adb

agricultural development bank

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2013

annual report

& Financial Statements

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2013 annual report & Financial Statements

Contents

Corporate Information

BOARD OF DIRECTORS	Nana Soglo Alloh IV	- Chairman *(Appointed 2/8/13)*
	Mr. Stephen Kpordzih	- Managing Director *
	Mr. Abdul-Samed Iddrisu	- Executive Director *(Appointed 2/8/13)*
	Dr. S. K. Dapaah	- Non-Executive Director *
	Ms. Nancy Ampofo	- Non-Executive Director *
	Major (Rtd.) M. S. Tara	- Non-Executive Director *
	Mr. Marice Abisa Seidu	- Non-Executive Director *(Appointed 2/8/13)*
	Mrs. Caroline Otoo	- Non-Executive Director *(Re-appointed 6/9/13)*
	Alhaji Ibrahim Adam	Chairman *(Resigned 29/7/13)*
	Mr. E. H. Cobbinah	- Non-Executive Director *(Resigned 2/8/13)*

BOARD COMMITTEE		
Audit & Compliance Committee	Dr. S. K. Dapaah	- Chairman
	Major (Rtd.) M. S. Tara	- Member
	Mrs. Caroline Otoo	- Member
	Mr. Marice A. Seidu	- Member

Governance & Risk Management	Ms. Nancy Ampofo	- Chairperson
	Mr. Marice A. Seidu	- Member
	Mrs. Caroline Otoo	- Member
	Dr. S. K. Dapaah	- Member

Remunerations Committee	Ms. Nancy Ampofo	- Chairman
	Mrs. Caroline Otoo	- Member
	Major (Rtd.) M. S. Tara	- Member

COMPANY SECRETARY	Mr. James K. Agbedor ADB House, 37 Independence Avenue, Accra
REGISTERED OFFICE	ADB House, 37 Indpendence Avenue P. O. Box 4191, Accra
AUDITORS	KPMG Chartered Accountants 13 Yiyiwa Drive, Abelenkpe P. O. Box GP 242 Accra

* These directors were re-appointed on 2 August, 2013

Board of Directors

1
Nana Soglo Alloh IV

2
Mr. Stephen Kpordzih

3
Mr.Abdul-Samed Iddrisu

4
Major (Rtd.) M. S. Tara

5
Ms. Nancy Ampofo

6
Dr. S. K. Dapaah

7
Mr. Maurice Abisa - Seidu

8
Mrs. Caroline Otoo

9
Mr. James K. Agbedor (Secretary)

Profile of Directors and Secretary

1. Nana Soglo Alloh IV - Chairman

Nana Soglo Alloh holds an LLB (Hons.) Degree from the University of Liverpool, UK. He passed out from the Ghana Law School in 2001 and was called to the Ghana Bar. He started his legal career as a Legal Advisor to the London Borough of Brent, Immigration and Race Relations Department in the United Kingdom from 1983 until 1988. He then went into private practice as a Legal Consultant on UK Immigration and Race Relations with Christopher Roberts & Co, a London-based Solicitors Law firm from 1988 to 1991. He set up and run Alloh & Partners, an immigration law consultancy, in the UK from 1991 to 1999. After he was called to the Ghana Bar in 2001, he joined Awoonor Law Consultancy and in 2004 set up Alloh & Partners for his law practice. Nana Soglo Alloh IV is the Paramount Chief of Likpe Traditional Area in the Volta Region of Ghana and the President of the Likpe Traditional Council. He is also a permanent member and Vice-President of the Volta Region House of Chiefs and member of the Local Government Service Council.

2. 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 several non-bank financial institutions in Ghana. He was one-time a lecturer in Finance and 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.

3. Abdul-Samed Iddrisu - Executive Director

Mr. Iddrisu holds a Bachelor of Science Degree in Computer Science from the University of Science and Technology. He joined ADB in 2010 as the Executive Head-Transaction Banking & Technology, later changed to Business Solutions. 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 was appointed to the Executive Director on 2nd August 2013.

4. Major Mahama S. Tara (Rtd) (Non-Executive Director)

Major Tara (Rtd), a Chartered Management Accountant (ACMA) also holds a BSc Administration (Accounting Option) Degree from the University of Ghana. He is currently the Chief Director of the Ministry of Finance and before that Chief Director at the Ministry of Education. His rich experience in the public sector includes serving as Director of Finance and Administration of the Ghana Tourist Development Company Ltd., Director of Finance of the then Architectural and Engineering Services Corporation, and a Deputy Controller & Accountant-General. He had previously served at the Ministry of Finance as Director of Budgets and Acting Chief Director. Among his achievements are Head of the Technical Team that re-organized the Budgeting and Public Expenditure Management System within the Government machinery. He also introduced the Medium Term Expenditure Framework (MTEF) as the model for Governmental Accounting. He was appointed to the Board in June 2009.

5. 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 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.

6. 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 Economic) 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.

7. Maurice Tanco Abisa-Seidu (Non-Executive Director)

Mr. Abisa-Seidu holds an Executive Masters in Business Management from the Ghana Institute of Management and Public Administration and a B.A. (Psychology with Sociology) Degree from the University of Ghana. He is currently Chief Director of the Ministry of Food and Agriculture. He worked for several years with Ghana Cotton Company Limited, first as General Manager and from 1993 to 2006 as the Managing Director. Mr. Abisa-Seidu is in addition a Partner at Platinum DFL Limited, a consulting firm and also Associate of Continental Consultants.

8. Mrs. Caroline OTOO – Non-Executive Director

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 the 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.

9. 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

	2013 GH¢'000	2012 GH¢'000
At 31 December		
Total assets	**1,621,761**	1,444,223
Loans and advances to customers (net)	**914,350**	773,694
Customer deposits	**1,061,102**	965,018
Shareholders' equity	**281,995**	197,199
For the year ended 31 December		
Profit before National Fiscal Stabilisation Levy (NFSL)	**83,928**	26,696
Profit after NFSL	**80,629**	26,696
Dividend per share (Ghana cedis)	**-**	-
Earnings per share (Ghana cedis):		
- Basic	**3.225**	1.068
- Diluted	**3.225**	1.068
Return on average equity (%)	**33.72**	14.00
Return on average assets (%)	**5.26**	2.01
At 31 December		
Number of staff	**1,244**	1,345
Number of branches	**77**	76

Chairman's Statement

It is my privilege to present to you, the Annual Report and the Financial Results of your Bank for the year ended 31st December 2013.

1.0 BACKGROUND ANALYSIS

1.1 Developments in the World Economy

The global economy grew by 3.3 percent in 2013 as against projected growth rate of 3.5 for the year and 3.2 percent achieved in 2012. This moderate increase was largely due to aggressive monetary policies by the IMF.

The global economy is however, expected to experience some accelerated growth in 2014 and 2015. The global growth forecast for 2014 is 4.1 percent.

Crude oil prices (Brent Crude) began the year 2013 at a price of USD 111.70 per barrel and declined slightly to USD108.7 per barrel by year end. Gold prices recorded a steady fall in 2013 ending the year at USD 1,408.7 per ounce compared with USD 1,690 in 2012. Cocoa prices began the year 2013 with USD 2,431 per ton and made steady gains within the year ending at USD 2,605.06 per ton.

1.2 Developments in the Domestic Economy

In 2013, the domestic economy witnessed a Provisional real GDP growth including oil of 7.4 percent and was below the projected target of 8.0 percent. Government's fiscal performance showed an overall budget deficit of GH¢7.3 billion which constituted 8.4 percent of GDP. This was in excess of the target of GH¢6.3 billion or 7.2 percent of GDP. This was however, below the 2012 deficit of GH¢8.7 billion or 12.1 percent of GDP. The deficit was financed largely through domestic sources which constituted 60.3 percent with the remaining 39.7 percent funding realized from foreign sources.

The country's trade position deteriorated as the overall balance of payments position worsened and showed a deficit of USD2.3 billion as against USD 1.2 billion 2012. The gross external reserves position declined from USD5.3 billion in 2012 to USD5.2 billion at the end of 2013 and reduced the threshold of three months of import cover to 2.9 months. The Ghana Cedi depreciated rapidly throughout 2013 due to the wide current account deficit and various investor concerns surrounding macroeconomic stability. Immediate downside pressure stemmed from foreign investor outflows from the bond market, which were triggered by a wave of global risk aversion towards emerging markets especially. It recorded a cumulative depreciation of 16.7 percent against the USD compared to 17.5 percent in 2012. Inflation rose persistently from 9.3% in January 2013 to 11.8% in July, dropped slightly to 11.5% in August and then rose again and ended the year with 13.5%. The increase in inflation in 2013 was influenced primarily by the pass through effect of fuel and utility price increases and demand pressures. The monetary and foreign exchange market developments led to a moderate jump in the Bank of Ghana Prime Rate from 15.0 percent at the end of 2012 to 16.0 percent which was maintained in most parts of the year.

2.0 PERFORMANCE OF THE BANK

The Bank's performance for the period under review was highly influenced by the international and domestic economic developments during the year as indicated in preceding sections of this report.

2.1 Financial Performance

The net profit after National Stabilization Levy for 2013 was GH¢80.6 million and was over 200 percent above the GH¢26.7 million recorded in 2012. The challenges presented by credit management required that additional provisions were made to further clean the loan book of the Bank. Provisions charged was GH¢19.8 million in 2013 compared to GH¢26.1 million in 2012.

2.2 Financial Position

The balance sheet of the Bank showed moderate growth in the financial year 2013. Total assets grew by 12.3 percent from GH¢1,444.2 million at the end of 2012 to GH¢1,621.8 million at year end 2013. This was funded mainly from a growth of 10 percent in deposit mobilization from GH¢956.0 million in 2012 to GH¢1,061.1 million in 2013. Shareholders' funds also went up by 42.4 percent from GH¢197.2 million at the end of 2012 to GH¢280.9 million at the end of 2013.

2.3 Financing to the Agricultural Sector

The Bank remained committed to financing the productive agricultural sector of the economy in line with its mission

Chairman's Statement (Cont'd)

and practice. Total new credit disbursed for agricultural sector was GH¢264.2 million in 2013 as against GH¢235.5 million recorded in 2012. This means an increase of 12.2 percent over last year.

3.0 CHANGES IN BOARD AND MANAGEMENT

During the year 2013 the Board of the Bank was reconstituted. I had the privilege of being appointed and brought onto the Board as its Chairman. Mr. Maurice Tanko Abisa Seidu also joined as a new member, while Major M. S. Tara (RTD) rejoined the Board after a few years absence. In addition, Mr. Abdul-Samed Iddrisu formerly Executive Head-Business Solutions, was appointed to the Board and was subsequently appointed as Executive Director in line with the Act which established the Bank.

