**32,273**
Balance at 31 December 2012	**75,000**	**1,748**	**13,415**	**28,059**	**30,752**	**58,750**	**-**	**207,724**

The notes on pages 26 to 79 form an integral part of these financial statements.

Consolidated Statement of Cash Flows

FOR THE YEAR ENDED 31 DECEMBER 2012

	Note	The Group 2012 GH¢'000	The Group 2011 GH¢'000	The Bank 2012 GH¢'000	The Bank 2011 GH¢'000
Operating activities					
Cash generated from operations	34	**72,283**	111,357	**74,334**	113,086
Investing activities					
Purchase of property and equipment	24	**(6,735)**	(13,616)	**(5,451)**	(12,437)
Proceeds from disposal of property and equipment		**3,518**	6,444	**182**	3,560
Acquisition of Intangible assets		**(1,092)**	(12,590)	**(1,092)**	(12,590)
Proceeds from disposal of associated company		**348**	10,200	**348**	10,200
Proceeds from disposal subsidiary		**-**	2,713	**-**	2,713
Increase in other investment securities		**(9,119)**	(9,292)	**(9,119)**	(9,316)
Decrease in associates		**96**	185	**96**	185
Net cash used in investing activities		**(12,984)**	**(15,956)**	**(15,036)**	**(17,685)**
National Stabilization Levy		**-**	(2,169)	**-**	(2,169)
Financing activities					
Receipts/ (payments) in borrowed funds		**52,767**	(60,013)	**52,768**	(60,013)
Dividend Income		**1,885**	1,298	**1,885**	1,298
Net cash generated/ (used in) from financing Activities		**54,652**	(58,715)	**54,653**	(58,715)
Increase in cash and cash equivalents		**113,951**	34,517	**113,951**	34,517
Cash and cash equivalent at 1 January		**171,908**	137,391	**171,908**	137,391
Cash and cash equivalents at 31 December	34	**285,859**	**171,908**	**285,859**	**171,908**

The notes on pages 26 to 79 form an integral part of these financial statements.

Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2012

1. GENERAL INFORMATION

Agricultural Development Bank (ADB) is a financial institution incorporated in Ghana. The registered office of the Agricultural Development Bank is located at 37 Independence Avenue, Accra. The consolidated financial statements of the Bank and its subsidiary (together referred to as the 'Group' and individually as 'Group entities'). The Group is primarily involved in corporate banking, investment banking and retail banking and in providing real estate services.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Statement of Compliance

The Group's consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board. Additional information required by the Banking Act, 2004 (Act 673) as amended by the Banking (Amendment) Act, 2007 (Act 738) have been included, where appropriate. The financial statements have been prepared under the historical cost convention, except for the revaluation of property and available-for-sale financial assets, financial assets and financial liabilities, which are measured at fair value through profit or loss.

The financial statements comprise the financial position, statements of comprehensive income, changes in equity and cash flows and notes to the financial statements.

The financial statements are presented in Ghana cedis which is the group's functional currency.

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

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods. In particular, information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amount recognised in the financial statements are described in note four (4).

2.1.1 New standards and interpretations not yet adopted

There are new or revised Accounting Standards and Interpretations in issue that are not yet effective. These include the following Standards and Interpretations that may have an impact on future financial statements:

Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2012

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Standard/Interpretation		Effective date
IAS 1 amendment	*Presentation of Financial Statements: Presentation of Items of Other Comprehensive Income*	Annual periods beginning on or after 1 July 2012
IFRS 1 amendment	*Government Loans*	Annual periods beginning on or after 1 January 2013
IFRS 7 amendment	*Offsetting Financial Assets and Liabilities*	Annual periods beginning on or after 1 January 2013
IFRS 10	*Consolidated Financial Statements*	Annual periods beginning on or after 1 January 2013
IFRS 11	*Joint Arrangements*	Annual periods beginning on or after 1 January 2013
IFRS 12	*Disclosure of Interests in Other Entities*	Annual periods beginning on or after 1 January 2013
IFRS 13	*Fair Value Measurement*	Annual periods beginning on or after 1 January 2013
IAS 19 amendments	*Employee benefits*	Annual periods beginning on or after 1 January 2013
IAS 27	*Separate Financial Statements (2011)*	Annual periods beginning on or after 1 January 2013
IAS 28	*Investments in Associates and Joint Ventures (2011)*	Annual periods beginning on or after 1 January 2013
IFRS 2009-2011	*Annual improvement to various Standards*	Annual periods beginning on or after 1 January 2013
IFRIC 20	*Stripping Cost in the Production Phase of Surface mine*	Annual periods beginning on or after 1 January 2013
IFRS 10, IFRS 12 and IAS 27	*Amendments to Joint Arrangements, Disclosure of Interests in Other Entities and Separate Financial Statements (2011)*	Annual periods beginning on or after 1 January 2014
IAS 32 amendments	*Offsetting Financial Assets and Financial Liabilities*	Annual periods beginning on or after 1 January 2014
IFRS 9 (2009)	*Financial Instruments*	Annual periods beginning on or after 1 January 2015
IFRS 9 (2010)	*Financial Instruments*	Annual periods beginning on or after 1 January 2015

2.1.1 New standards and interpretations not yet adopted (Cont'd)

Amendment to IAS 1 Presentation of Financial Statements

The amendment to IAS 1 will be adopted for the first time for the financial reporting period ending 31 December 2013.

The Group will present those items of other comprehensive income that may be reclassified to profit or loss in the future separately from those that would never be reclassified to profit or loss. The related tax effects for the two sub-categories will be shown separately.

ADB AGRICULTURAL DEVELOPMENT BANK Agric and more...

Notes to the Consolidated Financial Statements
FOR THE YEAR ENDED 31 DECEMBER 2012

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

This is a change in presentation and will have no impact on the recognition or measurement of items in the financial statements.

This amendment will be applied retrospectively and comparative information will be restated.

Amendment to IFRS 1 Government Loans

IAS 20 as amended required existing preparers of financial statements to measure government loans with a below-market rate of interest at fair value on initial recognition. Existing preparers were required to apply the 2008 amendments to IAS 20 prospectively. However, a corresponding exception to retrospective application was not provided to first-time adopters at that time. This meant that first-time adopters may have been required to use hindsight in measuring government loans with below-market rates of interest at fair value at their dates of origination. T*he amendment to IFRS 1 First-time Adoption of International Financial Reporting Standards eliminates* the need to use hindsight when measuring government loans on transition to IFRS.

If a first-time adopter applies the measurement requirement prospectively, then it uses the previous GAAP carrying amount of a government loan with a below-market rate of interest as the carrying amount of the loan in its opening IFRS statement of financial position.

Subsequently, the entity measures the loan at amortised cost, using an effective interest rate that is calculated at the date of transition.

The amendment does not affect the presentation of government loans upon transition to IFRS. The presentation of government loans as equity or liability continues to follow the requirements in IAS 32 Financial Instruments: Presentation.

The requirements and guidance in the amendment does not preclude a first-time adopter from applying to government loans the exemption in IFRS 1 on designating previously recognised financial instruments at fair value through profit or loss to government loans.

The amendments will be effective for annual periods beginning on or after 1 January 2013; earlier application is permitted.

This amendment will not have any significant impact on the group's financial statements.

Amendments to IFRS 7 Financial Instruments: Disclosures: Offsetting Financial Assets and Financial Liabilities
The amendments contain new disclosure requirements for financial assets and financial liabilities that are offset in the statement of financial position; or are subject to enforceable master netting arrangements or similar agreements.
Based on the new disclosure requirements the Group will have to provide information about what amounts have been offset in the statement of financial position and the nature and extent of rights of set-off under master netting arrangements or similar agreements.

The amendments are effective for annual periods beginning on or after 1 January 2013 and interim periods within those annual periods.

This amendment will not have any significant impact on the Group's financial statements.

IFRS 10 Consolidated Financial Statements

IFRS 10 will be adopted for the first time for the financial reporting period ending 31 December 2013. The

Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2012

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

standard may be applied retrospectively. IFRS 10 introduces a single control model to assess whether an investee should be consolidated. This control model requires entities to perform the following in determining whether control exists:

- Identify how decisions about relevant activities are made;
- Assess whether the entity has power over relevant activities by considering only the entity's substantive rights;
- Assess whether the entity is exposed to variability in returns, and
- Assess whether the entity is able to use its power over the investee to affect returns for its own benefit

Control should be assessed on a continuous basis and should be reassessed as facts and circumstances change.

This amendment will not have a significant impact on the Group's financial statements.

IFRS 11 Joint Arrangements

The standard will be applied retrospectively, subject to certain transitional provisions.

IFRS 11 clarifies the classification of joint arrangements depending on whether parties have rights to and obligations for the underlying assets and liabilities.

Under IFRS 11, joint arrangements are divided into two types, each having its own accounting model.

- Joint operations, under which the jointly controlling parties, known as joint operators, have rights to assets and obligations for the liabilities, relating to the arrangement.
- Joint ventures, under which the joint controlling parties, known as joint ventures, have rights to the net assets of the arrangement.

In terms of IFRS 11, all joint ventures will have to be equity accounted.
This amendment will not have a significant impact on the Group's financial statements.

IFRS 12 Disclosure of Interests in Other Entities

IFRS 12 will be adopted for the first time for the financial reporting period ending 31 December 2013.

IFRS 12 combines, in a single standard, disclosure requirements for subsidiaries, associates and joint arrangements, as well as unconsolidated structured entities.

The required disclosures aim to provide information to enable users evaluate:

- The nature of, and risks associated with, an entity's interests in other entities, and
- The effects of those interests on the entity's financial position, financial performance and cash flows.

The adoption of this standard will increase the level of disclosure provided for interests in subsidiaries, joint arrangements, associates and structured entities.

IFRS 13 Fair Value Measurement

IFRS 13 will be adopted for the first time for the financial reporting period ending 31 December 2013. The standard will be applied prospectively and comparatives will not be restated.

IFRS 13 introduces a single source of guidance on fair value measurement for both financial and non-financial

Notes to the Consolidated Financial Statements
FOR THE YEAR ENDED 31 DECEMBER 2012

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

assets and liabilities by defining fair value, establishing a framework for measuring fair value and setting out disclosures requirements for fair value measurements. The key principles in IFRS 13 are as follows:
- Fair value is an exit price
- Measurement considers characteristics of the asset or liability and not entity-specific characteristics
- Measurement assumes a transaction in the entity's principal (or most advantageous) market between market participants
- Price is not adjusted for transaction costs
- Measurement maximises the use of relevant observable inputs and minimises the use of unobservable inputs
- The three-level fair value hierarchy is extended to all fair value measurements

Amendments to IAS 19 Employee Benefits

The amendment has introduced the following key changes which are not expected to have any impact on the group's financial statements.

- Actuarial gains and losses are recognised immediately in other comprehensive income. The corridor method and the recognition of actuarial gains and losses in profit or loss is no longer permitted.
- Past service costs as well as gains and losses on curtailments / settlements are recognised in profit or loss.
- Expected returns on plan assets are calculated based on the rates used to discount the defined benefit obligation.
- The definitions of short-term and other long-term employee benefits have been amended and the distinction between the two depends on when the entity expects the benefit to be settled.

Additional amendments are of a presentation nature and will not have a significant impact on the group's financial statements.

IAS 27 (2011) Separate Financial Statements

IAS 27 (2011) will be adopted for the first time for the financial reporting period ending 31 December 2013

IAS 27 (2011) supersedes IAS 27 (2008). IAS 27 (2011) carries forward the existing accounting and disclosure requirements for separate financial statements, with some minor clarifications.

This amendment will not have a significant impact on the Group's separate financial statements.

IAS 28 (2011) Investments in Associates and Joint Ventures

IAS 28 (2011) will be adopted for the first time for the financial reporting period ending 31 December 2013.

IAS 28 (2011) supersedes IAS 28 (2008) and carries forward the existing accounting and disclosure requirements with limited amendments. These include:
- IFRS 5 is applicable to an investment, or a portion of an investment, in an associate or a joint venture that meets the criteria to be classified as held-for-sale; and
- On cessation of significant influence or joint control, even if an investment in an associate becomes an investment in a joint venture or vice versa, the group does not re-measure the retained interest.

This amendment will not have a significant impact on the Group's financial statements.

Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2012

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

IFRS 2009-2011 Annual improvement to various Standards

(i) IFRS 1 First-time Adoption of International Financial Reporting Standards (Repeated application of IFRS1)

The amendment clarifies the applicability of IFRS 1 to an entity that has IFRS in a previous reporting period, but whose most recent previous annual financial standards do not contain an explicit and unreserved statement of compliance with IFRS. If such an entity presents its financial statements in accordance with IFRS again, then it is now allowed, rather than required, to apply IFRS 1.

A repeated adopter that elects not to apply IFRS 1 in the above situation has to apply IFRS retrospectively in accordance with IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors, as if it had never stopped applying IFRS. Such entity should also disclose the reason for electing to apply IFRS on a continuous basis.

Irrespective of whether the repeated adopter applies IFRS 1, it is required to disclose the reason why it stopped applying IFRS and is resuming the application of IFRS.

The above option is available regardless of whether it existed at the time the entity previously applied IFRS. For example, the above option is available to a repeated adopter that previously applied SIC 8 First-time Application of IASs as the Primary Basis of Accounting.

This amendment will not have a significant impact on the group's financial statements.

Borrowing cost exemption

IFRS 1 is amended to clarify how the exemption should be applied for borrowing costs relating to qualifying assets for which the commencement date of capitalization is before date of transition to IFRS.

After the amendment, if a first-time adopter of IFRS chooses to apply the exemption, then:

- It should not restate borrowing costs; and
- It should account for borrowing costs incurred on or after the date of transition (for an earlier date, as permitted by IAS 23 Borrowing Costs) in accordance with IAS 23. This includes borrowing costs that have been incurred on qualifying assets already under construction at that date.

This amendment will not have a significant impact on the group's financial statements.

(ii) IAS 1 Presentation of Financial Statements (Comparative information beyond minimum requirements)

IAS 1 is amended to clarify that only one comparative period – which is the preceding period-, is required for a complete set of financial statements.

If an entity presents additional comparative information, the additional information need not be in the form of complete set of financial statements. However, such information should be accompanied by related notes and should be in accordance with IFRS.

Presentation of the Opening statement of financial position and related notes

IAS 1 requires the presentation of an opening balance of financial position (sometimes referred to as the 'third statement of financial position') when an entity applies an accounting policy retrospectively, or makes a retrospective restatement or reclassification. IAS 1 is amended to clarify that:

ADB AGRICULTURAL DEVELOPMENT BANK Agric and more...

Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2012

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

- The opening statement of financial position is required only if:
  - a change in accounting policy;
  - a retrospective restatement; or
  - a reclassification

  has an effect on the information in that statement of financial position;

- Except for disclosures required under IAS 8, notes relating to the opening statement of financial position are no longer required; and
- The appropriate date for the opening statement of financial position is the beginning of the preceding period, rather than the beginning of the earliest comparative period presented. This is regardless of whether an entity provides additional comparative information beyond the minimum comparative information requirements.

The amendment explains the requirement for the presentation of notes relating to additional comparative information and those relating to the opening statement of financial statements are different, because the underlying objectives are different.

Consequential amendments have been made to IFRS 1 and IAS 34 Interim Financial Reporting

This amendment will not have a significant impact on the group's financial statements.

(iii) IAS 16 Property, Plant and Equipment (Classification of Servicing Equipment)

This amendment to IAS 16 clarifies the accounting for spare parts, stand-by equipment and servicing equipment. The definition of 'property, plant and equipment' in IAS 16 is now considered in determining whether these items should be accounted for under that standard. If these items do not meet the definition, then they are accounted for using IAS Inventories.

This amendment will not have a significant impact on the group's financial statements.

(iv) IAS 32 Financial Instruments: Presentation (Income tax consequences of distributions)

Income taxes on distribution to holders of equity instruments and on transaction costs of equity transactions have been clarified in amendments to IAS 32, these are now to be accounted for in accordance with IAS 12 Income Taxes.

The amendment removes a perceived inconsistency between IAS 32 and IAS 12. Before the amendment, IAS 32 indicated that distributions to holders of equity instrument are recognized directly in equity, net of any related income tax. However, IAS 12 generally requires the tax consequences of dividends to be recognized in profit or loss.

A similar consequential amendment has been made to IFRIC 2 Members' Share in Co-operative entities and Similar Instruments.

This amendment will not have a significant impact on the group's financial statements.

(v) IAS 34 Interim Financial Reporting (Segment assets and liabilities)

IAS 34 is amended to align the disclosure requirements for segment assets and segment liabilities in interim financial reports with those in IFRS 8 Operating Segments.

IAS 34 now requires separate disclosure of total assets and liabilities for a particular reportable segment:

Notes to the Consolidated Financial Statements
FOR THE YEAR ENDED 31 DECEMBER 2012

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

- only when the amount is regularly provided to the chief operating decision maker; and
- where there has been a material change from the amount disclosed in the last annual financial statements for that reportable segment.

This amendment will not have a significant impact on the group's financial statements.

IFRIC 20 Stripping Cost in the Production Phase of Surface mine

The IAS published IFRIC 20 Stripping Cost in the Production Phase of a Surface Mine, an interpretation of the IFRS Interpretation Committee (Interpretations Committee) on 19 October 2011. The interpretation, which restricts the current diverse practices in accounting for production stripping in surface mining, has an effective date of annual periods beginning on or after 1 January 2013.
The amendments highlight the following:

Waste removal costs (stripping costs) incurred in the production phase of surface mining are accounted for under IAS 2 Inventories to the extent that they relate to current period production.

Production stripping costs are recognized as non-current assets ('stripping activity assets') if all of the following criteria are met:

i. It is probable that the future economic benefits will flow to the entity;
ii. The entity can identify the component of the ore body to which the access has been improved; and
iii. The cost incurred can be measured reliably.

When stripping costs of the activity asset vs current period inventory are not separately identifiable, costs are allocated based on the production method.

The stripping activity is recognized as a component of the larger asset (mining assets) to which it relates, which will be an item of property, plant and equipment or an intangible asset.

On initial recognition, the stripping activity asset is measured at cost, which includes all directly attributable expenditure, but excludes costs related to incidental activities

Subsequent to initial recognition, the stripping activity asset is measured consistently with the asset of which it is a component (i.e. under the cost or revaluation model), and is depreciated/ amortised over the useful life of the component of the ore body to which access has been improved.

Application of the interpretation, by both existing users and first-time adopters of the IFRS, is on a prospective basis, with transitional adjustments being recognized in opening retained earnings.

The amendments apply to annual periods beginning on or after 1 January 2013.This amendment will not have an impact on the group's financial statements.

Amendments to Consolidated Financial statements (IFRS 10), Joint Arrangements (IFRS 12) Disclosure of Interests in Other Entities and (IAS 27) Separate Financial Statements (2011)

Under this amendment, a qualifying investment entity is required to account for investments in controlled entities- as well as investments in associates and joint ventures- at fair value through profit or loss (FVTPL); the only exception would be subsidiaries that are considered extensions of the investment entity's investing activities. The consolidation exception is mandatory – not optional.

Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2012

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

The parent of an investment entity (that is not itself an investment entity) is still required to consolidate all subsidiaries.

The amendment also requires new disclosures including quantitative data about the investment entity's exposure to risks arising from its unconsolidated subsidiaries. The disclosures now apply to the investee as a single investment rather than to the consolidated investee's underlying financial assets and financial liabilities.

The amendments apply to annual periods beginning on or after 1 January 2014. However, early adoption is permitted, which means that a qualifying investment entity might be able to adopt the amendments as early as 31 December 2012.

This amendment will not have a significant impact on the group's financial statements.

Amendments to IAS 32 Financial Instruments: Presentation: Offsetting Financial Assets and Financial Liabilities

The amendments clarify that an entity currently has a legally enforceable right to set-off if that right is:

- not contingent on a future event; and
- enforceable both in the normal course of business and in the event of default, insolvency or bankruptcy of the entity and all counterparties.

The amendments are effective for annual periods beginning on or after 1 January 2014 and interim periods within those annual periods. Earlier application is permitted.

This amendment will not have any significant impact on the group's financial statements.

IFRS 9 (2009) Financial Instruments

IFRS 9 will be adopted for the first time for the financial reporting period ending 31 December 2015. The standard will be applied retrospectively, subject to transitional provisions.

IFRS 9 addresses the initial measurement and classification of financial assets and will replace the relevant sections of IAS 39.

Under IFRS 9 there are two options in respect of the classification of financial assets, namely, financial assets measured at amortised cost or at fair value. Financial assets are measured at amortised cost when the business model is to hold assets in order to collect contractual cash flows and when they give rise to cash flows that are solely payments of principal and interest on the principal outstanding. All other financial assets are measured at fair value. Embedded derivatives are no longer separated from hybrid contracts that have a financial asset host.

IFRS 9 (2010) Financial Instruments

IFRS 9 (2010) will be adopted for the first time for the financial reporting period ending 31 December 2015. The standard will be applied retrospectively, subject to transitional provisions.

IFRS 9 (2010) addresses the measurement and classification of financial liabilities and will replace relevant sections of IAS 39.

Under IFRS 9 (2010), the classification and measurement requirements of financial liabilities are the same as per IAS 39, except for the following two aspects:

- fair value changes for financial liabilities (other than financial guarantees and loan commitments)

Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2012

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

designated at fair value through profit or loss, that are attributable to the changes in the credit risk of the liability will be presented in other comprehensive income (OCI). The remaining amount of the fair value change is recognised in profit or loss. However, if this requirement creates or enlarges an accounting mismatch in profit or loss, then the whole fair value change is presented in profit or loss. The determination as to whether such presentation would create or enlarge an accounting mismatch is made on initial recognition and is not subsequently reassessed.

- Under IFRS 9 (2010) derivative liabilities that are linked to and must be settled by delivery of an unquoted equity instrument whose fair value cannot be reliably measured, are measured at fair value.

IFRS 9 (2010) incorporates guidance in IAS 39, dealing with fair value measurement and accounting for derivatives embedded in a host contract that is not a financial asset, as well as the requirements of IFRIC 9 Reassessment of

2.2 Foreign currency translation

Transactions and balances

Foreign currency transactions are translated into the functional currency using exchange rates prevailing at the dates of the transactions or valuation, where items are re-measured.

Monetary items denominated in foreign currency are re-translated at closing rates ruling at the reporting date which is the average of the interbank buy and sell rates. Non-monetary items measured at historical cost denominated in a foreign currency are translated at exchange rates ruling at the dates of initial recognition; and non-monetary items in a foreign currency that are measured at fair value are translated at exchange rates ruling at the date when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of foreign currency transactions and from re-translation at year-end exchange rates of foreign currency denominated monetary assets and liabilities are recognised in profit or loss.

All foreign exchange gains and losses recognised in profit or loss are presented net within the corresponding item. Foreign exchange gains and losses on other comprehensive income items are presented in other comprehensive income within the corresponding item.

Changes in the fair value of monetary assets denominated in foreign currency classified as available for sale, are analysed between translation differences resulting from changes in amortised cost of the security and other changes in the carrying amount of the security. Translation differences related to changes in amortised cost are recognised in profit or loss, whereas other changes in carrying amounts, except impairment, are recognised in other comprehensive income.

Translation differences on non-monetary financial instruments, such as equities held at fair value through profit or loss, are reported as part of the fair value gain or loss. Translation differences on non-monetary financial instruments, such as equities classified as available-for-sale financial assets, are included in other comprehensive income.

2.3 Segment reporting

A segment is a distinguishable component of the Bank that is engaged either in providing products or services (business segment), or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments.

Notes to the Consolidated Financial Statements
FOR THE YEAR ENDED 31 DECEMBER 2012

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

The Bank currently uses single segmental reporting to management.

2.4 Interest income and expense

Interest income and expense for all interest-bearing financial instruments are recognised within 'interest income' and 'interest expense' in profit or loss using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial asset or a financial liability and allocating interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability. When calculating the effective interest rate, the Group estimates cash flows considering all contractual terms of the financial instrument, including prepayment options, but does not consider future credit losses.

The calculation includes all fees and points paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums or discounts.

2.5 Fees and commissions

Fees and commissions are generally recognised on an accrual basis when the service has been provided. Loan commitment fees for loans that are likely to be drawn down are deferred, together with related direct costs, and

recognised as an adjustment to the effective interest rate on the loan. Loan syndication fees are recognised as revenue when the syndication has been completed and the Group has retained no part of the loan package for itself or retained a part at the same effective interest rate as the other participants.

2.6 Dividend income

Dividend income is recognized in the income statement when the Bank's right to payment income is established.

2.7 Net trading income

Net trading income comprises gains less losses relating to trading assets and liabilities, including realised and unrealised fair value changes, interest and foreign exchange differences.

2.8 Impairment and uncollectability of financial assets

At each reporting date, all financial assets are subject to review for impairment.

If it is probable that the Group will not be able to collect all amounts due (principal and interest) according to the contractual terms of loans, receivables, or held-to-maturity investments carried at amortised cost, an impairment or bad debt loss has occurred. The carrying amount of the asset is reduced to its estimated recoverable amount through use of an allowance account. The amount of the loss incurred is included in the statement of comprehensive income for the period.

If a loss on a financial asset carried at fair value (recoverable amount is below original acquisition cost) has been recognised directly in equity and there is objective evidence that the asset is impaired, the cumulative net loss that had been recognised directly in equity is removed from equity and recognised in the statement of comprehensive income for the period even though the financial asset has not been derecognised.

Notes to the Consolidated Financial Statements
FOR THE YEAR ENDED 31 DECEMBER 2012

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

The bank considers evidence of impairment at both a specific asset and collective level. All individually significant financial assets are assessed for specific impairment. All significant assets found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified. Assets that are not individually significant are then collectively assessed for impairment together with financial assets with similar risk characteristics.

Objective evidence that financial assets are impaired can include observable data that comes to the attention of the Group about the following loss events:

- Significant financial difficulty of the borrower
- Default or delinquency by a borrower
- Restructuring of a loan or advance by the Group on terms that the Group would not otherwise consider
- Indication that a borrower or issuer will enter bankruptcy
- The disappearance of an active market for a security, or
- Other observable data relating to a group of assets such as adverse changes in the payment status of borrowers or issuers in the group, or economic conditions that correlate with defaults in the group.

In assessing collective impairment the bank uses statistical modelling of historical trends of the probability of default, timing of recoveries and the amount of loss incurred, adjusted for management's judgement as to whether current economic and credit conditions are such that the actual losses are likely to be greater or less than suggested by historical modelling. Default rates, loss rates and the expected timing of future recoveries are regularly benchmarked against actual outcomes to ensure that they remain appropriate.

a. Assets carried at amortised costs

Impairment losses on assets carried at amortised cost are measured as the difference between the carrying amount of the financial assets and the present value of estimated cash flows discounted at the assets' original effective interest rate.

Losses are recognised in the statement of comprehensive income and reflected in an allowance account against loans and advances. Interest on the impaired asset continues to be recognised through the unwinding of the discount. When a subsequent event causes the amount of impairment loss to decrease, the impairment loss is reversed through profit or loss.

b. Assets carried at fair value

Impairment losses on available-for-sale investment securities are recognised by transferring the difference between the amortised acquisition cost and current fair value out of equity to the statement of comprehensive income. When a subsequent event causes the amount of impairment loss on an available-for-sale debt security to decrease, the impairment loss is reversed through the statement of comprehensive income.

However, any subsequent recovery in the fair value of an impaired available-for-sale equity security is recognised directly in equity. Changes in impairment provisions attributable to time value are reflected as a component of interest income.

c. Renegotiated loans

Loans that are either subject to collective impairment assessment or individually significant and whose terms have been renegotiated are considered to be past due unless renegotiated terms are adhered to and current repayments suggest otherwise.

Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2012

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.9 Impairment of non-financial assets

Intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). The impairment test also can be performed on a single asset when the fair value less cost to sell or the value in use can be determined reliably. Non-financial assets that suffer impairment are reviewed for possible reversal of the impairment at each reporting date

2.10 Cash and cash equivalents

For the purposes of the statement of cash flows, cash equivalents include short term liquid investments which are readily convertible into known amounts of cash and which were within three months of maturity when acquired.

2.11 Repossessed property

In certain circumstances, property is repossessed following foreclosure on loans that are in default. Repossessed properties are measured at the lower of carrying amount and fair value less costs to sell and reported within 'Other assets'.

2.12 Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The Group as lessor

Amounts due from lessees under finance leases are recorded as receivables at the amount of the Group's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Group's net investment outstanding in respect of the leases. Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease.

Group as lesee

Rentals payable under operating leases are charged to profit or loss on a straight-line basis over the term of the relevant lease.

2.13 Property and equipment

Property and equipment are stated at cost or as professionally revalued from time to time less accumulated depreciation.

Increases in the carrying amount arising on revaluation are credited to a revaluation surplus. Decreases that offset previous increases of the same asset are charged against the revaluation surplus. All other decreases are charged to the statement of comprehensive income. Each year the difference between depreciation based on the revalued carrying amount of an asset (the depreciation charged to the statement of comprehensive

Notes to the Consolidated Financial Statements
FOR THE YEAR ENDED 31 DECEMBER 2012

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

income) and depreciation based on the asset's original cost is transferred from the revaluation surplus to revenue reserves.

Depreciation

Depreciation on other property and equipment is calculated to write off their cost or valuation in equal annual instalments over their estimated useful lives. The annual rates in use are:

Buildings	5 %
Motor vehicles	25 %
Furniture and equipment	20%
Computers	33.33 %
Leasehold Improvement	20%

Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount.