Mr. Alfred Neneh Akotiah also joined the bank as Executive Head - Retail Banking.

I wish to take this opportunity to congratulate my colleagues on the Board and the management staff for a successful year.

4.0 STRATEGIC PLAN 2014 - 2016

Our short term goal is to reposition ADB to be among the Top Tier performing Banks in Ghana, balancing market orientation with a development focus on Agric and more. Our strategy towards this goal has been to consolidate risk base sustainable growth and competitiveness. To achieve this, we will pursue the following broad strategies in aggregate to address the strategic issues or key drivers and deliver the vision over the three year period (2014 – 2016):

- Organic growth via improving the quality of products / services offerings and channels.
- Channel expansion focused on incremental sales.
- Generate growth via new and innovative products and services.
- Introduce new channels to generate sales from new markets and alliances.
- Enhance Human Resource productivity.
- Strengthen Operational Risk management and control.

The size of a bank's capital is directly linked to market share as banks with larger balance sheets have larger single obligor limits and therefore undertake larger transactions. Many banks are currently in the process of increasing their capital to enable them to increase market share and compete for larger transactions.

ADB as part of its 3 year strategy would embark on a capital raising exercise to increase its capital to enable it to compete and become one of the top tier performing banks in Ghana. The increased capital base will also enable us expand branch network and make banking products accessible to more Ghanaians and ultimately increase our market share.

5.0 OUTLOOK FOR 2014

Looking ahead, global growth is projected to increase during 2014. However, the Ghanaian economy faces challenges like high inflation rate, depreciation of the Cedi against the major currencies and high interest cost of borrowing. It is hoped that the new monetary policies by Bank of Ghana and fiscal policies implemented by Government will better position the economy in the coming year. The bank will continue to focus on its strategic objectives to endeavour to deliver higher returns.

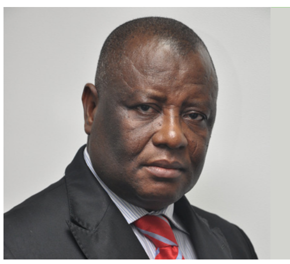
6.0 CONCLUSION

I take this opportunity on behalf of the Board to congratulate our shareholders and customers for their continued support over the years. I also congratulate my colleagues on the Board, Management and staff of our bank for their hard work and commitment to duty and pray for a successful year 2014.

(Nana Soglo Alloh IV)
Chairman

Executive Management

Stephen Kpordzih
Managing Director



Abdul-Samed Iddrisu
Executive Director

James K. Agbedor
Board Secretary and General Counsel

Akwelley Adoley Bulley
Executive Head - Human Resources

Alfred Neneh A. Akotiah
Executive Head-Retail Banking

Bernard Appiah Gyebi
Executive Head - Credit Risk Management

Edward Ian Armah-Mensah
Executive Head-Corporate Banking

James Baidoo Sagoe
Executive Head-Finance & Planning

John K. M. Zigah
Ag. Treasurer

Joseph Andy Annan
Executive Head - Operations

Joseph Patterson
Executive Head - Business Solutions

Robert Karikari Darko
Executive Head-SME Banking

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. He was one-time lecturer in Finance and 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.

Abdul-Samed Iddrisu - Executive Director
Mr. Iddrisu holds a Bachelor of Science Degree in Computer Science from the University of Science and Technology. He joined ADB in 2010 as the Executive Head-Transaction Banking & Technology, later changed to Business Solutions. 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 was appointed Executive Director on 2nd August 2013.

Akwelley Adoley Bulley – Executive 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 the University of Ghana.

Alfred Neneh A. Akotiah – Executive Head-Retail Banking
Alfred joined ADB in July 2013 as Executive Head-Retail Banking. He holds an Executive Masters in Business Admin (Marketing) from the University of Ghana Business School. An Associate of both the Chartered Institute of Bankers (UK) and Chartered Institute of Bankers (Ghana), with over 30 years of banking experience, Alfred started his banking career at Barclays Bank Ghana Limited in 1982 and rose through the ranks to Head-Credit Operations (Retail). In 2009 he moved to the then SG-SSB Ltd. as Head – Retail Business Development, Sales & Service and subsequently Head – Retail Banking Division. Alfred later joined CAL Bank Ltd. in June 2012 as Head – Retail & Business Banking.

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.

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.

James K. Agbedor -- General Counsel and Board Secretary
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.

John K.M Zigah – Ag. Treasurer
Mr. Zigah has over 12 years' experience in Banking. He Joined ADB in 2010 as Manager in charge of Asset and Liability Management in the Treasury department. Prior to joining ADB, he worked at CAL Bank as deputy head of Risk Management in charge of Market and liquidity Risks and also held various roles in credit risk management. Prior to working at CAL Bank, he worked at Stanbic Bank where he held various roles in the Treasury, Finance and Trade services Departments of Stanbic Bank. He holds an MBA Finance from University of Hull in the UK, and Bachelor of Science in Business Administration from the University of Ghana. He is a chartered Accountant (ACCA) and Banker (ACIB- GH).

Joseph Andy Annan – Executive Head-Operations
Mr. Annan holds Executive Masters in Business Administration (Finance Option) from the University of Ghana Business School. He is also a Chartered Banker of The Chartered Institute of Bankers, Ghana. He joined ADB in 2011 as the Head-Foreign Operations and later with additional responsibility for Treasury. He was appointed Executive Head-Operations in January 2014. He had previously worked in various capacities at Barclays Bank Ghana Limited.

Joseph Patterson – Executive Head-Business Solutions
Mr. Patterson holds BSc Computer Science from the Kwame Nkrumah University of Science & Technology (KNUST). He was previously Senior Technical Consultant at Compu-Data Services Ltd. where he was in charge of Banking Projects. He implemented Core Banking Applications (Flexcube UBS Implementations) within West Africa, including Trust Bank Gambia, Fidelity Bank Ghana, Ecobank Ghana and Inter Continental Bank, Nigeria. He also worked with Unilever and the then SG-SSB.

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 this , he had held various positions in Credit Risk Management and Relationship Management with Stanbic Bank and Cal Bank.

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.

Review of Operations By Managing Director

Introduction

I am honoured to present to you the Bank's operational activities and performance for the year ended 2013. The Bank was confronted with a lot of challenges as competition in the banking industry became keener. However, with determination and hard work on the part of directors, management and staff, the Bank performed remarkably well.

Business Growth

Total assets grew by 12.3 percent from GH¢ 1,444.2 million in 2012 to GH¢ 1,621.8 million during the period under review. This was mainly on account of increases in loans and advances and cash equivalents. The net total loans and advances (net) went up by 18.2 percent from GH¢ 773.7 million to GH¢ 914.4 million. This constituted 56.4 percent of the total assets. Total deposits as well grew by 10.0 percent from GH¢ 956.0million to GH¢ 1,061.1 million over the review period. This constituted 65.4 percent of total liabilities and shareholders' funds. Finally, Shareholders' funds also went up by 42.49 percent from GH¢ 197.2 million at the year-end 2012 to GH¢ 280.9 million at year end 2013

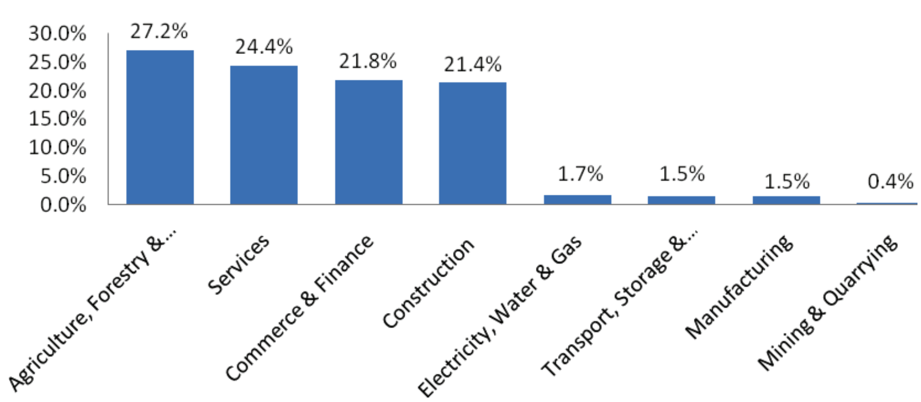
Branch Network

During the year, no new branch was opened. We concentrated on the existing branches to enable the Bank to consolidate the massive expansion undertaken in prior years. We refurbished some branches like Obuasi, Cape Coast, Bonsu Nkwanta and Juapong to reposition those branches to serve the Bank's customers better.

Funding for Agriculture and Allied Sectors

Credit to the agriculture and allied sectors which amounted to GH¢ 264.2 million represented 27.19 percent of the total credit portfolio as at the end of 2013 as against the GH¢ 235.5 million or 28.97 percent share recorded in December 2012.This marked an increase of GH¢ 28.7 million or 12.2 percent over the December 2012 position.

The graph below shows a pictorial view of the sectoral analysis of the Bank's credit portfolio at the end of December 2013.



Profit Performance

Profit after Tax improved significantly from GH¢26.7 million at the end of December 2012 to GH¢80.6 million at the end of December 2013. This represented an increase of over 200 percent above the

Review Of Operations By Managing Director (Cont'd)

2012 performance. This translated into Return on Assets and Return on Equity ratios of 5.26 percent and 33.72 percent compared to the 2.01percent and 14.0 percent respectively recorded in 2012.

Strategic Plan 2013-2015

The Bank began the roll out of its 2013-2015 three year strategic plan. This plan sought to re-define the Bank's business model to ensure sustainable growth and profitability. In line with this, the Bank re-engineered its business processes and workflow to improve performance. Again, the Bank established a Pension Fund Custodian Services to enhance deposit mobilization. In addition, products such as the Personal Investment Plus and Business and institutional Investment Plus were repackaged to meet customer needs. In addition, all existing Electronic – Banking products were enhanced. There was a significant improvement in staff conditions of service. Staff members were also re-oriented to optimize the automation process and to ensure efficient use of the Upgraded IT infrastructure to improve productivity. The Bank received several awards in 2013. Notable among them are detailed below:

1. Best Bank – Medium Term Loan Financing, (Ghana Banking Awards, 2013)
2. Best Bank - Corporate Social Responsibility (Ghana Banking Awards, 2013)
3. Best Bank – Agricultural Financing (Ghana Banking Awards, 2013)
4. Achievements 2013 (European Business Assembly, Oxford 2013)
5. Intercontinental Finance Magazine (2012) - Most Competitively Priced Bank of the year

Corporate Social Responsibility

The Bank continued its Corporate Social Responsibility engagements and spent a total of GH¢453,623. Though this marked a decline in the 2012 amount of GH¢ 680,814, the flagship sponsorship for the National Best Farmer Award Project was maintained with an estimated amount of GH¢216,160 (USD100, 000) for the 2013 National Best Farmer.

Outlook for Year 2014

We expect 2014 to be an even more challenging year than 2013 as the Government puts in new monetary policies and fiscal measures to ensure economic stability. There are signals that competition in the banking industry will be at an even higher level. We would, therefore, implement key strategic interventions to enable the Bank build upon the successes it has achieved in these recent years. In response to that, Management has decided to replace the 2013 – 2015 strategic plan with a new three-year plan starting from 2014 to 2016. The new plan is designed to consolidate the risk-base sustainable growth and competitiveness of the Bank and reposition it to be among the top-tier performing banks in the country. The new plan requires the injection of additional capital into the business, improved efforts in deposit mobilization and strong efforts at recovery of bad debts.

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

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 2013.

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 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) 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 to continue as going concern and have no reason to believe it will not be a going concern in the year ahead.

The Directors consider the state of the Bank'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 generally within the limits permitted by its regulations.

DIRECTORS

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

ASSOCIATES

The Bank holds significant interest in the following companies:

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

SUBSIDIARY

The Bank's wholly owned subsidiary, ADB Properties Limited was liquidated during the year.

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:

		2013 GH¢'000		2012 GH¢'000
Profit after NFSL (attributable to equity holders)		**80,629**		26,696
to which is added the balance brought forward on Retained Earnings account		**17,534**		3,986
		98,163		30,682
out of which is transferred to the Statutory Reserve fund in accordance with Section 29 of the Banking Act an amount of	**(20,157)**		(6,674)	
transfers into Credit Risk Reserve of	**(29,409)**		(6,474)	
Other movements:				
Dividend	**(3,635)**		-	
		(53,201)		(13,148)
leaving a balance to be carried forward of		**44,962**		**17,534**

In accordance with section 29(c) of the Banking Act, 2004 (Act 673) as amended, an amount of GH¢20,157,163 (2012: GH¢ 6,673,952) was transferred to the Statutory Reserve Fund from the Retained Earnings account bringing the cumulative balance on the Statutory Reserve fund at the year end to GH¢ 78,907,520 (2012: GH¢ 58,750,358).

SHAREHOLDING

The Bank has two shareholders namely: Government of Ghana – 52% and Financial Investment Trust -48%.

APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements of the Bank were approved by the Board of Directors on 25th March, 2014 and signed on their behalf by:

CHAIRMAN

MANAGING DIRECTOR

DIRECTOR

EXECUTIVE HEAD-FINANCE& PLANNING

SECRETARY

Corporate Governance

Commitment to Corporate Governance

The key guiding principles of the Bank'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 Bank, or who are not affiliated with organizations with significant financial dealings with the Bank.

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 2013, the Board of Directors of Agricultural Development Bank consisted of eight (8) members made up of a Non-executive Chairman, 5 (five) Non-executive Directors, and two (2) Executive Directors. 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 Bank'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, and Remunerations Committees.

Governance and Risk Management Committee

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

Corporate Governance (Cont'd)

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 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.

Remunerations Committee

Corporate Governance (Cont'd)

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 financial statements of Agricultural Development Bank which comprise the statements of financial position as at 31 December, 2013, 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 12 to 74.

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 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) 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 control 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 control. 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 financial statements give a true and fair view of the financial position of Agricultural Development Bank at 31 December 2013 and its financial performance and cash flows for the year ended then in accordance with International Financial Reporting Standards and in the manner required by 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) 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 Development Bank Act 1965 (Act 286) as amended by the NLCD 182 of 1967 and 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.

The Bank's transactions were within its powers and the Bank generally complied with the relevant provisions of the Banking Act 2004, (Act 673) as amended by the Banking Amendment Act 2007, (Act 738).

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

25th March, 2014

Consolidated Statement of Financial Position

AT 31 DECEMBER 2013

Assets	Note	2013 GH¢'000	2012 GH¢'000
Cash and cash equivalents	16,18	**275,354**	175,509
Investment in Government Securities	17	**271,857**	342,808
Loans and advances to customers	22	**914,350**	773,694
Investment in other securities	19	**53,368**	45,018
Investment in associate companies	20	**640**	640
Investment in subsidiaries	21	**-**	14,493
Property and equipment	25	**29,769**	17,074
Intangible assets	24	**8,211**	8,481
Other assets	23	**68,212**	66,506
Total Assets		**1,621,761**	**1,444,223**
Liabilities			
Customer deposits	26	**1,061,102**	965,018
Borrowed funds	27	**208,914**	214,154
Other liabilities	28	**70,750**	67,852
		1,340,766	**1,247,024**
Capital Resources			
Share capital	29	**75,000**	75,000
Revaluation surplus	30	**1,748**	1,748
Retained earnings	31	**44,962**	17,534
Credit risk reserve	32	**59,982**	30,752
Statutory reserve	33	**78,907**	58,750
Available for sale reserve	34	**20,396**	**13,415**
Shareholders' funds		**280,995**	197,199
Total liabilities and Shareholders' Funds		**1,621,761**	**1,444,223**

These financial statements were approved by the Board of Directors on ...., 2014 and signed on its behalf by:

.... CHAIRMAN

.... MANAGING DIRECTOR

.... DIRECTOR

.... EXECUTIVE HEAD-FINANCE& PLANNING

.... SECRETARY

The notes on pages 25 to 80 form an integral part of these financial statements.

Consolidated Statement of Comprehensive Income

FOR THE YEAR ENDED 31 DECEMBER 2013

	Note	2013 GH¢'000	2012 GH¢'000
Interest income	8	**230,648**	199,456
Interest expense	9	**(55,687)**	(41,166)
Net interest income		**174,961**	158,290
Fees and commission income	10	**47,240**	43,958
Fees and commission expense	10	**(3,320)**	(2,373)
Net fees and commission income		**43,920**	41,585
Net trading income	11	**24,534**	32,511
Other operating income	12	**36,618**	9,179
Net non-interest revenue		**105,072**	83,275
Operating income		**280,033**	241,565
Other Income	20, 25 (ii)	**2,926**	79
Impairment loss on financial assets	22 (c)	**(19,860)**	(26,087)
Impairment loss on investment		**(14,493)**	-
Personnel expenses	14	**(117,793)**	(106,803)
Depreciation and Amortization	24, 25	**(7,409)**	(10,155)
Other operating expenses	13	**(39,476)**	(71,806)
Operating profit		**83,928**	26,793
Share of post-tax loss of Associated Company	20	**-**	(97)
Profit before National Stabilization Levy		**83,928**	26,696
National Fiscal Stabilization Levy	40	**(3,299)**	-
Profit after national stabilization levy		**80,629**	26,696

The notes on pages 25 to 80 form an integral part of these financial statements.

Consolidated Statement of Comprehensive Income

FOR THE YEAR ENDED 31 DECEMBER 2013 (Cont'd)

	Note	2013 GH¢'000	2012 GH¢'000
Profit after national stabilization levy		80,629	26,696
Other comprehensive income			
Items that are or may be reclassified to profit or loss			
Net change in value of available for sale			
Investment securities	19	6,981	(5,110)
Total comprehensive income		87,610	21,586
Profit attributable to:			
Equity holders of the Bank		80,629	26,696
Total comprehensive income attributable to:			
Equity holders of the Bank		87,610	21,586
Earnings per share			
Basic and diluted (in Ghana pesewas)	15	3.225	1.068

The notes on pages 25 to 80 form an integral part of these financial statements.

Consolidated Statement of Changes In Equity

FOR THE YEAR ENDED 31 DECEMBER 2013

	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 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**
At 1 January 2013	75,000	1,748	13,415	17,534	30,752	58,750	**197,199**
Fair value adjustment	-	-	6,981	-	-	-	**6,981**
Release from credit risk reserve	-	-	-	(29,409)	29,409	-	**-**
Dividend	-	-	-	(3,635)	-	-	**(3,635)**
Transfer to statutory reserve	-	-	-	(20,157)	-	20,157	**-**
Release from credit risk reserve (loan write off)	-	-	-	-	(179)	-	**(179)**
Profit for the year	-	-	-	80,629	-	-	**80,629**
Balance at 31 December 2013	**75,000**	**1,748**	**20,396**	**44,962**	**59,982**	**78,907**	**280,995**

Consolidated Statement of Cash Flows

FOR THE YEAR ENDED 31 DECEMBER 2013

	Note	2013 GH¢'000	2012 GH¢'000
Operating activities			
Cash generated from operations	35	**31,830**	76,219
Investing activities			
Purchase of property and equipment	25(i)	**(5,568)**	(5,451)
Proceeds from disposal of property and equipment	25(ii)	**4,162**	182
Acquisition of Intangible assets	24	**(2,537)**	(1,092)
Proceeds from disposal of associated company		**-**	348
Increase in other investment securities		**(8,350)**	(9,119)
Increase in associates		**-**	96
Net cash used in investing activities		**(12,293)**	(15,036)
Financing activities			
(Payments)/Receipts of borrowed funds		**(5,240)**	52,767
Dividend Paid		**(500)**	-
Net cash (used in)/generated from financing Activities		**(5,740)**	52,767
Increase in cash and cash equivalents		**13,797**	113,950
Cash and cash equivalent at 1 January		**285,859**	171,909
Effect of exchange rate fluctuations on cash and cash equivalent		**4,516**	-
Cash and cash equivalents at 31 December	16	**304,172**	285,859

The notes on pages 25 to 80 form an integral part of these financial statements.

Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2013

1. REPORTING ENTITY

Agricultural Development Bank (ADB) is a financial institution incorporated in Ghana. The registered office and address of the Bank is ADB House, 37 Independence Avenue, P.O. Box 4191, Accra. The financial statements of the Bank as at and for the year ended 31 December 2013 are as stated in this report. The Bank is primarily involved in corporate banking, investment banking and retail banking.

2. BASIS OF ACCOUNTING

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS). They were authorised for issue by the board of directors on 25th March, 2014.

Details of the Bank's accounting policies are included in Note 48.