2.14 Computer Software Development cost

Generally, costs associated with developing computer software programmes are recognised as an expense when incurred. However, costs that is clearly associated with an identifiable and unique product which will be controlled by the Group and has a probable benefit exceeding the cost beyond one year, are recognised as an intangible asset.

Expenditure which enhances and extends computer software programmes beyond their original specifications and lives is recognised as a capital improvement and added to the original costs of the software.
Computer software development costs recognised as assets are stated at cost less amortisation.

Amortisation is calculated on a straight line basis over the estimated useful lives not exceeding a period of 3 years.

2.15 Taxation

The Bank is not liable to corporate tax as per the Agricultural Development Bank Act 1965 (Act 286) as amended by the National Liberation Council Decree (NLCD) 182 of 1967 and the Agricultural Development Bank Act, 1970 (Act 352).

2.16 Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events that can be reliably estimated and it is probable that an outflow of resources will be required to settle the obligation. Restructuring provisions comprise lease termination penalties and employee termination payments. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations which are likely to result in an outflow to settle related classes of obligations as a whole, a provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of expenditures expected to be required to settle obligations using pre-tax rates that reflect current market assessments of the time value of money and risks specific to the obligation. An increase in the provision due to passage of time is recognised as an interest expense.

Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2012

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.17 Financial guarantee contracts

Financial guarantee contracts are contracts that require the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due, in accordance with the terms of a debt instrument. Such financial guarantees are given to financial institutions and other bodies on behalf of customers to secure loans and overdrafts.
Financial guarantees are initially recognised at the fair value and amortised over the life of financial guarantee. The financial guarantee is subsequently carried at the higher of the amortised amount and the present value of any expected payments, when payment becomes probable.

2.18 Derivative financial instruments

Derivative contracts are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at their fair value. Fair values may be obtained from quoted market prices in active markets, recent market transactions, and valuation techniques, including discounted cash flow models and option pricing models, as appropriate. All derivatives are carried as assets when fair value is positive and as liabilities when fair value is negative. The fair value changes in the derivative are recognised in profit or loss.

2.19 Dividend

Dividends are charged to equity in the period in which they are declared. Proposed dividends are not accrued until they have been ratified at the Annual General Meeting.

2.20 Consolidation

(a) Subsidiaries

Subsidiaries are all the entities over which the Group has power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently excisable or convertible are considered when assessing whether the Group controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date on which control ceases.

Inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of impairment of the asset transferred.

(b) Associates

Associates are all entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for by the equity method of accounting and are initially recognised at cost.

2.21 Post balance sheet event

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

2.22 Retirement benefit cost

The Group contributes to the statutory Social Security & National Insurance Trust (SSNIT). This is a defined

Notes to the Consolidated Financial Statements
FOR THE YEAR ENDED 31 DECEMBER 2012

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

contribution scheme registered under the National Social Security Act. The Group's obligations under the scheme are limited to specific contributions legislated from time to time and are currently limited to a maximum of 13% of an employee's basic salary per month. The Group also operates a defined contribution benefit scheme for its employees. The assets of this scheme are held by the treasury department of the bank. The scheme is funded by contributions from both the employees and employer. Benefits are paid to retiring staff in accordance with the scheme rules. The Group's obligations to staff retirement benefit schemes are charged to the statement of comprehensive income in the year to which they relate.

2.23 Provision for employee entitlement

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave accrued at the year end.

2.24 Comparatives

Where necessary, comparative figures have been adjusted to conform to changes in presentation in the current year.

3. FINANCIAL RISK MANAGEMENT

Introduction and overview

The bank's activities expose it to a variety of financial risks and those activities involve the analysis, evaluation, acceptance and management of some degree of risk or combination of risks. Taking risk is core to the bank's business, and the operational risks are an inevitable consequence of being in business. The bank's aim is therefore to achieve an appropriate balance between risk and return and minimize potential adverse effects on its financial performance.

The most important types of risk include:

- Credit risk
- Liquidity risk
- Market risk -includes currency, interest rate and other price risk
- Operational risk

Risk management framework

The Board of Directors has overall responsibility for the establishment and oversight of the Bank's risk management framework. The board has established a Board Audit and Risk Committees and a risk department to assist in the discharge of this responsibility. The board has also established the Credit Committee which is responsible for developing and monitoring risk management in their respective areas.

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

The bank's Audit and Risk Management Committees are responsible for monitoring compliance with the bank's risk management policies and procedures, and for reviewing the adequacy of the risk management framework in relation to the risks faced by the bank. The Audit and Risk Management Committees are assisted in these functions by Internal Audit and the risk management departments. Internal Audit undertakes both

Notes to the Consolidated Financial Statements
FOR THE YEAR ENDED 31 DECEMBER 2012

3. FINANCIAL RISK MANAGEMENT - (CONT'D)

regular and ad-hoc reviews of risk management controls and procedures, the results of which are reported to the Sub Board Audit Committee.

The Bank has a risk management department organised into credit control, recoveries and operational control. Under the credit control department, it has credit administration, credit risk appraisal and credit monitoring. The department is responsible for managing all risks to which the Bank is exposed (operational risk, credit risk, liquidity risk, interest rate risk and foreign currency risk.) The risk management department is developing a risk management framework for the Bank.

The Bank treats all branches as independent business units which generate their own income, run their own profit and loss and statement of financial position. The head office consolidates these and exercises oversight responsibility over all the branches. Credit is generated at the branch level and is then channelled through the credit control unit of the risk management department where a credit risk appraisal is performed to assess whether to engage the client or not. The client's file is then moved to the head of risk management and to the other appropriate levels (credit committee, board and so on) for final approval before credit is granted. There is also the monitoring aspect where the head office credit monitoring team monitors the loans and their performance in addition to the monitoring performed at the branch level. Where a loan goes beyond current, it is classified as either olem, substandard, doubtful or loss, as recommended by the Central Bank of Ghana. Where a loan goes beyond current, there is the recoveries team which moves in to recover loan losses.

After initial recognition, the bank measures all financial liabilities including customer deposits and borrowings other than liabilities held for trading at amortised cost. Liabilities held for trading (financial liabilities acquired principally for the purpose of generating a profit from short-term fluctuations in price or dealer's margin) are subsequently measured at their fair values.

Interest-bearing borrowings are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method. Any difference between the proceeds (net of transaction costs) and the settlement or redemption of borrowings is recognised over the term of the borrowings.

Credit Risk

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

For risk management reporting purposes, the bank considers and consolidates all elements of credit risk exposure.

Management of credit risk

The Board of Directors has delegated responsibility for the management of credit risk to its Credit-Committee and Sub-Board Risk Management Committee. A separate Credit department, reporting to the Executive Committee, is responsible for oversight of the bank's credit risk, including:

- Formulating credit policies in consultation with business units, covering collateral requirements, credit assessment, risk grading and reporting, documentary and legal procedures, and compliance with regulatory and statutory requirements.
- Establishing the authorisation structure for the approval and renewal of credit facilities. Authorisation limits are allocated to business units. Larger facilities require approval by the Executive Committee members and the Board (Sub Committee) on risk management.
- Reviewing and assessing credit risk. The Credit department assesses all credit exposures in excess of designated limits, prior to facilities being committed to customers by the business unit concerned.

Notes to the Consolidated Financial Statements
FOR THE YEAR ENDED 31 DECEMBER 2012

3. FINANCIAL RISK MANAGEMENT - (CONT'D)

Renewals and reviews of facilities are subject to the same review process. Limiting concentrations of exposure to counterparties, geographies and industries (for loans and advances), and by issuer, credit rating band, market liquidity and country (for investment securities).

- Developing and maintaining the bank's risk grading in order to categorise exposures according to the degree of risk of financial loss faced and to focus management on the attendant risks. The risk grading system is used in determining where impairment provisions may be required against specific credit exposures. The current risk grading framework consists of 5 grades reflecting varying degrees of risk of default and the availability of collateral or other credit risk mitigation. The responsibility for setting risk grades lies with the Board of Directors. Risk grades are subject to regular reviews by the Risk Management Department.

- Reviewing compliance of business units with agreed exposure limits, including those for selected industries, country risk and product types. Regular reports are provided by the credit department on the credit quality of portfolios and appropriate corrective action is taken.

- Providing advice, guidance and specialist skills to business units to promote best practice throughout the bank in the management of credit risk.

The internal risk grading scale is as follows:

Group's Rating	Grade Description	Average number of days outstanding
Grade A	Current	less than 30 days
Grade B	Other Liabilities Especially Mentioned (OLEM)	30 to less than 90 days
Grade C	Substandard	90 days to less than 180 days
Grade D	Doubtful	180 days to less than 360 days
Grade E	Loss	360 days and above

Carrying Amount	2012 GH¢'000	2011 GH¢'000
Individually Impaired		
Grade C	15,917	6,395
Grade D	10,202	9,358
Grade E	61,479	30,742
Gross Amount	87,598	46,495
Allowance for Impairment	(32,689)	(13,771)
Carrying Amount	54,909	32,724
Collectively Impaired		
Grade A	688,711	633,491
Grade B	36,342	15,616
Gross Amount	725,053	649,107
Allowance for Impairment	(6,268)	(3,084)
Carrying Amount	718,785	646,023
Total carrying amount	773,694	678,747

ADB AGRICULTURAL DEVELOPMENT BANK Agric and more...

Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2012

3. FINANCIAL RISK MANAGEMENT - (CONT'D)

Repurchase agreement transactions

Securities purchased from the Central Bank of Ghana under agreements to resell (" reverse repo's"), are disclosed as balances with the Central Bank of Ghana as they are held to maturity after which they are repurchased.

On- statement of financial position items

Assets	Group 2012 GH¢'000	Group 2011 GH¢'000	Bank 2012 GH¢'000	Bank 2011 GH¢'000
a) **Government securities**	342,808	209,542	342,808	209,542
b) **Deposits due from financial institutions:**				
Local	24,528	35,466	24,528	35,466
Foreign	23,036	54,782	23,036	54,782
	47,564	90,248	47,564	90,248

	Group 2012 GH¢'000	Group 2011 GH¢'000	Bank 2012 GH¢'000	Bank 2011 GH¢'000
c) **Loans and advances to individual customers:**				
Overdraft	104,574	12,596	104,574	12,596
Term loans	190,697	127,215	190,697	127,215
	295,271	139,811	295,271	139,811
d) **Loans to corporate entities:**				
Overdraft	166,904	192,642	166,904	192,642
Term loans	350,476	363,148	350,476	363,148
	517,380	555,790	517,380	555,790
Gross loans and advances (including suspended interest)	812,651	695,601	812,651	695,601
Off-statement of financial position items:				
Letters of credit	91,725	32,170	91,725	32,170
Guarantees and indemnities	90,976	131,520	90,976	131,520
	182,701	163,690	182,701	163,690

The bank does not perceive any significant credit risk on the following financial assets:

- Investments in Government securities and Central Bank of Ghana.

The table below represents the maximum credit risk exposure to the bank at 31 December 2012, and after taking into account credit enhancements.

Notes to the Consolidated Financial Statements
FOR THE YEAR ENDED 31 DECEMBER 2012

3. FINANCIAL RISK MANAGEMENT - (CONT'D)

Loans and Advances to Customers	2012 Gross Amount GH¢'000	2012 Impairment %	2011 Gross Amount GH¢'000	2011 Impairment %
Neither past due nor impaired	**731,162**	**90**	659,182	95
Past due but not impaired	**24,628**	**3**	6,995	1
Impaired	**56,861**	**7**	29,424	4
	812,651	**100**	695,601	100

Each business unit is required to implement bank credit policies and procedures, with credit approval authorities delegated from the banks Risk Management Department. Each business unit has a Credit Risk officer who reports on all credit related matters to Risk Management Department.

Impaired loans

Impaired loans and securities are loans and securities for which the bank determines that it is probable that it will be unable to collect all principal and interest due according to the contractual terms of the loan/securities agreement(s).

Past due but not impaired loans

Loans and advances where contractual interest or principal payments are past due but the bank believes that impairment is not appropriate on the basis of the level of security/collateral available and/or the state of collection of amounts owed to the bank.

Allowances for impairment

The bank establishes an allowance for impairment losses that represents its estimate of incurred losses in its loan portfolio. The main components of this allowance are a specific loss component that relates to individually significant exposures, and a collective loan loss allowance established for Group's of homogeneous assets in respect of losses that have been incurred but have not been identified on loans subject to individual assessment for impairment.

Write-off policy

The bank writes off a loan/security balance (and any related allowances for impairment losses) when the Credit department determines that the loans are uncollectible. This determination is reached after considering information such as the occurrence of significant changes in the borrower's financial position such that the borrower can no longer pay the obligation, or that proceeds from collateral will not be sufficient to pay back the entire exposure. For smaller balance standardised loans, charge off decisions generally are based on a product specific past due status.

Collateral held

The bank holds collateral against loans and advances to customers in the form of cash, mortgage interests over property, other registered securities over assets, and guarantees. Estimates of fair value are based on the value of collateral assessed at the time of borrowing and generally are not updated except when a loan

Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2012

3. FINANCIAL RISK MANAGEMENT - (CONT'D)

is individually assessed as impaired. Collateral generally is not held over Interbank placements, except when securities are held as part of reverse repurchase and securities borrowing activity. Collateral usually is not held against investment securities, and no such collateral was held at 31 December 2012.

An estimate of the fair value of collateral and other security enhancements held against financial assets is shown below:

Loans and advances to customers

	Group 2012 GH¢'000	Group 2011 GH¢'000	Bank 2012 GH¢'000	Bank 2011 GH¢'000
Against individually impaired				
Property	**37,205**	117,932	**37,205**	117,932
Against neither past due nor impaired				
Property	**755,332**	642,798	**755,332**	642,798
Total	**792,537**	760,730	**792,537**	760,730

Concentration of risk

The bank monitors concentrations of credit risk by sector. An analysis of concentrations of credit risk at the reporting date is shown below:

Advances to customers- gross

	2012 GH¢'000	%	2011 GH¢'000	%
Agriculture	**235,451**	**29**	190,819	27
Manufacturing	**44,334**	**5**	34,631	5
Commerce and Finance	**141,059**	**17**	114,888	17
Transport and Communication	**32,502**	**4**	13,905	2
Mining and Quarrying	**5,146**	**1**	6,197	1
Building and Construction	**42,257**	**5**	35,869	5
Services	**306,103**	**38**	293,325	42
Others	**5,798**	**1**	5,967	1
	812,651	**100**	**695,601**	**100**

Notes to the Consolidated Financial Statements
FOR THE YEAR ENDED 31 DECEMBER 2012

3. FINANCIAL RISK MANAGEMENT - (CONT'D)

a) Interest rate risk

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

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

The Group uses gap analysis to measure its exposure to interest rate risk. Through this analysis, it compares the values of interest rate sensitive assets and liabilities that mature or reprice at various time periods in the future. The Group may make judgmental assumptions about the behaviour of assets and liabilities which do not have specific contractual maturity or repricing dates.

The Assets and Liability Management Committee closely monitors the interest rate trends to minimize the potential adverse impact of interest rate changes.

The matching and controlled mismatching of the maturities and interest rates of assets and liabilities is fundamental to the management of the bank.

The interest rate risks sensitivity analysis is based on the following assumptions.

- Changes in the market interest rates affect the interest income or expenses of variable interest financial instruments
- Changes in market interest rates only affect interest income or expenses in relation to financial instruments with fixed interest rates if these are recognized at their fair value.
- The interest rate changes will have a significant effect on interest sensitive assets and liabilities and hence simulation modeling is applied to net interest margins.
- The interest rates of all maturities move by the same amount and, therefore, do not reflect the potential impact on net interest income of some rates changing while others remain unchanged.
- The projections make other assumptions including that all positions run to maturity.

Interest rate risk and foreign currency risk

The Bank uses the Reuters system to monitor live interest and exchange rates to facilitate trading by the treasury department. This helps the Bank to know what is happening at any moment in time on the markets and where opportunities are present to make gains from high interest rates.

The bank has also instituted a Basel II compliance committee which is scheduled to meet throughout the year to review various risks that the Bank faces. The bank does not embark on hedging of its interest rate risk and foreign currency risk.

Notes to the Consolidated Financial Statements
FOR THE YEAR ENDED 31 DECEMBER 2012

3. FINANCIAL RISK MANAGEMENT - (CONT'D)

Financial assets	Less than 1 month	less than 3 months	less than 6 months	less than 1 year	less than 3 years	Total GH¢'000
Cash and balances with Central Bank of Ghana	127,945	-	-	-	-	**127,945**
Government Securities	78,696	52,074	65,675	24,600	121,762	**342,807**
Deposits and balances due from banking institutions	47,564	-	-	-	-	**47,564**
Loans and advances to customers (net)	276,058	29,979	38,090	85,076	344,491	**773,694**
Total financial assets	**530,263**	**82,053**	**103,765**	**109,676**	**466,253**	**1,292,010**
Financial liabilities						
Customer deposits	862,523	58,860	36,215	6,993	427	**965,018**
Deposits and balance due to banking institutions	43,884	-	-	-	170,270	**214,154**
Total financial liabilities	**906,407**	**58,860**	**36,215**	**6,993**	**170,697**	**1,179,172**
Interest rate sensitivity gap	**(376,144)**	**23,194**	**67,550**	**102,683**	**295,556**	**112,839**
As at 31 December 2011						
Total financial assets	382,766	78,076	148,647	362,211	88,498	**1,060,198**
Total financial liabilities	170,373	125,401	448,636	214,580	30,115	**989,105**
Interest rate sensitivity gap	**212,393**	**(47,325)**	**(299,989)**	**147,631**	**58,383**	**71,093**

Foreign exchange risk

Foreign exchange risk is measured through the income statement. The Group takes on exposure to the effects of fluctuations in the prevailing foreign currency exchange rates on its financial position and cash flows. The Board sets limits on the level of exposure by currency and in aggregate for both overnight and intra group.

Notes to the Consolidated Financial Statements
FOR THE YEAR ENDED 31 DECEMBER 2012

3. FINANCIAL RISK MANAGEMENT - (CONT'D)

The table below summarises the Group's exposure to foreign currency exchange rate risk at 31 December.

Assets	USD GH¢'000	GBP GH¢'000	EUR GH¢'000	Other GH¢'000	Total GH¢'000
Cash and balance with Central Bank of Ghana	3,306	2,268	1,962	123	**7,659**
Deposits and balance due from banking Institution	15,245	4,474	3,316	-	**23,036**
Loans and advances to customers (net)	199,958	1	15,778	-	**215,737**
Other assets	5,388	(1,216)	489	3	**4,663**
Total financial assets	**223,897**	**5,527**	**21,545**	**126**	**251,095**
Liabilities					
Customer deposits	120,649	3,352	7,921	252	**132,174**
Borrowings	96,653	-	13,490	-	**110,144**
Other liabilities	5,740	1,253	74	-	**7,066**
Total financial liabilities	**223,042**	**4,605**	**21,485**	**252**	**249,384**
Net on balance sheet position	855	922	60	(126)	**1,710**
Contingent liabilities	102,344	1,189	6,117	6,731	**116,380**
As at 31 December 2011					
Total financial assets	117,008	5,393	2,108	87	**124,598**
Total financial liabilities	110,041	1,424	3,912	-	**115,379**
Net on balance sheet position	6,967	3,969	(1,804)	87	**9,219**
Contingent liabilities	75,683	-	2,162	6,300	**84,145**

The company's exposure to foreign currency risk was as follows based on the following amounts.

2012

Assets	US$ '000	£'000	€'000
Bank	1,754	746	790
Due from banking institutions	8,089	1,471	1,335
Loans & advances	106,101	-	6,350
Other assets	2,859	-	197

Notes to the Consolidated Financial Statements
FOR THE YEAR ENDED 31 DECEMBER 2012

3. FINANCIAL RISK MANAGEMENT - (CONT'D)

Liabilities

Customer deposits	(64,012)	(1,102)	(3,188)
Borrowings	(51,280)	-	(5,429)
Other Liabilities	(3,045)	(412)	(30)
Gross Exposure	466	703	25

2011

Assets	US$ '000	£'000	€'000
Total financial assets	73,864	2,205	1,028
Liabilities			
Total financial liabilities	(69,466)	(582)	(1,908)
Gross Exposure	4,398	1,623	(880)

The following significant exchange rates applied during the year:

	Average rate		Reporting rate	
	2012	2011	2012	2011
Cedis				
US$ 1	1.8846	1.5841	1.8846	1.5841
GP£ 1	3.041	2.4456	3.041	2.4456
€1	2.4848	2.0501	2.4848	2.0501

Sensitivity Analysis on Currency Risks

The following table shows the effect of a strengthening or weakening of GH¢ against all other currencies on the company's income statement. This sensitivity analysis indicates the potential impact on the income statements based upon the foreign currency exposures recorded at 31 December. (See "currency risk" above) and it does not represent actual or future gains or losses.

The sensitivity analysis is based on the percentage difference between the highest daily exchange rate and the average rate per currency recorded in the course of the respective financial year.

A strengthening/weakening of the GH¢, by the rates shown in the table, against the following currencies at 31 December would have increased/decreased equity and income and income statement by the amounts shown below:

This analysis assumes that all other variables, in particular interest rates, remain constant.

Notes to the Consolidated Financial Statements
FOR THE YEAR ENDED 31 DECEMBER 2012

3. FINANCIAL RISK MANAGEMENT - (CONT'D)

In GH¢	2012 % Change	Income Statement Impact Strengthening	Income Statement Impact Weakening	2011 % change	Income Statement Impact Strengthening	Income Statement Impact Weakening
US$	+ 5%	20,000	(20,000)	+ 5%	348,000	(348,000)
€	+ 5%	3,000	(3,000)	+ 5%	198,000	(198,000)
£	+ 5%	46,000	(46,000)	+ 5%	(90,000	90,000

Market Risk

All trading instruments are subject to market risk, the risk that future changes in market conditions may make an instrument less valuable or more onerous. The instruments are recognised at fair value, and all changes in market directions directly affect net trading income.

The Bank manages its use of trading instruments in response to changing market conditions. Exposure to market risk is formally managed in accordance with risk limits set by senior management by buying or selling instruments or entering into offsetting positions.

Cashflow sensitivity analysis for variable rate instruments

A change of 100 basis points in interest rates at the reporting date will have increased/decreased profit or loss by amounts shown below. Each analysis assumes all other variables, in particular foreign currency rates remain constant.

The analysis is performed on the same basis for 2011.

Effects in Cedis	100BP Increase GH¢'000	100BP	Decrease GH¢'000
31 December 2012			
Average for the Period	1,583	(1, 583)	
Maximum for the Period	1,995		(1,995)
Minimum for the Period	417		(417)
31 December 2011			
Average for the Period	803	(803)	
Maximum for the Period	1,192		(1,192)
Minimum for the Period	389		(389)

ADB AGRICULTURAL DEVELOPMENT BANK Agric and more...

Notes to the Consolidated Financial Statements
FOR THE YEAR ENDED 31 DECEMBER 2012

3. FINANCIAL RISK MANAGEMENT - (CONT'D)

The Group's operations are subject to the risk of interest rate fluctuations to the extent that interest earning assets (including investments) and interest bearing liabilities mature or re-price at different times or in differing amounts.

In the case of floating rate assets and liabilities the Group is also exposed to basis risk, which is the difference between re-pricing characteristics of the various floating rate indices, such as the savings rate and six months LIBOR and different types of interest. Risk management activities are aimed at optimising net interest income, given market interest rate levels consistent with the Group's strategies.

Asset-liability risk management activities are conducted in the context of the Group's sensitivity to interest rate changes. The actual effect will depend on a number of factors, including the extent to which repayments are made earlier to later than the contracted dates and variations in interest rate sensitivity within re-pricing periods and amongst currencies.

The rates above show the extent to which the Bank's interest rate exposures on assets and liabilities are matched. These are allocated to time bands by reference to the earlier of the next contractual interest rate re-pricing date and maturity.

Liquidity risk

Liquidity risk is the risk that the Group is unable to meet its payment obligations associated with its financial liabilities when they fall due and be able to replace funds when they are withdrawn. The consequence may be the failure to meet obligations to repay depositors and fulfill commitments to lend.

Management of liquidity risk

The Bank's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the bank's reputation.

The treasury department maintains a portfolio of short-term liquid assets, largely made up of short-term liquid investment securities, loans and advances to banks and other inter-bank facilities, to ensure that sufficient liquidity is maintained within the bank as a whole.

Exposure to liquidity risk

The key measure used by the bank for managing liquidity risk is the ratio of net liquid assets to deposits from customers.
For this purpose net liquid assets are considered as including cash and cash equivalents and investment grade debt securities for which there is an active and liquid market less any deposits from banks, debt securities issued, other borrowings and commitments maturing within the next month.

The table below presents the cash flows payable under non-derivative financial liabilities and assets held for managing liquidity risk by remaining contractual maturities at the date of the consolidated statement of financial position. The amounts disclosed in the table are the contractual undiscounted cash flow, whereas the Group manages the liquidity risk based on a different basis not resulting in a significantly different analysis.

Notes to the Consolidated Financial Statements
FOR THE YEAR ENDED 31 DECEMBER 2012

3. FINANCIAL RISK MANAGEMENT - (CONT'D)

As at 31 December 2012	Carrying Amount	Up to 1 month	1-3 months	3-12 months	1-5 years	over 5years	Total
Financial liabilities	GH¢'000	GH¢'000	GH¢'000	GH¢'000	GH¢'000	GH¢'000	GH¢'000
Customer deposits	965,018	219,573	128,024	489,691	127,730	-	**965,018**
Borrowings	214,154	43,885	-	-	170,270	-	**214,154**
Other liabilities	67,852	4,750	15,606	26,462	21,034	-	**67,852**
Total financial liabilities	**1,247,024**	**268,208**	**143,630**	**516,153**	**319,034**	**-**	**1,247,024**
Financial assets							
Cash and balances with Central Bank of Ghana	127,945	127,945	-	-	-	-	**127,945**
Investment in Government securities	342,808	78,696	52,075	90,275	121,762	-	**342,808**
Deposits and balances due from banking institutions	47,564	47,564	-	-	-	-	**47,564**
Investment in other securities	45,018	-	-	-	45,018	-	**45,018**
Investment in associate companies	640	-	-	-	640	-	**640**
Investment in subsidiaries	14,493	-	-	-	-	14,493	**14,493**
Loans and advances to customers (net)	773,694	276,058	29,979	123,166	344,491	-	**773,694**
Other assets	66,506	1,000	-	49,810	6,976	8,720	**66,506**
Intangible Assets	8,481	-	-	-	8,481	-	**8,481**
Property and equipment	17,074	-	-	-	17,074	-	**17,074**
Total financial assets	**1,442,223**	**531,263**	**82,054**	**263,251**	**544,442**	**23,213**	**1,442,223**
Net Liquidity gap	**195,199**	**263,055**	**(61,576)**	**(252,902)**	**225,408**	**23,213**	**195,199**
As at 31 December 2011							
Total financial liabilities	1,031,964	176,955	125,631	473,848	225,416	30,114	**1,031,964**
Total financial assets	1,213,671	382,766	85,131	151,766	515,234	78,774	**1,213,671**
Net liquidity gap	**181,707**	**205,811**	**(40,500)**	**(322,082)**	**289,818**	**48,660**	**181,707**

The bank's cashflow however vary significantly from this analysis. For example, customer deposits are maintained for longer periods than the contractual maturity dates hence the deposit base is considered to be of a stable and long term nature.

Notes to the Consolidated Financial Statements
FOR THE YEAR ENDED 31 DECEMBER 2012

3. FINANCIAL RISK MANAGEMENT - (CONT'D)

Operational Risk

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the bank's processes, personnel, technology and infrastructure and from external factors other than credit, market and liquidity risk such as those arising from legal and regulatory requirements and generally accepted standards of corporate behavior.

The bank's objective is to manage operational risk so as to balance the avoidance of financial losses and damage to the bank's reputation with overall cost effectiveness and to avoid control procedures that restrict initiative and creativity.

The primary responsibility for the development and implementation of controls to address operational risk is assigned to senior management within each business unit. The responsibility is supported by the development of overall bank's standard for the management of operational risk in the following areas:

- Requirement of appropriate segregation of duties, including the independent authorisation of transactions;
- Requirements for the reconciliation and monitoring of transactions;
- Compliance with regulatory and other legal requirements;
- Documentation of controls and procedures;
- Requirements for the periodic assessment of operational losses faced and adequacy of controls and procedures to address risks identified;
- Requirement for the reporting of operational losses and proposed remedial action;
- Development of contingency plans;
- Training and professional development;
- Ethical and business standards;
- Risk mitigation including insurance where this is effective.

Compliance with bank's standards is supported by a program of periodic reviews undertaken by internal audit, risk 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 executive committee, audit and compliance committee, governance and risk committee and the board.

4. CAPITAL MANAGEMENT

Regulatory Capital

The Central Bank of Ghana sets and monitors capital requirements for the bank.
The bank's objectives when managing capital are:

- To safeguard the bank's ability to continue as a going concern so that it can continue to provide returns for the shareholders and benefits for the other stakeholders
- To maintain a strong capital base to support the current and future development needs of the business
- To comply with the capital requirements set by the Central Bank of Ghana

Capital adequacy and use of regulatory capital are monitored by management employing techniques based on the guidelines developed by the Central Bank of Ghana for supervisory purposes. The required information is filed with the Central Bank of Ghana on a monthly basis

The Central Bank requires each bank to:

a) Hold the minimum level of regulatory capital of GH¢60 million.
b) Maintain a ratio total regulatory capital; to risk weighted assets plus risk weighted off balance assets at above the required minimum of 10%

Notes to the Consolidated Financial Statements
FOR THE YEAR ENDED 31 DECEMBER 2012

4. CAPITAL MANAGEMENT - (CONT'D)

The bank's regulatory capital is analysed into two tiers:

- Tier 1 capital, which includes ordinary share capital, share premium, retained earnings, after deductions for intangible assets (excluding computer software), investments in equity instruments of other institutions and other regulatory adjustments relating to items that are included in equity but are treated differently for capital adequacy purposes.