3. FUNCTIONAL AND PRESENTATION CURRENCY

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

4. USE OF JUDGEMENTS AND ESTIMATES

In preparing these financial statements, management has made judgements, estimates and assumptions that affect the application of the Bank's accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

(a) Assumptions and estimation uncertainties

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment in the year ending 31 December 2013 is set out below in relation to the impairment of financial instruments and in the following notes:

Note 6 – determination of fair value of financial instruments with significant unobservable inputs;
Note 36 – recognition and measurement of provisions and contingencies: key assumptions about the likelihood and magnitude of an outflow of resources.

Impairment of financial instruments
Assets accounted for at amortised cost are evaluated for impairment on the basis described in Note 5 (v). The individual component of the total allowance for impairment applies to financial assets evaluated individually for impairment and is based on management's best estimate of the present value of the cash flows that are expected to be received. In estimating these cash flows, management makes judgements about a debtor's financial situation and the net realisable value of any underlying collateral.

Each impaired asset is assessed on its merits, and the workout strategy and estimate of cash flows considered recoverable are independently approved by the Credit Risk function. A collective component of the total allowance is established for groups of homogeneous loans that were not found to be individually impaired (loss 'incurred but not reported').

The collective allowance for groups of homogeneous loans is established using statistical methods such as a formula approach based on historical loss rate experience. Management applies judgement to ensure that the estimate of loss arrived at on the basis of historical information is appropriately adjusted to reflect

Notes to the Consolidated Financial Statements
FOR THE YEAR ENDED 31 DECEMBER 2013

4. USE OF JUDGEMENTS AND ESTIMATES – (CONT'D)

the economic conditions and the industry at the reporting date.

The allowance covers credit losses inherent in portfolios of loans and advances with similar credit risk characteristics when there is objective evidence to suggest that they contain impaired items but the individual impaired items cannot yet be identified.

In assessing the need for collective loss allowance, management considers factors such as credit quality, portfolio size, concentrations and economic factors. To estimate the required allowance, assumptions are made to define how inherent losses are modeled and to determine the required input parameters, based on historical experience and current economic conditions. The accuracy of the allowance depends on the model assumptions and parameters used in determining the collective allowance.

Investments in equity securities are evaluated for impairment on the basis described in Notes 19 and 20. For an investment in an equity security, a significant or prolonged decline in its fair value below its cost is objective evidence of impairment. In this respect, the Bank regards a decline in fair value in excess of 20% to be 'significant' and a decline in a quoted market price that persisted for nine months or longer to be 'prolonged'

In making an assessment of whether an investment in sovereign debt (see Note 22(b)) is impaired, the Bank considers the following factors:

- The market's assessment of creditworthiness as reflected in the bond yields.
- The country's ability to access the capital markets for new debt issuance.
- The probability of debt being restructured, resulting in holders suffering losses through
- voluntary or mandatory debt forgiveness.
- The international support mechanisms in place to provide the necessary support as 'lender
- of last resort' to that country as well as the intention, reflected in public statements,
- about governments' and agencies' willingness to use those mechanisms. This includes an
- assessment of the depth of those mechanisms and, irrespective of the political intent, whether
- there is the capacity to fulfill the required criteria.

5. FINANCIAL RISK REVIEW

This note presents information about the Bank's exposure to financial risks and the Bank's management of capital. For information on the Bank's financial risk management framework, See Note 44.

(a) Credit risk
- i. Analysis of credit quality
- ii. Collateral held and other credit enhancements, and their financial effect
- iii. Offsetting financial assets and financial liabilities
- iv. Concentration of credit risk
- v. Impaired loans and advances

(b) Liquidity risk
(c) Market risk
(d) Capital management

(a) Credit risk
For the definition of credit risk and information on how credit risk is managed by the Bank, See Note 45.

Notes to the Consolidated Financial Statements
FOR THE YEAR ENDED 31 DECEMBER 2013

5. FINANCIAL RISK REVIEW – (CONT'D)

(i) Analysis of credit quality

The tables below set out information about the credit quality of financial assets and the allowance for impairment/loss held by the Bank against those assets.

The internal risk grading scale is as follows:

Bank's Rating Outstanding	Grade Description	Average number of days
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	2013 GH¢'000	2012 GH¢'000
Individually Impaired		
Grade C	13,866	15,917
Grade D	4,302	10,202
Grade E	88,479	61,479
Gross Amount	106,647	87,598
Allowance for Impairment	(50,040)	(32,689)
Carrying Amount	56,607	54,909
Collectively Impaired		
Grade A	715,349	688,711
Grade B	149,510	36,342
Gross Amount	864,859	725,053
Allowance for Impairment	(7,116)	(6,268)
Carrying Amount	**857,743**	718,785
Total carrying amount	**914,350**	773,694

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.

Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2013

5. FINANCIAL RISK REVIEW – (CONT'D)

On- statement of financial position items

Assets		2013 GH¢'000	2012 GH¢'000
a)	**Government securities**	**271,857**	232,458
b)	**Deposits due from financial institutions:**		
	Local	73,257	24,528
	Foreign	59,745	23,036
		133,002	47,564
c)	**Loans and advances to individual customers:**		
	Overdraft	100,905	104,574
	Term loans	328,996	190,697
		429,901	295,271
d)	**Loans to corporate entities:**		
	Overdrafts	107,930	166,904
	Terms loans	433,675	350,476
		541,605	517,380
Gross loans and advances (including suspended interest)		**971,506**	812,651
Off-statement of financial position items:			
Letters of credit		66,709	91,725
Guarantees and indemnities		33,124	90,976
		99,833	182,701

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

Impaired loans

See accounting policy in Note 48 (h) (ii).

The Bank regards a loan and advance as impaired when there is objective evidence that a loss event has occurred since initial recognition and the loss event has an impact on future estimated cash flows from the asset.

A loan that has been renegotiated due to deterioration in the borrower's condition is usually considered to be impaired unless there is evidence that the risk of not receiving contractual cash flows has reduced significantly and there are no other indicators of impairment.

Loans that are subject to a collective provision are not considered impaired.

Impaired loans and advances are graded C to E in the Bank's internal credit risk grading system See Note 5 (a) (i).

Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2013

5. FINANCIAL RISK REVIEW – (CONT'D)

Loans that are past due but not impaired

Loans that are 'past due but not impaired' are those for which 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 or collateral available and/or the stage of collection of amounts owed to the Bank.

Loans with renegotiated terms - See accounting policy in Notes 48 (h).

The contractual terms of a loan may be modified for a number of reasons, including changing market conditions, customer retention and other factors not related to a current or potential credit deterioration of the customer. An existing loan may be derecognised and the renegotiated loan recognised as a new loan at fair value in accordance with the accounting policy set out in Notes 48 (h).

The Bank renegotiates loans to customers in financial difficulties to maximise collection opportunities and minimise the risk of default. Under the Bank's forbearance policy, loan forbearance is granted on a selective basis if the debtor is currently in default on its debt or if there is a high risk of default, there is evidence that the debtor made all reasonable efforts to pay under the original contractual terms and the debtor is expected to be able to meet the revised terms.

The revised terms usually include extending the maturity, changing the timing of interest payments and amending the terms of loan covenants. Both retail and corporate loans are subject to the forbearance policy.

For the purposes of disclosures in these financial statements, 'loans with renegotiated terms' are defined as loans that have been restructured due to a deterioration in the borrower's financial position, for which the Bank has made concessions by agreeing to terms and conditions that are more favourable for the borrower than the Bank had provided initially and that it would not otherwise consider. A loan continues to be presented as part of loans with renegotiated terms until maturity, earlier repayment or until it is written off. Irrespective of whether loans with renegotiated terms have been derecognised or not, they remain disclosed as impaired until there is sufficient evidence to demonstrate a significant reduction in the risk of non-payment of future cash flows and there are no other indicators of impairment.

Loans and advances to customers

	2013 GH¢'000	2012 GH¢'000
Continuing to be impaired after restructuring (included in non-performing loans)	-	-
Non-impaired after restructuring – would otherwise have been impaired	168,260	-

i. Collateral held and other credit enhancements, and their financial effect

The Bank holds collateral and other credit enhancements against certain of its credit exposures. The table below sets out the principal types of collateral held against different types of financial assets.

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

Notes to the Consolidated Financial Statements
FOR THE YEAR ENDED 31 DECEMBER 2013

5. FINANCIAL RISK REVIEW – (CONT'D)

loan 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 2013.

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

Loans and advances to customers

	2013 GH¢'000	2012 GH¢'000
Against individually impaired		
Property	**36,532**	37,205
Against neither past due nor impaired		
Property	**627,273**	755,332
Total	**663,805**	792,537

Loans and advances to customers
The general creditworthiness of a customer tends to be the most relevant indicator of credit quality of a loan extended to it (see Note 4). However, collateral provides additional security and the Bank generally requests that borrowers provide it. The Bank may take collateral in the form of a first charge over real estate, floating charges over all assets and other liens and guarantees.

Because of the Bank's focus on customers' creditworthiness, the Bank does not routinely update the valuation of collateral held against all loans to customers. Valuation of collateral is updated when the credit risk of a loan deteriorates significantly and the loan is monitored more closely. For impaired loans, the Bank obtains appraisals of collateral because the current value of the collateral is an input to the impairment measurement.

Other types of collateral and credit enhancements
In addition to the collateral obtained for loans, the Bank also holds other types of collateral and credit enhancements such as second charges and floating charges for which specific values are not generally available.

Assets obtained by taking possession of collateral.
The Bank had in its possession an amount of GH¢3,594,300 (2012: Nil) representing assets resulting from taking possession of collateral held as security against loans and advances at the reporting date.

(iii) Offsetting financial assets and financial liabilities
The Bank did not hold any financial assets and financial liabilities that are off-set in the statement of financial position at the reporting date.

(iv) Concentrations of credit risk
The Bank monitors concentrations of credit risk by sector. An analysis of concentrations of credit risk from loans and advances, lending commitments, financial guarantees and investment securities is shown below.

Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2013

5. FINANCIAL RISK REVIEW – (CONT'D)

(iv) Concentrations of credit risk – (Cont'

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

Loans and Advances to customers

Carrying amount	2013 GH¢'000	%	2012 GH¢'000	%
Concentration by industry:				
Agriculture	**264,182**	**27**	235,452	29
Manufacturing	**14,707**	**2**	44,334	5
Commerce and Finance	**211,871**	**22**	141,059	17
Transport and Communication	**14,747**	**2**	32,502	4
Mining and Quarrying	**4,232**	**-**	5,146	1
Building and Construction	**207,919**	**21**	42,257	5
Services	**237,011**	**24**	306,103	38
Others	**16,837**	**2**	5,798	1
	971,506	**100**	812,651	100

(v) Impaired loans and advances

For the definition of 'impaired financial asset', See Notes 22.
For details of impairment allowance for loans and advances to customer, See Note 22.
Set out below is an analysis of the gross and net (of allowance for impairment) amounts of individually impaired loans and advances by risk grade.