- Tier 2 capital, which includes capitalised revaluations reserves, latent revaluation reserves, undisclosed reserves, revaluation reserves, sub-ordinated Loans and Hybrid Capital subject to a limit of 100% of Tier 1 Capital.

The bank's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The impact of the level of capital on shareholders' return is also recognised and the bank recognises the need to maintain a balance between the higher returns that might be possible with greater gearing and the advantages and security afforded by a sound capital position.

The capital adequacy ratio is the quotient of the capital base of the Bank and the Bank's risk-weighted asset base. In accordance with Central Bank of Ghana regulations, a minimum ratio of 10% is to be maintained.

The Bank's regulatory capital position at 31 December was as follows:

Tier 1 Capital	2012 Group GH¢'000	2011 Group GH¢'000	2012 Bank GH¢'000	2011 Bank GH¢'000
Ordinary share capital	**75,000**	75,000	**75,000**	75,000
Retained earnings	**17,534**	3,986	**17,534**	3,986
Statutory reserve	**58,750**	52,076	**58,750**	52,076
Other regulatory adjustment	**(49,822)**	(39,499)	**(49,822)**	(39,499)
Total	**101,642**	**91,563**	**101,642**	**91,563**

Tier 2 Capital	2012 Group GH¢'000	2011 Group GH¢'000	2012 Bank GH¢'000	2011 Bank GH¢'000
Available for sale reserve	**13,415**	17,581	**13,415**	17,581
Revaluation reserve	**1,748**	1,748	**1,748**	1,748
Total	**15,163**	**19,329**	**15,163**	**19,329**

Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2012

4. CAPITAL MANAGEMENT - (CONT'D)

Total regulatory capital	**116,805**	110,892	**116,805**	110,892
Risk weighted assets				
On-balance sheet items	**816,632**	757,757	**816,632**	757,757
Off-balance sheet items	**146,429**	163,493	**146,429**	163,493
Total risk weighted assets	**963,061**	921,250	**963,061**	921,250
Other regulatory adjustments	**187,505**	109,142	**187,505**	109,142
Adjusted asset base	**1,150,566**	1,030,392	**1,150,566**	1,030,392
Capital adequacy	**10.15%**	10.76%	**10.15%**	10.76%

The allocation of capital between specific operations and activities is, to a large extent, driven by optimisation of the return achieved on the capital allocated. The amount of capital allocated to each operation or activity is based primarily upon the regulatory capital, but in some cases the regulatory requirements do not reflect fully the varying degree of risk associated with different activities. In such cases the capital requirements may be flexed to reflect differing risk profiles, subject to the overall level of capital to support a particular operation or activity not falling below the minimum required for regulatory purposes. The process of allocating capital to specific operations and activities is undertaken independently of those responsible for the operation, by Bank Risk and Bank Credit, and is subject to review by the Bank Credit Committee and or ALCO as appropriate.

Although maximisation of the return on risk-adjusted capital is the principal basis used in determining how capital is allocated within the bank to particular operations or activities, it is not the sole basis used for decision making. Account also is taken of synergies with other operations and activities, the availability of management and other resources, and the fit of the activity with the bank's longer term strategic objectives. The bank's policies in respect of capital management and allocation are reviewed regularly by the Board of Directors.

5. USE OF ESTIMATES AND JUDGEMENTS

Critical accounting estimates and judgments in applying the bank's accounting policies

In the process of applying the bank's accounting policies, management has made estimates and assumptions that affect the reported amounts of assets and liabilities within the next financial year. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are
believed to be reasonable under the circumstances. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

These are dealt with below:

Impairment losses on loans and advances

The bank reviews its loan portfolios to assess impairment regularly. In determining whether an impairment loss should be recorded in the statement of comprehensive income, the bank makes judgements as to whether there is any observable data indicating that there is a measurable decrease in the estimated future cashflows from a portfolio of loans, before a decrease can be identified with an individual loan in that portfolio. This evidence may include observable data indicating that there has been an adverse change in the payment

Notes to the Consolidated Financial Statements
FOR THE YEAR ENDED 31 DECEMBER 2012

5. USE OF ESTIMATES AND JUDGEMENTS - (CONT'D)

status of borrowers in a bank, or national or local economic conditions that correlate with defaults on assets in the bank.

Management uses estimates based on historical loss experience for assets with credit risk characteristics and objective evidence of impairment similar to those in the portfolio when scheduling its future cash flows. The methodology and assumptions used for estimating both the amount and timing of future cash flows are reviewed regularly to reduce any differences between loss estimates and actual loss experience.

Held -to-maturity investments

The bank follows the guidance of IAS 39 on classifying non-derivative financial assets with fixed or determinable payments and fixed maturity as held-to-maturity. This classification requires significant judgement. In making this judgement, the bank evaluates its intention and ability to hold such investments to maturity. If the bank fails to keep these investments to maturity other than for the specific circumstances - for example, selling an insignificant amount close to maturity - it will be required to reclassify the entire class as available-for-sale. The investments would therefore be measured at fair value not amortised cost.

Property and equipment

Critical estimates are made by the directors in determining depreciation rates for property and equipment.

Going concern

As at 31 December 2012, the bank had an accumulated revenue surplus of GH¢ 28,059,139 (2011: GH¢9,528,722).

The directors are confident of continued profitable performance in the coming years. The Directors have put in place measures to ensure consistent good performance and avoid risks that may impair the quality of the Banks credit portfolio.

In view of the above, the directors consider it appropriate to prepare these financial statements on a going concern basis.

Notes to the Consolidated Financial Statements
FOR THE YEAR ENDED 31 DECEMBER 2012

6. FINANCIAL ASSETS AND LIABILITIES

The table below sets out the Group's classification of each class of financial assets and liabilities (excluding accrued interest). The fair value of a financial instrument is the amount for which an asset could be exchanged, or a liability settled, in an arms-length transaction between knowledgeable willing parties.

December 31, 2012	Loans and Receivables GH¢'000	Available for sale GH¢'000	Other amortised cost GH¢'000	Total carrying amount GH¢'000	Fair Value GH¢'000
Cash and balances with Central Bank of Ghana	-	-	127,945	127,945	127,945
Investment in Government securities	-	342,808	-	342,808	342,808
Deposits and balances due from banking institutions	-	-	47,564	47,564	47,564
Investment in other Securities	-	45,018	-	45,018	45,018
Loans and advances to customers (net)	773,694	-	-	773,694	773,694
	773,694	387,826	175,509	1,337,029	1,337,029
Customer deposits	-	-	965,018	965,018	965,018
Borrowings	-	-	214,155	214,155	214,155
Other liabilities	-	-	68,250	68,250	68,250
	-	-	1,247,423	1,247,423	1,247,423
December 31, 2011					
Cash and balances with Central Bank of Ghana	-	-	81,660	81,660	81,660
Investment in Government securities	-	209,542	-	209,542	209,542
Deposits and balances due from banking institutions	-	-	90,248	90,248	90,248
Investment in other Securities	-	35,158	-	35,158	35,158
Loans and advances to customers (net)	678,747	-	-	678,747	678,747
	678,747	244,701	171,908	1,095,355	1,095,355
Customer deposits	-	-	827,718	827,718	827,718
Borrowings	-	-	161,387	161,387	161,387
Other liabilities	-	-	42,858	42,858	42,858
	-	-	1,031,963	1,031,963	1,031,963

Notes to the Consolidated Financial Statements
FOR THE YEAR ENDED 31 DECEMBER 2012

7. INTEREST INCOME

	Group 2012 GH¢'000	Group 2011 GH¢'000	Bank 2012 GH¢'000	Bank 2011 GH¢'000
Loans and advances	**150,471**	94,552	**150,471**	94,552
Investment in Government securities	**39,122**	23,155	**39,122**	23,155
Inter bank placement	**1,356**	411	**1,356**	411
Leases (including agric inputs)	**8,507**	1,071	**8,507**	1,071
	199,456	**119,189**	**199,456**	**199,189**

Included within interest income from loans and advances for the year ended 31 December 2012 is a total of GH¢16,610,325 (2011: GH¢12,610,557) accrued on impaired financial assets.

8. INTEREST EXPENSE

	Group 2012 GH¢'000	Group 2011 GH¢'000	Bank 2012 GH¢'000	Bank 2011 GH¢'000
(a) On deposits:				
Fixed /Time deposits	**18,027**	18,139	**18,027**	18,139
Savings Deposits	**1,766**	1,055	**1,766**	1,055
Demand & Call deposits	**6,104**	4,555	**6,104**	4,555
	25,897	**23,749**	**25,897**	**23,749**
(b) On borrowed funds:				
Inter-Bank Borrowing	**9,372**	8,106	**9,372**	8,106
Long-Term Borrowings	**5,897**	7,036	**5,897**	7,036
	15,269	**15,142**	**15,269**	**15,142**
	41,166	**38,891**	**41,166**	**38,891**

9. NET FEE AND COMMISSION INCOME

	Group 2012 GH¢'	Group 2011 GH¢	Bank 2012 GH¢	Bank 2011 GH¢
Fee and commission Income				
Commission on Turnover	**10,809**	8,544	**10,809**	8,544
Fees and Charges	**23,825**	24,725	**23,825**	24,725
Sale of Cheque Book Charges	**1,385**	1,036	**1,385**	1,036
Loan Fee Incomes	**6,860**	4,038	**6,860**	4,038
Guarantees Charges & Commission	**1,079**	1,322	**1,079**	1,322
Total Fee and Commission Income	**43,958**	39,665	**43,958**	39,665
Fee and commission Expense				
Charges for Services	**(2,373)**	(2,221)	**(2,373)**	(2,211)
Total Fee and Commission Expense	**(2,373)**	(2,221)	**(2,373)**	(2,211)
Net Fee and Commission Income	**41,585**	37,444	**41,585**	37,454

Notes to the Consolidated Financial Statements
FOR THE YEAR ENDED 31 DECEMBER 2012

10. NET TRADING INCOME

	Group 2012 GH¢'000	Group 2011 GH¢'000	Bank 2012 GH¢'000	Bank 2011 GH¢'000
Foreign Exchange				
- Translation gains less losses	24,533	18,465	24,533	18,464
- Transaction gains less losses	7,978	9,531	7,978	9,531
	32,511	**27,996**	**32,511**	**27,995**

11. OTHER OPERATING INCOME

	Group 2012 GH¢'000	Group 2011 GH¢'000	Bank 2012 GH¢'000	Bank 2011 GH¢'000
Bad debts recovered	**2,972**	6,672	**2,972**	6,672
Dividends from investments	**1,885**	1,298	**1,885**	1,298
Other income	**4,322**	9,884	**4,322**	9,884
	9,179	**17,854**	**9,179**	**17,854**

12. OPERATING EXPENSES

Operating expenses	Group 2012 GH¢'000	Group 2011 GH¢'000	Bank 2012 GH¢'000	Bank 2011 GH¢'000
Staff costs (Note 13)	**93,440**	76,075	**93,440**	76,075
Directors' fees	**979**	728	**979**	728
Depreciation and Amortization	**10,692**	4,857	**10,155**	4,493
Occupancy Cost	**11,720**	8,741	**14,606**	11,629
Auditors Remuneration	**202**	160	**190**	160
Donations and Social Responsibility	**681**	1,296	**681**	1,296
Motor Vehicle Running Expenses	**8,862**	9,128	**8,862**	9,128
General & Administrative Expenses	**22,519**	20,539	**22,519**	20,539
Others	**37,352**	11,460	**37,352**	11,460
	186,447	**132,984**	**188,764**	**135,508**

13. STAFF COSTS

Staff costs	Group 2012 GH¢'000	Group 2011 GH¢'000	Bank 2012 GH¢'000	Bank 2011 GH¢
Salaries and wages	**48,021**	42,988	**48,021**	42,988
Pension costs - (Defined contribution scheme to SSNIT)	**5,569**	4,898	**5,569**	4,898
Staff Provident Fund (Defined Contribution Scheme)	**6,386**	5,640	**6,386**	5,640
Staff loans - market rate charge	**7,116**	4,522	**7,116**	4,522
Other staff related costs	**26,348**	18,027	**26,348**	18,027
	93,440	**76,075**	**93,440**	**76,075**

ADB AGRICULTURAL DEVELOPMENT BANK Agric and more...

Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2012

14. EARNING PER SHARE

Earning per share is calculated by dividing the net profit attributable to shareholders by the number of ordinary shares in issue during the year.

	Group 2012 GH¢'000	Group 2011 GH¢'000	Bank 2012 GH¢'000	Bank 2011 GH¢'000
Earnings (GH¢)	32,273	48,557	26,696	43,608
Earnings attributable to ordinary shareholders	32,273	48,557	26,696	43,608
Number of shares				
Number of ordinary shares	25,000	25,000	25,000	25,000
Earnings per share	1.291	1.942	1.068	1.744
Basic (GH¢)	1.291	1.942	1.068	1.744

There were no potentially dilutive instruments outstanding at the date of the statement of financial position.

15. CASH AND BALANCES WITH CENTRAL BANK OF GHANA

	Group 2012 GH¢'000	Group 2011 GH¢'000	Bank 2012 GH¢'000	Bank 2011 GH¢'000
Cash on hand	37,735	27,875	**37,735**	27,875
Balances with Central Bank of Ghana	90,210	53,785	**90,210**	53,785
	127,945	**81,660**	**127,945**	**81,660**

Mandatory reserve deposits representing 9% of the bank's total deposit are not available for use in the bank's day to day operations and are non-interest bearing.

16. INVESTMENT IN GOVERNMENT SECURITIES

Held to maturity	Group 2012 GH¢'000	Group 2011 GH¢'000	Bank 2012 GH¢'000	Bank 2011 GH¢'000
91-Day Treasury Bill	**110,350**	-	**110,350**	-
Treasury Notes	**10,000**	-	**10,000**	-
182-Day Treasury Bill	**35,808**	9,858	**35,808**	9,858
Foreign Bills	**-**	243	**-**	243
	156,158	**10,101**	**156,158**	**10,101**

Notes to the Consolidated Financial Statements
FOR THE YEAR ENDED 31 DECEMBER 2012

Available for sale	Group 2012 GH¢'000	Group 2011 GH¢'000	Bank 2012 GH¢'000	Bank 2011 GH¢'000
2-5 year fixed rate note	**194,661**	200,307	**194,661**	200,307
Fair value movements	**(8,011)**	(867)	**(8,011)**	(867)
	186,650	**199,440**	**186,650**	**199,440**
Maturing within 90 days of the date of acquisition	110,350	-	110,350	-
Maturing within 1-3 years of the date of acquisition	232,458	209,542	232,457	209,542
Total	**342,808**	**209,542**	**342,808**	**209,542**

Long term government bonds are classified as available for-sale and carried at fair value with the fair value movements recognised directly in equity; whilst short-term treasury bills have been classified as loans and receivables and held at amortised cost.