Loans and Advances to Customers	2013 Gross Amount GH¢'000	2013 Impairment %	2012 Gross Amount GH¢'000	2012 Impairment %
Neither past due nor impaired	**864,860**	**89**	731,162	90
Past due but not impaired	**29,586**	**3**	24,628	3
Impaired	**77,060**	**8**	56,861	7
	971,506	**100**	**812,651**	**100**

Key ratios on loans and advances

Loan loss provision ratio is 10.40% (2012: 7.57%).
Percentage of gross non-performing loans with respect to Bank of Ghana Prudential Norms (specifically impaired) to total gross loans and advances is 12.42% (2012: 10.53%).
Ratio of fifty (50) largest exposure (gross funded and non-funded) to total exposure is 64% (2012: 73%).

Notes to the Consolidated Financial Statements
FOR THE YEAR ENDED 31 DECEMBER 2013

5. FINANCIAL RISK REVIEW – (CONT'D)

(b) Liquidity risk

For the definition of liquidity risk and information on how liquidity risk is managed by the Bank, See Notes: 43.
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' includes cash and cash equivalents and government securities for which there is an active and liquid market less any deposits from banks, 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 Bank manages the liquidity risk based on a different basis not resulting in a significantly different analysis

As at 31 December 2013	Carrying Amount GH¢'000	Up to 1 month GH¢'000	1-3 months GH¢'000	3-12 months GH¢'000	1-5 years GH¢'000	over 5years GH¢'000	Total GH¢'000
Financial liabilities							
Customer deposits	1,061,102	836,203	90,035	134,509	355	-	**1,061,102**
Borrowings	208,914	-	-	42,810	111,396	54,708	**208,914**
Total financial liabilities	1,270,016	836,203	90,035	177,319	111,751	54,708	**1,270,016**
Financial assets							
Cash and cash equivalent	275,354	275,354	-	-	-	-	**275,354**
Investment in Government securities	271,857	19,189	20,665	108,412	123,591	-	**271,857**
Investments in other securities	53,368	-	-	-	53,368	-	**53,368**
Investment in associate companies	640	-	-	-	640	-	**640**
Loans and advances to customers (net)	914,350	259,302	15,729	148,838	221,004	269,477	**914,350**
Total financial assets	1,515,569	553,845	36,394	257,250	398,603	269,477	**1,515,569**
Net Liquidity gap	**245,553**	**(282,358)**	**(53,641)**	**79,931**	**286,852**	**214,769**	**245,553**

Notes to the Consolidated Financial Statements
FOR THE YEAR ENDED 31 DECEMBER 2013

5. FINANCIAL RISK REVIEW – (CONT'D)

As at 31 December 2012	Carrying Amount GH¢'000	Up to 1 month GH¢'000	1-3 months GH¢'000	3-12 months GH¢'000	1-5 years GH¢'000	over 5years GH¢'000	Total GH¢'000
Financial liabilities							
Customer deposits	965,018	219,573	128,024	489,691	127,730	-	**965,018**
Borrowings	214,155	43,885	-	-	170,270	-	**214,155**
Other liabilities	67,852	4,750	15,606	26,462	21,034	-	**67,852**
Total financial liabilities	1,247,025	268,208	143,630	516,153	319,034	-	**1,247,025**
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**
Total financial assets	1,352,162	530,263	82,054	213,441	511,911	14,493	**1,352,162**
Net Liquidity gap	**105,137**	**262,055**	**(61,576)**	**(302,712)**	**192,877**	**14,493**	**105,137**

Notes to the Consolidated Financial Statements
FOR THE YEAR ENDED 31 DECEMBER 2013

5. FINANCIAL RISK REVIEW – (CONT'D)

(c) Market risk

For the definition of market risk and information on the metrics (and their limitations) used by the Bank to manage the market risks of non-trading portfolios, See Note 43. The table below sets out the allocation of assets and liabilities subject to market risk.

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 higher 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.

	Less than 1 month	less than 3 months	less than 6 months	less than 1 year	less than 5years	more than 5 years	Total GH¢'000
Financial assets							
Cash and cash equivalent	275,353	-	-	-	-	-	**275,353**
Government Securities	19,189	20,665	72,800	35,612	123,592	-	**271,858**
Loans and advances to customers (net)	259,302	15,729	25,321	123,518	221,004	269,476	**914,350**
Total financial assets	553,844	36,394	98,121	159,130	344,596	269,476	**1,461,561**
Financial liabilities							
Customer deposits	836,203	90,035	84,543	49,967	354	-	**1,061,102**
Borrowed funds	-	-	42,810	-	166,104	-	**208,914**
Total financial liabilities	836,203	90,035	127,353	49,967	166,458	-	**1,270,016**
Interest rate sensitivity gap	(282,359)	(53,641)	(29,232)	109,163	178,138	269,476	**191,545**
As at 31 December 2012							
Total financial assets	530,263	82,053	103,765	109,675	241,882	224,371	**1,292,009**
Total financial liabilities	906,407	58,860	36,215	6,993	123,530	47,167	**1,179,172**
Interest rate sensitivity gap	(376,144)	23,193	67,550	102,682	118,352	177,204	**112,837**

Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2013

5. FINANCIAL RISK REVIEW – (CONT'D)

Foreign exchange risk

Foreign exchange risk is measured through the income statement. The Bank 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.

The table below summarises the Bank's exposure to foreign currency exchange rate risk at 31 December 2013.

Assets	USD GH¢'000	GBP GH¢'000	EUR GH¢'000	Other GH¢'000	Total GH¢'000
Cash and cash equivalent	32,769	1,437	4,117	1	**38,324**
Loans and advances to customers (net)	60,884	-	10,158	-	**71,042**
Other assets	16	-	2	-	**18**
Total financial assets	93,669	1,437	14,277	1	**109,384**
Liabilities					
Customer deposits	55,619	1,433	3,636	-	**60,688**
Borrowings	35,296	-	10,400	-	**45,696**
Other liabilities	1,820	-	88	-	**1,908**
Total financial liabilities	92,735	1,433	14,124	-	**108,292**
Net on balance sheet position	934	4	153	1	**1,092**
Contingent liabilities	73,109	-	4,644	6,133	**83,886**
As at 31 December 2012					
Total financial assets	223,897	5,527	21,545	126	**251,095**
Total financial liabilities	223,042	4,605	21,485	252	**249,384**
Net on balance sheet position	855	922	60	(126)	**1,711**
Contingent liabilities	102,344	1,189	6,117	6,731	**116,381**

Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2013

5. FINANCIAL RISK REVIEW – (CONT'D)

The following mid inter-bank exchange rates were applied during the year:

	Average rate		Reporting rate	
Cedis	2013	2012	2013	2012
US$ 1	1.9804	1.8354	2.1616	1.8846
GP£ 1	3.1198	2.9172	3.5726	3.0410
€1	2.6549	2.3626	2.9862	2.4848

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.

		2013			2012	
	% Change	Income Statement Impact Strengthening	Income Statement Impact Weakening	% Change	Income Statement Impact Strengthening	Income Statement Impact Weakening
In GH¢						
US$	+ 5%	100,866	(100,866)	+ 5%	80,491	(80,491)
£	+ 5%	756	(756)	+ 5%	140,095	(140,095)
€	+ 5%	22,828	(22,828)	+ 5%	7,523	(7,523)

- **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.

Notes to the Consolidated Financial Statements
FOR THE YEAR ENDED 31 DECEMBER 2013

5. FINANCIAL RISK REVIEW – (CONT'D)

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 2012.

Effects in Cedis	100bp Increase GH¢'000	100bp Decrease GH¢'000
31 December 2013		
Average for the Period	1,750	(1,750)
Maximum for the Period	2,306	(2,306)
Minimum for the Period	557	(557)
31 December 2012		
Average for the Period	1,583	(1,583)
Maximum for the Period	1,995	(1,995)
Minimum for the Period	412	(412)

The Bank'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 Bank 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 Bank's strategies.

Asset-liability risk management activities are conducted in the context of the Bank'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.

(d) 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

Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2013

5. FINANCIAL RISK REVIEW – (CONT'D)

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%

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.

Capital adequacy ratio

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	2013	2012
	GH¢'000	GH¢'000
Ordinary share capital	**75,000**	75,000
Retained earnings	**44,962**	17,534
Statutory reserve	**78,907**	58,750
Regulatory Credit Risk Reserve	**59,983**	30,752
Other regulatory adjustment	**(109,762)**	(80,394)
Total	**149,090**	101,642

Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2013

5. FINANCIAL RISK REVIEW – (CONT'D)

(d) Capital Management – (Cont'd)

Tier 2 Capital	2013 GH¢'000	2012 GH¢'000
Available for sale reserve	**20,395**	13,415
Revaluation reserve	**1,748**	1,748
Total	**22,143**	15,163
Total regulatory capital	**171,233**	116,805
Risk weighted assets		
On-balance sheet items	**994,047**	816,632
Off-balance sheet items	**88,012**	146,429
Total risk weighted assets	**1,082,059**	963,061
Other regulatory adjustments	**232,677**	187,505
Adjusted asset base	**1,314,736**	1,150,566
Capital adequacy	**13.02%**	10.15%

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 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.

Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2013

6 FAIR VALUES OF FINANCIAL INSTRUMENTS

See accounting policy in Notes 40 (h).

The fair values of financial assets and financial liabilities that are traded in active markets are based on quoted market prices or dealer price quotations. For all other financial instruments, the Bank determines fair values using other valuation techniques.
For financial instruments that trade infrequently and have little price transparency, fair value is less objective, and requires varying degrees of judgement depending on liquidity, concentration, uncertainty of market factors, pricing assumptions and other risks affecting the specific instrument.

(a) Valuation models

The Bank measures fair values using the following fair value hierarchy, which reflects the significance of the inputs used in making the measurements.

Level 1: inputs that are quoted market prices (unadjusted) in active markets for identical instruments.

Level 2: inputs other than quoted prices included within Level 1 that are observable either directly (i.e. as prices) or indirectly (i.e. derived from prices). This category includes instruments valued using: quoted market prices in active markets for similar instruments; quoted prices for identical or similar instruments in markets that are considered less than active; or other valuation techniques in which all significant inputs are directly or indirectly observable from market data.