The weighted average effective interest rate on treasury bills at 31 December 2012 was 18.53% (2011: 16.09%) and the rate for treasury bonds at 31 December 2012 was 18.53% (2010-16.09%)

17. DEPOSITS AND BALANCE DUE FROM BANKING INSTITUITIONS

	Group 2012 GH¢'000	Group 2011 GH¢'000	Bank 2012 GH¢'000	Bank 2011 GH¢'000
Items in course of collection	**24,529**	35,465	**24,529**	35,465
Nostro account balances	**23,035**	54,783	**23,035**	54,783
	47,564	**90,248**	**47,564**	**90,248**

18. INVESTMENT SECURITIES: AVAILABLE FOR SALE

	Group 2012 GH¢'000	Group 2011 GH¢'000	Bank 2012 GH¢'000	Bank 2011 GH¢'000
At 1 January	**35,899**	11,187	**35,899**	11,187
Additional investments	**6,218**	9,191	**6,218**	9,191
	42,117	20,378	**42,117**	20,378
Fair value adjustments	**2,901**	15,521	**2,901**	15,521
At 31 December	**45,018**	**35,899**	**45,018**	**35,899**

Notes to the Consolidated Financial Statements
FOR THE YEAR ENDED 31 DECEMBER 2012

19. INVESTMENT IN ASSOCIATES

	Group 2012 GH¢	Group 2011 GH¢	Bank 2012 GH¢	Bank 2011 GH¢
Carrying amount	**737**	1,148	**737**	1,148
Share of results	**(97)**	(411)	**(97)**	(411)
At 31 December	**640**	737	**640**	737

2012	Cost of Investment GH¢'000	Profit/ (Loss) GH¢'000	Interest Held (%)	Share of Result GH¢'000
Activity Venture Finance Company Limited	**1,276**	(487)	**20**	(97)
Agricare Limited	**1**	-	**40.5**	-
	1,277	(487)		(97)

19. INVESTMENT IN ASSOCIATES – CONT'D

2011	Cost of Investment GH¢'000	Profit/ (Loss) GH¢'000	Interest Held (%)	Share of Result GH¢'000
Activity Venture Finance Company Limited	1,276	(556)	20	(111)
Agricare Limited	1	-	40.5	-
Global Access Savings & Loans Limited	610	(855)	35	(300)
	1,887	**(1,411)**		**(411)**

In 2012, the Bank disposed off its thirty-five (35%) interest in Global Access to PVI Group Inc and realised a gain of GH¢ 15,019 as follows:

	2012 GH¢'000	2011 GH¢'000
Proceeds from sale	**348**	10,200
Carrying value at disposal	**333**	(4,112)
Profit on disposal	**15**	6,088

20. INVESTMENT IN SUBSIDIARIES

The principal subsidiary is:

Country of Incorporation	2012 Amounts Invested GH¢'000	2012 Percentage Interest (%)	2011 Amounts Invested GH¢'000	2011 Percentage Interest (%)
ADB Properties Limited- Ghana	**14,493**	**100**	14,493	100

ADB
AGRICULTURAL DEVELOPMENT BANK
Agric and more...

Notes to the Consolidated Financial Statements
FOR THE YEAR ENDED 31 DECEMBER 2012

20. INVESTMENT IN SUBSIDIARIES – CONT'D

Investments in subsidiaries are stated at cost and comprise:

	Bank 2012 GH¢'000	Bank 2011 GH¢'000	Group 2012 GH¢'000	Group 2011 GH¢'000
Investment in Subsidiaries	**14,493**	14,493	**-**	-

In 2011, the Bank disposed off its controlling interest (77.5%) in Jei River Farms Limited to other existing shareholders and realised a gain of GH¢ 1,561,791 as follows:

Bank	2012 GH¢'000	2011 GH¢'000
Proceeds from sale	**-**	2,712
Carrying value at disposal	**-**	(1,150)
Profit at disposal	**-**	1,562

21. LOANS AND ADVANCES TO CUSTOMERS

	Group 2012 GH¢'000	Group 2011 GH¢'000	Bank 2012 GH¢'000	Bank 2011 GH¢'000
Overdrafts	**235,490**	250,488	**235,490**	250,488
Loans	**531,413**	417,022	**531,413**	417,022
Lease receivable	**45,748**	28,091	**45,748**	28,091
Gross loans and advances	**812,651**	**695,601**	**812,651**	**695,601**
Provision for impaired loans and advances				
- Specific	**(32,689)**	(13,771)	**(32,689)**	(13,771)
- Collective	**(6,268)**	(3,083)	**(6,268)**	(3,083)
	773,694	**678,747**	**773,694**	**678,747**

The above constitute loans and advances to customers and staff.
Staff loans amounted to GH¢41,682,380 (2011 - GH¢36,368,299)

The investment in Lease Receivables is analysed as follows:

	Group 2012 GH¢'000	Group 2011 GH¢'000	Bank 2012 GH¢'000	Bank 2011 GH¢'000
Less than 1 year	**5,475**	4,303	**5,475**	4,303
Between 1 year and 5 years	**40,273**	23,788	**40,273**	23,788
	45,748	**28,091**	**45,748**	**28,091**

The effective interest rate on loans and advances at 31 December 2012 was 21.50% (2011:16.75%).
Loan loss provision ratio is 4.79% of gross advances (2011: 2.42%).
Gross Non-performing loans ratio per Bank of Ghana requirement is 10.78% (2011: 6.69%).
Fifty (50) largest exposures (gross funded and non-funded) to total exposures is 72.94% (2011: 67.95%).

ADB AGRICULTURAL DEVELOPMENT BANK Agric and more...

Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2012

21. LOANS AND ADVANCES TO CUSTOMERS - CONT'D

Loans and advances are carried at amortised cost. There were no loans carried at fair value through profit or loss

	Group 2012 GH¢'000	Group 2011 GH¢'000	Bank 2012 GH¢'000	Bank 2011 GH¢'000
Analysis By maturity				
Maturing:				
Within one year	**427,858**	328,483	**427,858**	328,483
One to Three years	**384,793**	367,118	**384,793**	367,118
	812,651	**695,601**	**812,651**	**695,601**

b) Impairment of loans and advances

	Group 2012 GH¢'000	Group 2011 GH¢'000	Bank 2012 GH¢'000	Bank 2011 GH¢'000
At 1 January	**16,854**	24,464	**16,854**	24,464
Amount Written-off	**(3,984)**	-	**(3,984)**	-
Additional impairment charge during the year	**26,087**	(7,610)	**26,087**	(7,610)
At 31 December	**38,957**	16,854	**38,957**	16,854

c) Impairment of loans and advances

Impairment charge	**26,087**	(7,610)	**26,087**	(7,610)

22. OTHER ASSETS

	Group 2012 GH¢'000	Group 2011 GH¢'000	Bank 2012 GH¢'000	Bank 2011 GH¢'000
Advance payment	**138**	338	**138**	338
Prepayments	**3,895**	6,614	**3,895**	6,614
Stocks	**14,547**	1,872	**14,547**	1,872
Sundry receivables	**45,049**	33,804	**44,875**	32,774
Others	**13,906**	30,303	**3,051**	22,977
National Fiscal Levy	**-**	629	**-**	295
	77,535	**73,560**	**66,506**	**64,870**

Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2012

23. INTANGIBLE ASSETS

	Group 2012 GH¢'000	Group 2011 GH¢'000	Bank 2012 GH¢'000	Bank 2011 GH¢'000
Purchased Software				
Cost				
Balance as at 1 January	**15,401**	2,811	**15,401**	2,811
Acquisitions	**851**	12,590	**851**	12,590
Reclassification from PPE	**241**	-	**241**	-
Write off	**(47)**	-	**(47)**	-
	16,446	**15,401**	**16,446**	**15,401**
Amortisation				
Balance as at 1 January	**3,427**	2,247	**3,427**	2,247
Charge for the year	**4,585**	1,180	**4,585**	1,180
Write offs	**(47)**	-	**(47)**	-
Balance as at 31 December	**7,965**	3,427	**7,965**	3,427
Carrying Amounts	**8,481**	11,974	**8,481**	11,974

No impairment losses on intangible assets were recognized during the year 2012 (2011: Nil).
There were no capitalized borrowing costs related to intangible assets during the year. (2011: Nil)
There were no restrictions on title, and intangible assets pledged as security for liabilities during 2012. (2011: Nil)

Notes to the Consolidated Financial Statements
FOR THE YEAR ENDED 31 DECEMBER 2012

24. PROPERTY AND EQUIPMENT

The Group	Land &		Furniture &	Motor	Capital	Leasehold	
	Building	Computers	Equipment	Vehicles	WIP	Improvement	Total
Cost/Valuation	GH¢'000	GH¢'000	GH¢'000	GH¢'000	GH¢'000	GH¢'000	GH¢'000
At January 2011	17,057	12,147	10,340	2,580	767	-	**42,891**
Additions	1,178	4,699	2,238	559	799	4,143	**13,616**
Disposals	(2,614)	(30)	(68)	(412)	-	-	**(3,124)**
Released on disposal of subsidiary	(332)	-	(2,324)	(331)	-	-	**(2,987)**
Transfers	1,037	-	-	-	(1,291)	254	**-**
Write-offs	(1,821)	-	-	-	-	-	**(1,821)**
At 31 December 2011	**14,505**	**16,816**	**10,186**	**2,396**	**275**	**4,397**	**48,575**
At January 2012	14,505	16,816	10,186	2,396	275	4,397	**48,575**
Additions	1,284	1,407	1,315	-	1,591	1,138	**6,735**
Disposals	(1,089)	(2)	(15)	(229)	-	-	**(1,335)**
Transfers	-	-	15	-	(215)	200	**-**
Reclassification to intangibles	-	-	-	-	(241)	-	**(241)**
Write-offs	-	(27)	(3)	-	-	-	**(30)**
At 31 December 2012	**14,700**	**18,194**	**11,498**	**2,167**	**1,410**	**5,735**	**53,704**

Notes to the Consolidated Financial Statements
FOR THE YEAR ENDED 31 DECEMBER 2012

24 PROPERTY AND EQUIPMENT – CONT'D

The Group	Land & Building GH¢'000	Computers GH¢'000	Furniture & Equipment GH¢'000	Motor Vehicles GH¢'000	Capital WIP GH¢'000	Leasehold Improvement GH¢'000	Total GH¢'000
Depreciation							
At 1 January 2011	2,479	8,701	5,845	984	-	-	**18,009**
Charge for the year	363	1,688	992	479	-	304	**3,826**
Released on Disposal/Revaluation	(1,830)	(28)	(68)	(412)	-	-	**(2,338)**
Released on disposal of subsidiary	(182)	-	(1,760)	(241)	-	-	**(2,183)**
Write off	(42)	-	-	-	-	-	**(42)**
At 31 December 2011	788	10,361	5,009	810	-	304	**17,272**
Depreciation							
At 1 January 2012	788	10,361	5,009	810	-	304	**17,272**
Charge for the year	538	2,887	1,398	233	-	1,051	**6,107**
Released on Disposal/Revaluation	(1,014)	(1)	(3)	(123)	-	-	**(1,141)**
Write-off	-	(27)	32	-	-	-	**5**
At 31 December 2012	312	13,220	6,436	920	-	1,355	**22,243**
Net Book Value							
At 31 December 2011	13,717	6,457	5,177	1,586	274	4,093	**31,304**
At 31 December 2012	14,388	4,974	5,061	1,247	1,410	4,381	**31,461**

- No impairment losses on property and equipment were recognized during the year (2011: Nil)
- There were no capitalized borrowing costs related to acquisition of property and equipment during the year (2011: Nil)
- There were no restrictions on title and property and equipment pledged as security for liabilities during the year (2011: Nil)

Notes to the Consolidated Financial Statements
FOR THE YEAR ENDED 31 DECEMBER 2012

24 PROPERTY AND EQUIPMENT – CONT'D

The Bank	Land & Building GH¢'000	Computers GH¢'000	Furniture & Equipment GH¢'000	Motor Vehicles GH¢'000	Capital WIP GH¢'000	Leasehold Improvement GH¢'000	Total GH¢'000
Cost/Valuation							
At 1 January 2011	1	12,147	8,015	2,248	767	-	**23,178**
Additions	-	4,699	2,237	559	799	4,143	**12,437**
Disposal	(1,267)	(29)	(68)	(411)	-	-	**(1,775)**
Transfer to/from ADB Properties	1,267	-	-	-	(1,036)	-	**231**
Transfers	-	-	-	-	(254)	254	**-**
At 31 December 2011	1	16,817	10,184	2,396	276	4,397	**34,071**
At 1 January 2012	1	16,817	10,184	2,396	276	4,397	**34,071**
Additions	1	1,407	1,314	-	1,591	1,138	**5,451**
Disposal	-	(2)	(15)	(229)	-	-	**(246)**
Transfers	-	-	15	-	(215)	200	**-**
Reclassification to Intangibles	-	-	-	-	(241)	-	**(241)**
Write offs	-	(27)	(3)	-	-	-	**(30)**
At 31 December 2012	2	18,195	11,495	2,167	1,411	5,735	**39,005**

Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2012

24 PROPERTY AND EQUIPMENT – CONT'D

The Bank	Land & Building GH¢'000	Computers GH¢'000	Furniture & Equipment GH¢'000	Motor Vehicles GH¢'000	Capital WIP GH¢'000	Leasehold Improvement GH¢'000	Total GH¢'000
Depreciation							
At 1 January 2011	-	8,701	4,084	742	-	-	13,527
Charge for the year	-	1,688	992	479	-	304	3,464
Released on Disposal/Revaluation	(669)	(28)	(68)	(411)	-	-	(1,177)
Transfers	669	-	-	-	-	-	669
At 31 December 2011	-	10,361	5,008	810	-	304	16,483
Depreciation							
At 1 January 2012	-	10,361	5,008	810	-	304	16,483
Charge for the year	-	2,887	1,398	233	-	1,051	5,569
Released on Disposal/Revaluation	-	(1)	(3)	(123)	-	-	(127)
Write offs	-	(27)	33	-	-	-	6
At 31 December 2012	-	13,220	6,436	920	-	1,355	21,931
Net Book Value							
At 31 December 2011	1	6,457	5,177	1,585	275	4,093	17,587
At 31 December 2012	2	4,975	5,059	1,247	1,411	4,380	17,074

Notes to the Consolidated Financial Statements
FOR THE YEAR ENDED 31 DECEMBER 2012

24 PROPERTY AND EQUIPMENT – CONT'D

Disposal Schedule The Group	Land & Building GH¢	Computers GH¢	Furniture & Equipment GH¢	Motor Vehicles GH¢	Total GH¢
Cost	1,089	2	15	229	**1,335**
Accumulated depreciation	(1,013)	(1)	(3)	(123)	**(1,141)**
Net book value	76	1	12	106	**194**
Proceeds	3,335	-	13	170	**3,518**
Profit/(Loss)	3,259	(1)	1	64	**3,324**

The Bank	Computers GH¢	Furniture & Equipment GH¢	Motor Vehicles GH¢	Total GH¢
Cost	2	15	229	246
Accumulated depreciation	(1)	(3)	(123)	(127)
Net book value	1	12	106	119
Proceeds	-	13	170	183
Profit/(Loss)	(1)	1	64	64

ADB
AGRICULTURAL DEVELOPMENT BANK
Agric and more...

Notes to the Consolidated Financial Statements
FOR THE YEAR ENDED 31 DECEMBER 2012

25. CUSTOMER DEPOSIT

	Group 2012 GH¢'000	Group 2011 GH¢'000	Bank 2012 GH¢'000	Bank 2011 GH¢'000
Savings Deposits	**214,613**	157,856	**214,613**	157,856
Demand and Call Deposits	**561,126**	487,579	**561,126**	487,579
Fixed/Time Deposits	**189,279**	182,283	**189,279**	182,283
	965,018	827,718	**965,018**	827,718

Customer deposits Maturity analysis of customer deposits	Group 2012 GH¢	Group 2011 GH¢	Bank 2012 GH¢	Bank 2011 GH¢
From Government and parastatals:				
Payable within 90 days	**64,401**	4,678	**64,401**	4,678
Payable after 90 days and within one year	**25,045**	-	**25,045**	-
	89,446	4,678	**89,446**	4,678
From Private Sector and individuals:				
Payable within 90 days	**474,168**	254,794	**474,168**	254,794
Payable after 90 days and within one year	**401,404**	568,247	**401,404**	568,247
	875,572	823,041	**875,572**	823,041
At 31 December	**965,018**	827,719	**965,018**	827,719

26. BORROWED FUNDS

	Group 2012 GH¢'000	Group 2011 GH¢'000	Bank 2012 GH¢'000	Bank 2011 GH¢'000
Other Financial Institutions	**112,600**	38,867	**112,600**	38,867
Central Bank of Ghana	**569**	586	**569**	586
Government of Ghana	**57,100**	38,967	**57,100**	38,967
Overnight Borrowing	**43,885**	82,967	**43,885**	82,967
	214,154	161,387	**214,154**	161,387

Other Financial institutions

Borrowings from other financial institutions comprise facilities granted by:

Citi Bank - This facility was granted to the Bank to fund the Bank's corporate and individual customers' foreign exchange requirements for agricultural and other imports for the purpose of ultimately promoting agricultural and other exports from Ghana, and foreign exchange generating activities within the overall implementation of the National Agriculture and Export Programme. Interest is at a rate of Libor plus a margin of 3.25% maturing in 2016

SSNIT - This is a 100% secured investment made by SSNIT. Average Interest is at a rate of 21.52% maturing in 2013

Notes to the Consolidated Financial Statements
FOR THE YEAR ENDED 31 DECEMBER 2012

Central Bank of Ghana

This consists of multiple facilities granted to the Bank to assist in financing the poor rural entrepreneurs engaged in small scale enterprises. Interest rate ranges from 20% - 30% and maturities range from 2013 – 2031.

Government of Ghana

This consists of multiple facilities granted to the Bank to finance food crops, non traditional exports and agro industry) as well as institutional support. Interest rate ranges from 1.8% - 5% and maturities range from 2012 to 2051.

27 INTEREST PAYABLE AND OTHER LIABILITIES

	Group 2012 GH¢'000	Group 2011 GH¢'000	Bank 2012 GH¢'000	Bank 2011 GH¢'000
Interest Payable	**4,461**	3,384	**4,461**	3,384
Payables				
Accruals	**58,914**	25,391	**58,527**	23,022
	4,875	14,084	**4,864**	14,082
	68,250	**42,859**	**67,852**	**40,488**

28. STATED CAPITAL

Stated Capital is made up as follows:	2012		2011	
	No. of Shares	Proceeds GH¢'000	No. of Shares	Proceeds GH¢'000
Issued for Cash	**900,352**	**450**	900,352	450
For Consideration other than cash	**638,772**	**320**	638,772	320
Transfer from Income Surplus	**23,460,876**	**74,230**	23,460,876	74,230
	25,000,000	**75,000**	25,000,000	75,000

29. REVALUATION SURPLUS

	Group 2012 GH¢'000	Group 2011 GH¢'000	Bank 2012 GH¢'000	Bank 2011 GH¢'000
At 1 January	**1,748**	1,979	**1,748**	1,979
Surplus written off due to depreciation	**-**	(231)	**-**	(231)
At 31 December	**1,748**	1,748	**1,748**	1,748

Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2012

30. INCOME SURPLUS

At 1 January	**9,529**	3,685	**3,986**	3,611
Adjustment of opening balance	**(595)**	-	**-**	-
	8,934	3,685	**3,986**	3,611
Release from credit risk reserve	**(6,474)**	(8,299)	**(6,473)**	(8,299)
Disposal of PPE	**-**	12,374	**-**	12,374
Disposal of subsidiary	**-**	521	**-**	-
Transfer to statutory reserve	**(6,674)**	(21,804)	**(6,674)**	(21,804)
Release of surplus	**-**	(25,000)	**-**	(25,000)
Surplus written off due to depreciation	**-**	231	**-**	231
Other adjustment	**-**	(736)	**-**	(735)
Profit for the year	**32,273**	48,557	**26,696**	43,608
	28,059	**9,529**	**17,534**	**3,986**

31. CREDIT RISK RESERVE

The credit risk reserve is a non-distributable reserve required by Bank of Ghana to account for difference between impairment loss on financial assets as per IFRS and the specific and the general impairment loss on loans and advances and contingent liabilities per the Central Bank's prudential guidelines.

	Group 2012 GH¢'000	Group 2011 GH¢'000	Bank 2012 GH¢'000	Bank 2011 GH¢'000
At 1 January	**25,773**	17,474	**25,773**	17,474
Transfer from income surplus	**6,474**	8,299	**6,474**	8,299
Release from credit risk (loans written off)	**(1,495)**	-	**(1,495)**	-
At 31 December	**30,752**	**25,773**	**30,752**	**25,773**

32. STATUTORY RESERVE

	Group 2012 GH¢'000	Group 2011 GH¢'000	Bank 2012 GH¢'000	Bank 2011 GH¢'000
At 1 January	**52,076**	30,272	**52,076**	30,272
Transfer from income surplus	**6,674**	21,804	**6,674**	21,804
At 31 December	**58,750**	52,076	**58,750**	52,076

ADB AGRICULTURAL DEVELOPMENT BANK Agric and more...

Notes to the Consolidated Financial Statements
FOR THE YEAR ENDED 31 DECEMBER 2012

33. AVAILABLE FOR SALE RESERVE

	Group 2012 GH¢'000	Group 2011 GH¢'000	Bank 2012 GH¢'000	Bank 2011 GH¢'000
At 1 January	**17,581**	2,943	**17,581**	2,943
Fair value adjustment	**(5,110)**	14,654	**(5,110)**	14,654
Disposal of investment	**944**	-	**944**	-
Release of surplus	**-**	(16)	**-**	(16)
At 31 December	**13,415**	17,581	**13,415**	17,581

The available for sale reserves includes the cumulative change in the fair value of available for sale investments until the investment is derecognized or impaired.

34. NOTES TO THE STATEMENT OF CASH FLOWS

(a) Reconciliation of profit before NFSL to cash generated from operations

	Group 2012 GH¢'000	Group 2011 GH¢'000	Bank 2012 GH¢'000	Bank 2011 GH¢'000
Profit before NFSL	**32,273**	51,117	**26,696**	45,904
Adjustments for:				
Depreciation and Amortization	**10,692**	4,857	**10,156**	4,494
Change in provision	**26,087**	(7,610)	**26,087**	(7,610)
(Gain)/loss on disposal of property and equipment	**(3,324)**	(5,656)	**(64)**	(2,961)
Share of Post-tax (Profit)/Loss of Associated Company	**97**	410	**97**	410
(Profit)/Loss from Disposal of Associate Companies	**(15)**	(6,088)	**(15)**	(6,088)
(Profit)/Loss from Disposal of Subsidiary	**-**	(1,562)	**-**	(1,562)
Interest Income	**(199,456)**	(119,189)	**(199,456)**	(119,189)
Interest Expense	**41,166**	38,891	**41,166**	38,891
Movement in PPE	**-**	1,567	**-**	439
Profit before working capital changes	**(92,480)**	(43,263)	**(95,333)**	(47,272)
(Increase)/decrease in medium and long term Government Securities	**(22,915)**	(57,151)	**(22,915)**	(57,151)
(Increase) /decrease in loans & advances	**(94,947)**	(94,149)	**(94,947)**	(94,149)
(Increase)/decrease in other assets	**(3,974)**	(14,972)	**(1,637)**	(10,367)
Increase/(decrease) in customer deposits	**137,299**	291,639	**137,299**	291,639
Increase/(decrease) in interest payable and other liabilities	**19,136**	(51,045)	**21,703**	(49,912)
Interest Income received	**155,945**	101,248	**155,945**	101,248
Interest expense paid	**(25,781)**	(20,950)	**(25,781)**	(20,950)
Cash generated from operations	**72,283**	**111,357**	**74,334**	**113,086**

ADB AGRICULTURAL DEVELOPMENT BANK Agric and more...

Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2012

34. NOTES TO THE STATEMENT OF CASH FLOWS – CONT'D

Analysis of the balances of cash and cash equivalents	Group 2012 GH¢	Group 2011 GH¢	Bank 2012 GH¢	Bank 2011 GH¢
Cash & balances with Bank of Ghana	**127,945**	81,660	**127,945**	81,660
Government securities		110,350	**-**	110,350
Deposits and balances due from banking institutions	**47,564**	90,248	**47,564**	90,248
	285,859	171,908	**285,859**	171,908

For the purposes of the statement of cash flows, cash equivalents include short term liquid investments with maturities less than three months.

35. CONTINGENCIES AND COMMITMENTS INCLUDING OFF BALANCE SHEET ITEMS

In common with other banks, the bank conducts business involving acceptances, guarantees, performances and indemnities. The majority of these facilities are offset by corresponding obligations of third parties. The group also holds certain securities in its own name on behalf of customers. The values of these securities are not recognised in the consolidated balance sheet.

Letters of credit commit the group to make payments to third parties, on production of documents, which are subsequently reimbursed by customers.

Guarantees are generally written by a bank to support performance by a customer to third parties. The group will only be required to meet these obligations in the event of customer's default.

Contingencies and commitments not provided for in the financial statements as at 31 December 2012 in respect of the above amounted to GH¢182.7million (2011: GH¢163.5 million), as detailed below:

	Group 2012 GH¢'000	Group 2011 GH¢'000	Bank 2012 GH¢'000	Bank 2011 GH¢'000
Letters of credit	**91,725**	32,170	**91,725**	32,170
Guarantees and Indemnities	**90,976**	131,323	**90,976**	131,323
	182,701	163,493	**182,701**	163,493

Capital Expenditure

Capital commitments not provided for in the financial statements as at 31 December 2012 was nil (2011: nil).

Notes to the Consolidated Financial Statements
FOR THE YEAR ENDED 31 DECEMBER 2012

35. CONTIGENCIES AND COMMITMENTS INCLUDING OFF BALANCE SHEET ITEMS – CONT'D

Pending Legal Claims

At the year end there were twenty five (25) legal cases pending against the bank. Should judgment go in favour of the plaintiffs, likely claims against the bank have been estimated at GH¢ 3,684,421 No provisions have been made in the financial statements in respect of these amounts.

Funds Under Management

Investments and funds being managed by the Group on behalf of clients amounting to GH¢ 10.86 million (2010: GH¢ 9.62 million)

36 RELATED PARTY TRANSACTIONS

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operating decisions, or one other party controls both.

Shareholders

Name of shareholder	No. of shareholding	Percentage holding (%)
Government of Ghana	13,000,000	52
Financial Investment Trust	12,000,000	48
	25,000,000	**100**

At 31 December 2012, the following amounts related to transactions with the Government of Ghana

	2012 GH¢'000	2011 GH¢'000	2012 GH¢'000	2011 GH¢'000
Government Securities	**342,808**	209,543	**342,808**	209,543
Loans and Advances	**47,281**	41,042	**47,281**	41,042
Other Assets	**15,014**	-	**15,014**	-
Borrowings	**57,101**	38,967	**57,101**	38,967

Subsidiaries

Details of principal subsidiaries are shown in Note 20.

Associated Company

The Group provides certain banking and financial services to its associated company. These transactions are conducted on similar terms to third-party transactions.

Details of investments in associated company are provided in Note 19.

Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2012

36 RELATED PARTY TRANSACTIONS – CONT'D

Management compensation

The remuneration of directors and other members of key management during the year were as follows:

	Group 2012 GH¢'000	Group 2011 GH¢'000	Bank 2012 GH¢'000	Bank 2011 GH¢'000
Salaries	**4,323**	3,952	**4,323**	3,952
Allowances	**4,268**	2,866	**4,268**	2,866
	8,591	**6,818**	**8,591**	**6,818**

	Group 2012 GH¢'000	Group 2011 GH¢'000	Bank 2012 GH¢'000	Bank 2011 GH¢'000
Directors' remuneration				
Fees for services as directors	**979**	728	**979**	728

Loans

No loans or advance was granted to companies in which Directors have an interest in 2012. (2011: nil)

No provisions have been recognised in respect of loans to directors or other members of key management personnel (or any connected person)

Interest rates charged on loans to staff are at rates below that would be charged in an arm's length transaction. These loans are secured over the assets financed of the respective borrowers.

No impairment losses have been recorded against balances outstanding during the period with key management personnel, and no specific allowance has been mode for impairment losses on balances with key management personnel and their immediate relatives at the period end.

37. DEFINED CONTRIBUTION PLAN

Contributions to the statutory defined contribution

	Group 2012 GH¢'000	Group 2011 GH¢'000	Bank 2012 GH¢'000	Bank 2011 GH¢'000
Pension scheme, the National Social Security Fund	**5,569**	4,898	**5,569**	4,898
Provident Fund	**6,386**	5,640	**6,386**	5,640
	11,955	10,538	**11,955**	10,538

ADB AGRICULTURAL DEVELOPMENT BANK Agric and more...

Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2012

38. ASSETS PLEDGED AS SECURITY

In the normal course of business, assets are sometimes pledged for specific purposes. The status of pledged assets is as follows:

	2012	2011
	GH¢'000	GH¢'000
Government Securities	**14,750**	20,850

39. SOCIAL RESPONSIBILITY

Amounts spent on social responsibility amounted to GH¢680,813 (2011: GH¢1,295,518) which excludes building for the 2012 National Best Farmer of US$68,983 (2011: GH¢98,000).