Level 3: inputs that are unobservable. This category includes all instruments for which the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument's valuation. This category includes instruments that are valued based on quoted prices for similar instruments for which significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

Valuation techniques include net present value and discounted cash flow models, comparison with similar instruments for which market observable prices exist and other valuation models. Assumptions and inputs used in valuation techniques include risk-free and benchmark interest rates, credit spreads and other premia used in estimating discount rates and foreign currency exchange rates and expected price volatilities and correlations.

The objective of valuation techniques is to arrive at a fair value measurement that reflects the price that would be received to sell the asset or paid to transfer the liability in an orderly transaction between market participants at the measurement date.

Observable prices or model inputs are usually available in the market for listed debt and equity securities, exchange-traded derivatives and simple over-the-counter derivatives such as interest rate swaps.

Availability of observable market prices and model inputs reduces the need for management judgement and estimation and also reduces the uncertainty associated with determining fair values. Availability of observable market prices and inputs varies depending on the products and markets and is prone to changes based on specific events and general conditions in the financial markets.

Notes to the Consolidated Financial Statements
FOR THE YEAR ENDED 31 DECEMBER 2013

6 FAIR VALUES OF FINANCIAL INSTRUMENTS – (CONT'D)

(b) Financial instruments measured at fair value – fair value hierarchy

The following table analyses financial instruments measured at fair value at the reporting date, by the level in the fair value hierarchy into which the fair value measurement is categorised. The amounts are based on the values recognised in the statement of financial position.

	Level 1 GH¢'000	Level 2 GH¢'000	Level 3 GH¢'000	Total GH¢'000
Investment in Government Securities				
- Available for sale	-	195,514	-	**195,514**
Investments in Other Securities	-	53,368	-	**53,368**
Investments in Associates	-	-	640	**640**
	-	248,882	640	**249,522**

(c) Financial instruments not measured at fair value

The following table sets out the fair values of financial instruments not measured at fair value and analyses them by the level in the fair value hierarchy into which each fair value measurement is categorised.

	Level 1 GH¢'000	Level 2 GH¢'000	Level 3 GH¢'000	Total GH¢'000
Financial Assets				
Cash and cash equivalents	-	-	275,354	**275,354**
Investment in Government Securities- held to maturity	-	76,344	-	**76,344**
Loans and advances to customers (net)	-	-	914,350	**914,350**
	-	76,344	1,189,704	**1,266,048**
Financial Liabilities				
Customer deposits	-	-	1,061,102	**1,061,102**
Borrowed funds	-	-	208,914	**208,914**
	-	-	1,270,016	**1,270,016**

7 SEGMENT REPORTING

The Bank's current operation is not segregated to show divisional performance and as such does not lend itself to segmental reporting; hence management has not provided information on segmental reporting.

Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2013

8 INTEREST INCOME

	2013 GH¢'000	2012 GH¢'000
Loans and advances	**165,086**	150,471
Investment in Government securities	**51,949**	39,122
Inter bank placement	**1,496**	1,356
Leases (including agric inputs)	**12,117**	8,507
	230,648	199,456

9 INTEREST EXPENSE

(a) On deposits:	2013 GH¢'000	2012 GH¢'000
Fixed /Time deposits	**23,803**	18,027
Savings Deposits	**2,230**	1,766
Demand & Call deposits	**11,367**	6,104
	37,400	25,897
(b) On borrowed funds:		
Inter-Bank Borrowing	**12,477**	9,372
Long-Term Borrowings	**5,810**	5,897
	18,287	15,269
	55,687	41,166

10. NET FEE AND COMMISSION INCOME

	2013 GH¢'000	2012 GH¢'000
Fee and commission Income		
Commission on Turnover	**11,587**	10,809
Fees and Charges	**28,074**	23,825
Sale of Cheque Book Charges	**1,358**	1,385
Loan Fee Incomes	**5,434**	6,860
Guarantees Charges & Commission	**787**	1,079
Total Fee and Commission Income	**47,240**	43,958
Fee and commission Expense		
Charges for Services	**(3,320)**	(2,373)
Total Fee and Commission Expense	**(3,320)**	(2,373)
Net Fee and Commission Income	**43,920**	41,585

Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2013

11. NET TRADING INCOME

	2013 GH¢'000	2012 GH¢'000
Foreign Exchange		
- Translation gains less losses	**22,395**	24,533
- Transaction gains less losses	**2,139**	7,978
	24,534	32,511

12. OTHER OPERATING INCOME

	2013 GH¢'000	2012 GH¢'000
Bad debts recovered	**1,667**	2,972
Dividends from investments (i)	**27,198**	1,885
Other income	**7,753**	4,322
	36,618	9,179

i) Included in dividend from investments is GH¢ 25,018 representing dividend on liquidation of ADB properties, the Bank's wholly owned subsidiary during the year.

13. OTHER OPERATING EXPENSES

	2013 GH¢'000	2012 GH¢'000
Directors' emoluments	**1,082**	979
Occupancy Cost	**10,217**	14,606
Auditors Remuneration	**240**	190
Donations and Social Responsibility	**454**	681
Motor Vehicle Running Expenses	**3,409**	8,862
General & Administrative Expenses	**8,150**	22,519
Others	**15,924**	23,969
	39,476	71,806

14. STAFF COSTS

	2013 GH¢'000	2012 GH¢
Salaries and wages	**54,712**	48,021
Pension costs - (Defined contribution scheme to SSNIT)	**6,313**	5,569
Staff Provident Fund (Defined Contribution Scheme)	**7,279**	6,386
Staff loans - market rate charge	**2,370**	7,116
Other staff related costs	**47,119**	39,711
	117,793	106,803

Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2013

FINANCIAL ASSETS AND LIABILITIES

The table below sets out the Bank'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, 2013	Loans and Receivables GH¢'000	Other amortised Available for sale GH¢'000	Total carrying cost GH¢'000	amount GH¢'000	Fair Value GH¢'000
Cash and balances with Central Bank of Ghana	-	-	153,626	153,626	153,626
Investment in Government securities	-	271,858	-	271,858	271,858
Deposits and balances due from banking institutions	-	-	133,002	133,002	133,002
Investment in other Securities	-	53,368	-	53,368	53,368
Loans and advances to customers (net)	914,350	-	-	914,350	914,350
	914,350	325,226	286,628	1,526,204	1,526,204
Customer deposits	-	-	1,061,102	1,061,102	1,061,102
Borrowings	-	-	208,914	208,914	208,914
Other liabilities	-	-	70,225	70,225	70,225
	-	-	1,340,241	1,340,241	1,340,241
December 31, 2012					
Cash and balances with Central Bank of Ghana	-	-	127,944	127,944	127,944
Investment in Government securities	-	342,807	-	342,807	342,807
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	387,825	175,508	1,337,027	1,337,027
Customer deposits	-	-	965,018	965,018	965,018
Borrowings	-	-	214,154	214,154	214,154
Other liabilities	-	-	68,250	68,250	68,250
	-	-	1,247,422	1,247,422	1,247,422

Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2013

15. EARNINGS PER SHARE

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

	2013 GH¢'000	2012 GH¢'000
Earnings (GH¢)	**80,629**	26,696
Earnings attributable to ordinary shareholders	**80,629**	26,696
Number of shares		
Number of ordinary shares	**25,000**	25,000
Earnings per share	**3.225**	1.068
Basic (GH¢)	**3.225**	1.068

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

16. CASH AND CASH EQUIVALENT

	2013 GH¢'000	2012 GH¢'000
Cash on hand	**37,172**	37,735
Balances with Bank of Ghana	**116,454**	90,210
Deposists and balances due from banking institution (Note 18)	**121,728**	47,564
Cash and cash equivalent	**275,354**	175,509
91-Day Treasury Bill	**28,818**	110,350
Cash and cash equivalent in cash flows	**304,172**	285,859

Balances

Included in balances with Bank of Ghana above is an amount of GH¢95,499,200 (2012: GH¢86,851,597) mandatory reserve deposits representing 9% of the Bank's total deposits and is not available for use in the Bank's day-to-day operations and they are not interest bearing.

Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2013

17. INVESTMENT IN GOVERNMENT SECURITIES

Treasury bills	2013 GH¢'000	2012 GH¢'000
91 Day Treasury Bills	28,818	110,350
182 Day Treasury Bills	17,411	35,808
Treasury Notes	30,115	10,000
	76,344	156,158

Government bonds	2013 GH¢'000	2012 GH¢'000
2-5 year fixed rate note	196,883	194,661
Fair value movements	(1,369)	(8,011)
	195,514	186,650
Maturing within 90 days of date of acquisition	28,818	110,350
Maturing between 90 days – 1 year of date of acquisition	47,526	45,808
Maturing within 1-3 years of date of acquisition	195,513	186,650
	271,857	342,808

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 held to maturity and held at amortised cost.

The average interest rate on treasury bills at 31 December 2013 was 19.22% (2012: 18.53%) and the rate for treasury bonds at 31 December 2013 was 16.8% (2012-23.12%)

The 91-day treasury bills of GH¢28,818,000 (2012: GH¢110,350,000) has been classified as cash and cash equivalent under note 16 in line with IAS 1 and IAS 7.

18. DEPOSITS AND BALANCE DUE FROM BANKING INSTITUITIONS

	2013 GH¢'000	2012 GH¢'000
Items in course of collection	14,865	24,529
Nostro account balances	59,745	23,035
Placements with other banks	47,118	-
	121,728	47,564

Notes to the Consolidated Financial Statements
FOR THE YEAR ENDED 31 DECEMBER 2013

19. INVESTMENT SECURITIES: AVAILABLE FOR SALE

	2013 GH¢'000	2012 GH¢'000
At 1 January	45,018	35,899
Additional investments	-	6,218
	45,018	42,117
Fair value adjustments	8,350	2,901
At 31 December	53,368	45,018

20. INVESTMENT IN ASSOCIATES

	2013 GH¢'000	2012 GH¢'000
Carrying amount	640	737
Share of results	-	(97)
At 31 December	640	640

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	-
Global Access Savings & Loans Limited	-	-	-	-
	1,277	(487)		(97)

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:

	2013 GH¢'000	2012 GH¢'000
Proceeds from sale	-	348
Carrying value at disposal	-	333
Profit on disposal	-	15

Notes to the Consolidated Financial Statements

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21. INVESTMENT IN SUBSIDIARIES

	2013		2012	
Country of Incorporation	Amounts Invested GH¢'000	Percentage Interest (%)	Amounts Invested GH¢'000	Percentage Interest (%)
ADB Properties Limited-Ghana	-	-	14,493	100

During the year the subsidiary, ADB Properties was put into liquidation. The assets and liabilities of the company were transferred to the Bank and the cost of investment impaired.

22. LOANS AND ADVANCES TO CUSTOMERS

	2013 GH¢'000	2012 GH¢'000
Overdrafts	**208,835**	235,490
Loans	**711,855**	531,413
Lease receivable	**50,816**	45,748
Gross loans and advances	**971,506**	812,651
Provision for impaired loans and advances		
- Specific	**(50,040)**	(32,689)
- Collective	**(7,116)**	(6,268)
	914 ,350	773,694

The above constitute loans and advances to customers and staff.

Staff loans amounted to GH¢39,315,000 (2012 - GH¢41,682,380)

The investment in lease receivables is analysed as follows:

	2013 GH¢'000	2012 GH¢'000
Less than 1 year	**24,633**	5,475
Between 1 year and 5 years	**26,183**	40,273
	50,816	45,748

The effective interest rate on loans and advances at 31 December 2013 was 23.91% (2011: 21.50%).
Loan loss provision ratio is 10.4% of gross advances (2012: 7.57%).
Gross Non-performing loans ratio per Bank of Ghana requirement is 12.42% (2012: 10.53%).
Fifty (50) largest exposures (gross funded and non-funded) to total exposures is 63.68% (2011: 72.94%).

Notes to the Consolidated Financial Statements
FOR THE YEAR ENDED 31 DECEMBER 2013

22 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

Analysis By maturity	2013 GH¢'000	2012 GH¢'000
Maturing:		
Within one year	422,030	427,858
Between one to five years	295,970	227,983
More than five years	253,506	156,810
	971,506	812,651

b) Impairment of loans and advances

	2013 GH¢'000	2012 GH¢'000
At 1 January	38,957	16,854
Amount written-off	(1,660)	(3,984)
Additional impairment charge during the year	19,860	26,087
At 31 December	57,157	38,957

c) Impairment of loans and advances

Impairment charge	19,860	26,087

23. OTHER ASSETS

	2013 GH¢'000	2012 GH¢'000
Advance payment	229	138
Prepayments	9,740	3,895
Receivables from government	36,897	36,486
Sundry receivables	17,659	22,936
Others	3,687	3,051
	68,212	66,506

Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2013

24. INTANGIBLE ASSETS

	2013 GH¢'000	2012 GH¢'000
Purchased Software		
Cost		
Balance as at 1 January	16,446	15,401
Acquisitions	2,537	851
Reclassification from property and equipment	-	241
Write off	-	(47)
	18,983	16,446
Amortisation		
Balance as at 1 January	7,965	3,427
Charge for the year	2,807	4,585
Write offs	-	(47)
Balance as at 31 December	10,772	7,965
Carrying Amounts	8,211	8,481

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

Notes to the Consolidated Financial Statements
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25. PROPERTY AND EQUIPMENT

	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 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**
Cost/Valuation							
At 1 January 2013	2	18,195	11,495	2,167	1,411	5,735	**39,005**
Additions	1	1,248	462	-	3,700	157	**5,568**
Disposal	(1,724)	(681)	(144)	(219)	-	-	**(2,768)**
Transfers	-	1,101	19	-	(2,596)	54	**(1,422)**
Transfers from ADB Properties	14,699	-		-	-	-	**14,699**
At 31 December 2013	12,978	19,863	11,832	1,948	2,515	5,946	**55,082**

Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2013

25. PROPERTY AND EQUIPMENT – CONT'D

	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 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**
Depreciation							
At 1 January 2013	-	13,220	6,436	920	-	1,355	**21,931**
Charge for the year	486	1,451	1,324	163	-	1,178	**4,602**
Released on Disposal/Revaluation	(488)	(680)	(144)	(219)	-	-	**(1,531)**
Transfers	311	-	-	-	-	-	**311**
At 31 December 2013	309	13,991	7,616	864	-	2,533	**25,313**
Net Book Value							
At 31 December 2012	2	4,975	5,059	1,247	1,411	4,380	**17,074**
At 31 December 2013	12,669	5,872	4,216	1,084	2,515	3,413	**29,769**

Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2013

25. PROPERTY AND EQUIPMENT – CONT'D

(ii) Disposal Schedule

2013

	Land & Building GH¢'000	Computers GH¢'000	Furniture & Equipment GH¢'000	Motor Vehicles GH¢'000	Total GH¢'000
Cost	1,723	680	144	219	2,766
Accumulated depreciation	(488)	(679)	(144)	(219)	(1,530)
Net book value	1,235	1	-	-	1,236
Proceeds	4,025	100	7	30	4,162
Profit	2,790	99	7	30	2,926

2012

	Computers GH¢'000	Furniture & Equipment GH¢'000	Motor Vehicles GH¢'000	Total GH¢'000
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

Notes to the Consolidated Financial Statements

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26. CUSTOMER DEPOSIT

	2013 GH¢'000	2012 GH¢'000
Savings Deposits	**229,660**	214,613
Demand and Call Deposits	**630,774**	561,126
Fixed/Time Deposits	**200,668**	189,279
	1,061,102	965,018

Customer deposits

Maturity analysis of customer deposits	2013 GH¢	2012 GH¢
From Government and parastatals:		
Payable within 90 days	**90,267**	64,401
Payable after 90 days and within one year	**73,734**	25,045
	164,001	89,446
From Private Sector and individuals:		
Payable within 90 days	**539,621**	474,168
Payable after 90 days and within one year	**357,480**	401,404
	897,101	875,572
	1,061,102	965,018

27. BORROWED FUNDS

	2013 GH¢'000	2012 GH¢'000
Central Bank	**522**	631
Government of Ghana	**62,819**	39,931
Overnight Borrowing	**-**	43,885
Financial Institutions	**145,573**	129,707
	208,914	214,154

Central Bank

This facility was granted to the Bank to assist in financing the poor rural entrepreneurs engaged in small scale enterprises. The facility has an interest rate of 1.8% and maturing in 2015.

Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2013

27. BORROWED FUNDS – (CONT'D)

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. Details of these borrowings are shown below:

	2013 GH¢'000	2012 GH¢'000
ADF Projects	**26,558**	22,668
EDAIF	**19,080**	9,109
OVCF	**8,756**	-
AFD/MOFA	**4,065**	4,065
AfDB/KP. IRR. Projects	**470**	470
IFAD	**493**	493
IDA/BADEA	**3,168**	2,897
Small Scale IRR. Development Projects	**229**	229
	62,819	39,931

Financial institutions

Details of the borrowings from financial institutions are shown below:

	2013 GH¢'000	2012 GH¢'000
Citibank	**71,507**	83,995
AFD	**31,056**	17,107
SSNIT	**20,250**	20,850
Databank	**16,030**	5,750
Ghana Reinsurance Company	**5,687**	-
CAL Asset Management	**843**	-
EDC Investment Limited	**-**	2,005
	145,573	129,707

Citibank - 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

AFD - The general purpose of the Credit Facility is to finance long term loans dedicated to the Rubber Outgrower Plantation Programme (ROPP). Average Interest is at a rate of 2.07% maturing in 2027.

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 2013

27. BORROWED FUNDS – (CONT'D)

Databank, Ghana Reinsurance Company Limited, CAL Asset Management and EDC Investment Limited- These borrowings are for liquidity management purposes. Interest rate ranges from 20% to 24% and maturity is usually within one year.

28 INTEREST PAYABLE AND OTHER LIABILITIES

	2013 GH¢'000	2012 GH¢'000
Interest Payable	**5,110**	4,461
Payables	**56,841**	58,914
Accruals	**8,799**	4,875
	70,750	68,250

29. STATED CAPITAL

Stated Capital is made up as follows:	2013 No. of Shares	2013 Proceeds GH¢'000	2012 No. of Shares	2012 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

30. REVALUATION SURPLUS

	2013 GH¢'000	2012 GH¢'000
At 1 January	**1,748**	1,748
At 31 December	**1,748**	1,748

31. RETAINED EARNINGS

	2013 GH¢'000	2012 GH¢'000
At 1 January	**17,534**	3,986
Release from credit risk reserve	**(29,409)**	(6,474)
Dividend Paid	**(3,635)**	-
Transfer to statutory reserve	**(20,157)**	(6,674)
Profit for the year	**80,629**	26,696
	44,962	17,534

Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2013

32. 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.

	2013 GH¢'000	2012 GH¢'000
At 1 January	**30,752**	25,773
Transfer from income surplus	**29,409**	6,474
Release from credit risk (loans written off)	**(179)**	(1,495)
At 31 December	**59,982**	30,752

33. STATUTORY RESERVE

	2013 GH¢'000	2012 GH¢'000
At 1 January	**58,750**	52,076
Transfer from income surplus	**20,157**	6,674
At 31 December	**78,907**	58,750

34. AVAILABLE FOR SALE RESERVE

	2013 GH¢'000	2012 GH¢'000
At 1 January	**13,415**	17,581
Fair value adjustment	**6,981**	(5,110)
Disposal of investment	**-**	944
At 31 December	**20,396**	13,415

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.

ii. Fair value adjustment is made up of:

	2013 GH¢'000	2012 GH¢'000
Government securities	**(1,369)**	(8,011)
Investment securities	**8,350**	2,901
	6,981	(5,110)

Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2013

35. NOTES TO THE STATEMENT OF CASH FLOWS

	2013 GH¢'000	2012 GH¢'000
(a) Reconciliation of profit before taxation to cash generated from operations		
Profit before NFSL	**83,928**	26,696
Adjustments for:		
Unrealised foreign currency gain	**(4,516)**	-
Depreciation and Amortization	**7,409**	10,156
Change in provision	**19,860**	26,087
(Gain)/loss on disposal of property and equipment	**(2,926)**	(64)
Share of Post-tax (Profit)/Loss of Associated Company	**-**	97
(Profit)/Loss from Disposal of Associate Companies	**-**	(15)
(Profit)/Loss from Disposal of Subsidiary	**-**	-
Net Interest (income)/ expense	**(174,961)**	(158,290)
Profit before working capital changes	**(71,206)**	(95,333)
Increase in medium and long term Government Securities	**(10,582)**	(22,915)
Increase in loans & advances	**(140,656)**	(94,947)
Increase in other assets	**(1,706)**	(1,637)
Increase in customer deposits	**96,084**	137,299
Increase in interest payable and other liabilities	**6,040**	21,703
Interest Income received	**185,034**	155,945
Dividend received	**2,180**	1,885
Interest expense paid	**(31,631)**	(25,781)
Taxes paid (NFSL)	**(1,727)**	-
Cash generated from operations	**31,830**	76,219

Analysis of the balances of cash and cash equivalents	2013 GH¢'000	2012 GH¢'00
Cash on hand	**37,172**	37,735
Balances with Bank of Ghana	**116,454**	90,210
Deposits and balances due from other financial institutions	**121,728**	47,564
91-Day treasury bill	**28,818**	110,350
	304,172	285,859

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

Notes to the Consolidated Financial Statements
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36. 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 Bank also holds certain securities in its own name on behalf of customers. The values of these securities are not recognised in the statement of financial position.