40. NATIONAL FISCAL STABILISATION LEVY

The National Fiscal Stabilisation Levy Act, 2009, became effective from 1 July 2009 to December 2011. Under the Act, an additional 5% levy will be charged on profit before tax and is payable quarterly.

41. REGULATORY DISCLOSURES

(i) Non–Performing Loans Ratio

Percentage of gross non-performing loans ("substandard to loss") to total credit/advances portfolio (gross) 10.78 % (2011: 6.69%).

(ii) Capital Adequacy Ratio

The capital adequacy ratio at the end of December 2012 was calculated at approximately 10.15% (2011: 10.76%).

(iii) Regulatory Breaches

- Section 42 of the Banking Act, 2004 (Act 673) as amended by the Banking Amendment Act, 2007 (Act 738) requires that secured and non-secured facilities should not exceed 25% and 10% of the company's net worth respectively. Our audit of the financial statements revealed that, one facility had breached the secured prescribed exposure limits.

- Section 23(1) of the Banking Act, 2004 (Act 673) requires that banks maintain at all times a minimum capital adequacy ratio of 10%. The Bank in August 2012 however recorded a capital adequacy ratio of 9.64%

42. COMPARATIVE INFORMATION

The comparative information have been reclassified, where applicable, to conform to the current year's presentation.

ADB Branch Network

HEAD OFFICE

37 Independence Avenue
P. O. Box 4191, Accra
Tel: (030) 2770403, 2762104, 2783122, 2784394
Fax: (030) 2784893, 2770411
E-mail: customercare@agricbank.com
Website: www.adb.com.gh
Toll-free: 0800-10034

ZONAL OFFICES

Retail Performance Monitoring – Central Zone
P. O. Box 3841 Kumasi
Tel: 032-2045262, 2045260
Tel (Legal Dept): 032- 2045268
Tel (Corporate Banking): 032-2045273
Tel (DFU):032-2045265
Fax: 032-2045270

Retail Performance Monitoring – Southern Zone
P. O. Box DS2270, Dansoman
Tel: 030 – 2220993, 2230440, 2230439
Fax: 030 - 2220993

Retail Performance Monitoring – Northern Zone
P. O. Box 376, Tamale
Tel: 037-2022629/2022938
Fax: 037- 2023634

BRANCHES & AGENCIES

ASHANTI REGION

1. **Ashanti Bekwai Branch**
PMB, Ashanti Bekwai
Tel: 032- 2420315, 2420357
Fax: 032- 2420315

2. **Ejura FLO**
c/o P. O. Box 3841, Kumasi
Tel: 032 - 2322042

3. **Kumasi-Adum Branch**
P. O. Box 3841, Kumasi
Tel: 032- 2039854, 2031537, 2021521, 2024333
Fax: 032-2026215

4. **Kumasi-Amakom Branch**
P. O. Box AH 9428, Kumasi
Tel: 032- 2049576, 2049579, 2032982
Fax: 032- 2049577

5. **Kumasi-Central Market Branch**
P. O. Box R-204, Kumasi
Tel: 032- 2033461, 2033455, 2033914, 2033913
Fax: 032- 2033465

6. **Kumasi-Nhyiaeso Branch**
P. O. Box AH9428, Kumasi
Tel: 032- 2039752, 2190006
Fax:

7. **Kumasi-Nhyiaeso Executive Banking**
P. O. Box AH 9428, Kumasi
Tel: 032- 2190008, 2035460
Fax: 032- 2035461

8. **Kumasi-Prempeh II St. Branch**
P. O. Box KS 8494, Kumasi
Tel: 032- 2045263, 2045275, 2045276
Fax: 032- 2045269

9. **New Edubiase Branch**
P. O. Box 33, New Edubiase
Tel: 033- 2194674, 2192202

10. **Obuasi Branch**
Private Mail Bag, Obuasi
Tel: 032- 2540701, 2540700
Fax: 032- 2540672

ADB Branch Network - (Cont)

BRONG-AHAFO REGION

11. **Atebubu Branch**
P. O. Box 18, Atebubu
Tel: 032-2099568, 032-2099574
Fax: 035- 2622026

12. **Berekum Branch**
P. O. Box 209, Berekum
Tel: 035- 2222104, 2222153, 2222507
Fax: 035- 2222104

13. **Dormaa Ahenkro Branch**
PMB, Dormaa Ahenkro
Tel: 035- 2322037, 2322165
Fax: 035- 2322251

14. **Goaso Branch**
P. O. Box 72, Goaso
Tel: 035- 2091918, 2094370
024- 4312134

15. **Kenyasi Branch**
P. O. Box KN2, Kenyasi
Tel: 035- 2094858, 2094859

16. **Kwapong Branch**
Private Mail Bag, Kwapong
Tel: 035- 2192102, 2192033

17. **Nkoranza Branch**
P. O. Box 70, Nkoranza
Tel: 035- 2092074, 2097313

18. **Sunyani Branch**
P. O. Box 110, Sunyani
Tel: 035-2027192, 2027075

19. **Techiman Branch**
P. O. Box 16, Techiman
Tel: 035- 2091080, 2091686, 2091312

20. **Techiman Agency**
P. O. Box 16, Techiman
Tel: 035-2091312
Fax: 035- 2522304

CENTRAL REGION

21. **Agona Swedru Branch**
P. O. Box 200, Agona Swedru
Tel: 033- 2020348, 2020522
Fax: 033-2021683

22. **Assin Fosu Branch**
P. O. Box 151, Assin Fosu
Tel: 033- 219220, 2192203, 2192205

23. **Buduburam Agency**
c/o P. O. Box 11957, Kaneshie
Tel: 030- 2277092, 2277109

24. **Cape Coast Branch**
P. O. Box 160, Cape Coast
Tel: 033- 2132834, 2132836, 2132563
Fax: 033- 2132836

25. **Kasoa Branch**
P. O. Box 4191, Accra
Tel: 030-2863346, 2863347
020-7848993
Fax:030- 2863347

26. **Mankessim Branch**
PMB MK 286, Mankessim
Tel. 034-2093015

27. **UCC Branch**
P. O. Box 160, Cape Coast
Tel: 033- 2131989, 2131806, 2137791
Fax: 033- 2130630

28. **Winneba Agency**
c/o P. O. Box 200
Agona Swedru

EASTERN REGION

29. **Asiakwa Branch**
C/O P. O. Box 4191, Accra
Tel: 030-2962145, 2962144

30. **Juapong Branch**
P. O. Box 31, Juapong
Tel: 034-2091530, 2094299, 2094376

31. **Kade Branch**
P. O. Box KD 234, Kade
Tel: 030- 2963285, 2963286

32. **Koforidua Branch**
P. O. Box 124, Koforidua
Tel: 034- 2022292, 2022739
Fax: 034- 2022292

ADB Branch Network - (Cont)

33. **Nkawkaw Branch**
P. O. Box 86, Nkawkaw
Tel: 034 - 3122041, 3122068, 3122028, 3122457
Fax: 034 – 3122446

34. **Suhum Branch**
P. O. Box 229, Suhum
Tel: 034- 2522373
Fax: 034-2522374

GREATER-ACCRA REGION

35. **Abeka La-Paz Branch**
P. O. Box 4191, Accra
Tel: 030- 2950925, 028-9535075
Fax: 030- 2244649

36. **Accra Makola Branch**
c/o P. O. Box 4191, Accra
Tel: 030- 2668265, 2674308, 2675596
Fax: 030- 2668740

37. **Accra New Town Branch**
P. O. Box 15
Accra New Town
Tel: 030- 2220989, 2220986
Fax: 030- 2220990

38. **Achimota Branch**
P. O. Box AT 997
Achimota Market, Accra
Tel: 030- 2420038, 2420036
Fax: 030- 2420038

39. **Adabraka Branch**
P. O. Box 452, Accra New Town
Tel: 030- 2221047, 2242417, 2242420
Fax: 030- 2221047

40. **ADB House Branch**
P. O. Box 4191, Accra
Tel: 030- 2785473, 2783730
Fax: 030- 2783590

41. **Ashaiman Branch**
c/o P. O. Box 692, Tema
Tel: 030 – 3308011, 3308063
Fax: 030- 3308094

42. **Cedi House Branch**
PMB, Ministry Post Office, Accra
Tel: 030- 2662745, 2662519
Fax: 030- 2662951

43. **Danquah Circle Branch**
P. O. Box 4191, Accra
Tel: 030-2215777

44. **Danquah Circle Executive Banking**
P. O. Box 4191, Accra
Tel: 030-2215777

45. **Dansoman Branch**
P. O. Box DS 2270
Dansoman, Accra
Tel: 030- 2312414, 2312415, 2318065, 2311636
Fax: 030- 2318064

46. **Gulf House Branch**
P. O. Box 4191, Accra
Tel: 030- 2506201, 2506202, 2506203
Fax: 030- 2506220

47. **Kaneshie Branch**
P. O. Box 11957
Kaneshie, Accra
Tel: 030- 2688399, 2688400, 2688411-14
Fax: 030- 2688415

48. **Korkordzor Branch**
c/o P. O. Box 11957
Kaneshie, Accra
Tel: 030- 2853081, 2853083, 2850428, 2850429
Fax: 030- 2850428

49. **Madina Branch**
P. O. Box 4191, Accra
Tel: 030- 2518455, 2518457
Fax: 030- 2518456

50. **Nima Branch**
P. O. Box NM 4, Nima, Accra
Tel: 030-2264510, 2264512

51. **Nungua Branch**
P. O. Box 875, TNE, Accra
Tel: 030- 2712660, 2717078, 2717079
Fax: 030- 2717078

ADB Branch Network - (Cont)

52. Osu Branch
P. O. Box 2502, Osu, Accra
Tel: 030- 2782385, 2779696
Fax: 030- 2782386

53. Ring Road Central Branch
P. O. Box 01557, Osu, Accra
Tel: 030- 2228121, 2229110, 2239409
Fax: 030- 2227280

54. Spintex Road Branch
P. O. Box 4191, Accra
Tel: 030- 2816212, 2816213, 2816215
Fax: 030- 2816214

55. Tema Branch
P. O. Box 692, Tema
Tel: 030- 3216100, 3204305, 3203371, 3206396
Fax: 030- 3203372

56. Tema-Mankoadze Agency
P. O. Box 875, Tema
Tel: 030-3204756, 3200041

57. Teshie Branch
P. O. Box TNE 875, Accra
Tel: 030- 2712549, 2712664
Fax: 030- 2712549

NORTHERN REGION

58. Bole Branch
P. O. Box C/O ADB, Bole
Tel: 037-2092172/2092170

59. Buipe Branch
P. O. Box 376, Tamale
Tel:037-2092171
Fax:N/A

60. Savelugu Branch
C/o P. O. Box 376, Tamale
Tel: 037-2095822, 2095820

61. Tamale-Aboabo Branch
P. O. Box 376, Tamale
Tel: 037- 2026242, 2023700
Fax: 037- 2026242

62. Tamale-Kaladan Branch
P. O. Box 376, Tamale
Tel: 037-2202214
Fax: 037-2202214

63. Tamale-Kaladan Executive Banking
P. O. Box 376, Tamale
Tel: 037-2202214
Fax: 037-2202214

64. Tamale-Main Branch
P. O. Box 376, Tamale
Tel: 037- 2022629, 2022938, 2027339
Fax: 037- 2023634

65. Walewale Branch
P. O. Box 19, Walewale
Tel: 037-2095818, 2095816
Fax: 037-2095818

66. Yendi Branch
C/o P. O. Box 376, Tamale
Tel: 0244512604, 0244215539, 0240665189

UPPER-EAST REGION

67. Bawku Branch
P. O. Box 85, Bawku
Tel: 038- 2222330, 2222298, 2222299
Fax: 038- 2222330

68. Bolgatanga Branch
P. O. Box 159, Bolgatanga
Tel: 038- 2022321, 2022439, 2022172, 2022178
Fax: 038- 2023443

69. Navrongo Branch
P. O. Box 47, Navrongo
Tel: 038- 2122200, 2122204, 2122010

UPPER-WEST REGION

70. Tumu Branch
C/o P. O. Box 130, Wa
Tel: 039- 2022869

ADB Branch Network - (Cont)

71. Wa Branch
P. O. Box 130, Wa
Tel: 039- 2022095, 2022090, 2022342
Fax: 039- 2022090

VOLTA REGION

72. Denu Branch
P. O. Box 31, Denu
Tel: 036- 2530612, 2530313, 2530613
Fax: 036- 2530612

73. Ho Branch
P. O. Box HP 1277, Ho
Tel: 036- 2028250, 2028284, 2028289
Fax: 036- 2028274

74. Hohoe Branch
P. O. Box 143, Hohoe
Tel: 036- 2722027, 2722008
Fax: 036-2722951

75. Kpando Branch
P. O. Box 10, Kpando
Tel: 036-2350939, 2350941, 2350942
Fax: 036-2350940

76. Kpeve Branch
c/o P. O. Box 10, Kpando
Tel. 036-2095097

77. Nkwanta Branch
P. O. Box 40, Nkwanta
Tel: 054-4338198, 054-4338199

78. Sogakope Branch
Private Mail Bag, Sogakope
Tel. 036-2095710, 028-9556697
Fax: 036-2095710

79. Vakpo FLO
c/o P. O. Box 27
Hohoe

WESTERN REGION

80. Agona Nkwanta
P. O. Box 19, Agona Nkwanta
Western Region
Tel: 030-2962148

81. Bonsu Nkwanta Branch
c/o P. O. Box 3841, Kumasi
Tel. 032-2190715

82. Enchi Branch
c/o P. O. Box 3841, Kumasi
Tel: 031 - 2622124
Fax: 031 - 2622082

83. Sefwi Essam Branch
c/o P. O. Box 3841, Kumasi
Tel: 024-0813416

84. Sefwi Wiawso Branch
P. O. Box 108, Sefwi Wiawso
Tel: 024-3081183, 031- 2092093/2094487

85. Takoradi Branch
P. O. Box 600, Takoradi
Tel: 031- 2029049, 2029060, 2029068,
2029080, 2028488
Fax: 031-2029060

CORRESPONDENT BANKS ABROAD

Bank	Currency
Bankers Trust Company P. O. Box 318 Church St. Station, New York N.Y. 10008, USA	**USD**
BHF-Bank P. O. Box 110311, Brockenheimer Landstrasse 10 D-600 Frankfurt 1, Germany	**EURO**
Citibank N.A. European Trade Finance Group Cotton Centre, Hays Lane London SE1 2BX United Kingdom	**USD**
Citibank, N.A. 111 Wall Street, New York N.Y. 10043, USA	**USD**
Commerzbank AG International Bank Relations Neue Mainzer Strass 32-36 Frankfurt AM Main, Germany	**EURO**
Ghana International Bank 69 Cheapside Street London EC2 2BB United Kingdom	**USD** EURO GBP

Notes

Notes

Notes