Letters of credit commit the Bank 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 Bank 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 2013 in respect of the above amounted to GH¢99.8 million (2012: GH¢182.7 million), as detailed below:

	2013	2012
	GH¢'000	GH¢'00
Letters of Credit	66,709	91,725
Guarantees and Indemnities	33,124	90,976
	99,833	182,701

Capital Expenditure

Capital commitments not provided for in the financial statements as at 31 December 2013 was nil (2012: nil).

Pending Legal Claims

At the year end there were fifty (50) legal cases pending against the bank. Should judgment go in favour of the plaintiffs, likely claims against the bank have been estimated at GH¢ 4,898,860. No provisions have been made in the financial statements in respect of these amounts. (2012: GH¢ 3,684,421)

Funds under Management

Investments and funds being managed by the Bank on behalf of clients amounting to GH¢ 14,023,988 (2012: GH¢ 11,065,053)

Notes to the Consolidated Financial Statements

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37. 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 2013, the following amounts related to transactions with the Government of Ghana

	2013 GH¢'000	2012 GH¢'000
Government Securities	271,858	342,808
Loans and Advances	49,879	41,042
Other Assets	36,897	36,486
Borrowings	62,819	39,931

Associated Company

The Bank provides general banking 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 20.

37. RELATED PARTY TRANSACTIONS – CONT'D

Management compensation

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

	2013 GH¢'000	2012 GH¢'000
Salaries	5,446	4,323
Allowances	5,015	4,268
	10,461	8,591

Notes to the Consolidated Financial Statements

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	2013 GH¢'000	2012 GH¢'000
Directors' remuneration		
Fees for services as directors	1,082	979

Loans

No loan or advance was granted to companies in which Directors have an interest in 2013. (2012: 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 below market loans. 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.

37b. DEFINED CONTRIBUTION PLAN

Contributions to the statutory defined contribution

	2013 GH¢'000	2012 GH¢'000
Pension scheme, the National Social Security Fund	6,313	5,569
Provident Fund	7,279	6,386
	13,592	11,955

Notes to the Consolidated Financial Statements

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38. ASSETS PLEDGED AS SECURITY

i. Pledged Assets

At 31 December 2013 the value of government securities pledged as collateral was GH¢ 20,850,000 (2012: GH¢14,750,000)

ii. Collateral accepted as security for assets

At 31 December 2013 the value of government securities accepted as collateral that the bank is permitted to sell or re-pledge in the event of default was GH¢72,945,000.

These transactions are conducted under terms that are usual and customary to standard lending, and securities borrowings and lending activities.

39. SOCIAL RESPONSIBILITY

Amounts spent on social responsibility amounted to GH¢453,623 (2012: GH¢680,813).

40. NATIONAL FISCAL STABILISATION LEVY

The National Fiscal Stabilisation Levy Act 862, became effective from 12 July 2013. Under the Act, a 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) 10.42% (2012: 10.78%).

(ii) Capital Adequacy Ratio

The capital adequacy ratio at the end of December 2013 was calculated at approximately 13.02% (2012: 10.15%).

42. COMPARATIVE INFORMATION

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

43. 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.

Notes to the Consolidated Financial Statements
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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 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.

43. FINANCIAL RISK MANAGEMENT – (CONT'D)

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

Notes to the Consolidated Financial Statements
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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. 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.

Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2013

43. FINANCIAL RISK MANAGEMENT – (CONT'D)

Liquidity risk

Liquidity risk is the risk that the Bank 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 fulfil 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.

(d) Market risks

'Market risk' is the risk that changes in market prices – such as interest rates, foreign exchange rates and credit spreads (not relating to changes in the obligor's/issuer's credit standing) – will affect the Bank's income or the value of its holdings of financial instruments. The objective of the Bank's market risk management is to manage and control market risk exposures within acceptable parameters to ensure the Bank's solvency while optimising the return on risk.

Management of market risks

The Bank recognizes market risk as the exposure created by potential changes in market prices and rates, such as interest rates, equity prices and foreign exchange rates. The Bank's exposure to market risk arises principally from customer driven transactions.

Overall authority for market risk is vested in the ALCO. The Risk Management unit is responsible for the development of detailed risk management policies (subject to review and approval by ALCO) and for the day-to-day review of their implementation.

Exposure to other market risks – Non-trading portfolios

The principal risk to which non-trading portfolios are exposed is the risk of loss from fluctuations in the future cash flows or fair values of financial instruments because of a change in market interest rates. Interest rate risk is managed principally through monitoring interest rate gaps and by having pre-approved limits for repricing bands. ALCO is the monitoring body for compliance with these limits and is assisted by Central Treasury in its day-to-day monitoring activities.

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.

Notes to the Consolidated Financial Statements
FOR THE YEAR ENDED 31 DECEMBER 2013

43. FINANCIAL RISK MANAGEMENT – (CONT'D)

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.

Operational Risk – Cont'd
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.

Basis of measurement
The financial statements have been prepared on a historical cost basis except for the following material item.

Item	Measurement basis
Available-for-sale financial assets	Fair value

The nature and the effects of the changes are explained below.

(a) Fair value measurement
In accordance with the transitional provisions of IFRS 13, the Bank has applied the new definition of fair value, as set out in Note 40 (vi), prospectively. The change had no significant impact on the measurements of the Bank's assets and liabilities, but the Bank has included new disclosures in the financial statements, which are required under IFRS 13. These new disclosure requirements are not included in the comparative information. However, to the extent that disclosures were required by other standards before the effective date of IFRS 13, the Bank has provided the relevant comparative disclosures under those standards.

(b) Offsetting financial assets and financial liabilities
As a result of the amendments to IFRS 7, the Bank has expanded disclosures about offsetting financial assets and financial liabilities See Notes 40 (h).

(c) Presentation of items of OCI
As a result of the amendments to IAS 1, the Bank has modified the presentation of items of OCI in its

Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2013

statement of profit or loss and OCI, to present items that would be reclassified to profit or loss in the future separately from those that would never be. These changes did not have any impact on the financial statements as the Bank did not have any item in OCI in the past.

44. CHANGES IN ACCOUNTING POLICIES

Except for the changes below, the Bank has consistently applied the accounting policies as set out in Note 40 to all periods presented in these financial statements.

The Bank has adopted the following new standards and amendments to standards, including any consequential amendments to other standards, with a date of initial application of 1 January 2013.

a. IFRS 13 Fair Value Measurement.
b. Disclosures – Offsetting Financial Assets and Financial Liabilities (Amendments to IFRS 7).
c. Presentation of Items of Other Comprehensive Income (Amendments to IAS 1).
d. Recoverable Amount Disclosures for Non-Financial Assets (Amendments to IAS 36) (2013).

45. SUMMARY SIGNIFICANT ACCOUNTING POLICIES

Except for the changes explained in Note 39, the Bank has consistently applied the following accounting policies to all periods presented in these financial statements.

Certain comparative amounts in the statement of profit or loss and OCI have been re-presented as a result of a change in the accounting policy regarding the presentation of items of OCI (See Notes: 39, (c)).

Set out below is an index of the significant accounting policies, the details of which are available on the pages that follow.

{N#} Basis of consolidation
(a) Foreign currency transaction
(b) Interest income and expense
(c) Fee and commission
(d) Net trading income
(e) Dividend income
(f) Leases
(g) Income tax
(h) Financial assets and financial liabilities
(j) Cash and cash equivalents
(l) Loans and advances
(m) Government securities
(n) Property and equipment
(o) Investment property
(p) Intangible assets
(q) Impairment of non-financial assets
(r) Deposits and due to other banks
(s) Provisions
(t) Financial guarantees and loan commitments
(u) Fiduciary activities
(v) Employee benefits
(w) Stated capital and reserves
(x) Earnings per share

Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2013

45. SUMMARY SIGNIFICANT ACCOUNTING POLICIES – CONT'D

(a) Foreign currency transaction

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.

(b) 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 Bank 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.

Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2013

(c) 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 Bank has retained no part of the loan package for itself or retained a part at the same effective interest rate as the other participants.

(d) 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.

(e) Dividend income

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

(f) Leases

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.

(g) Income Tax

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).

(h) Financial assets and financial liabilities

Recognition

The Bank initially recognises loans and advances, deposits, debt securities issued and subordinated liabilities on the date on which they are originated. All other financial instruments including regular-way purchases and sales of financial assets) are recognised on the trade date, which is the date on which the Bank becomes a party to the contractual provisions of the instrument.

A financial asset or financial liability is measured initially at fair value plus, for an item not at fair value through profit or loss, transaction costs that are directly attributable to its acquisition or issue.

(ii) Classification

Financial assets
The Bank classifies its financial assets in the following categories: loans and receivables, held to maturity, available-for-sale or at fair value through profit or loss within the category of held for trading or designated at fair value through profit or loss. Management determines the classification of its financial assets at initial recognition See Notes (i), (j), (l) and (m).

Notes to the Consolidated Financial Statements
FOR THE YEAR ENDED 31 DECEMBER 2013

45. SUMMARY SIGNIFICANT ACCOUNTING POLICIES – CONT'D

Financial liabilities

The Bank classifies its financial liabilities, other than financial guarantees and loan commitments, as measured at amortised cost or fair value through profit or loss See Notes (l), (m), (r) and (t).

(iii) De-recognition

Financial assets

The Bank derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Bank neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

On derecognition of a financial asset, the difference between the carrying amount of the asset (or the carrying amount allocated to the portion of the asset derecognised) and the sum of (i) the consideration received (including any new asset obtained less any new liability assumed) and (ii) any cumulative gain or loss that had been recognised in OCI is recognised in profit or loss. Any interest in transferred financial assets that qualify for derecognition that is created or retained by the Bank is recognised as a separate asset or liability.

Financial liabilities

Financial liabilities are derecognized when contractual obligations are discharged, cancelled or expire.

(iv) Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Bank has a legal right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.
Income and expenses are presented on a net basis only when permitted under IFRS, or for gains and losses arising from a group of similar transactions such as in the Bank's trading activity.

(v) Amortised cost measurement

The 'amortised cost' of a financial asset or financial liability is the amount at which the financial asset or financial liability is measured at initial recognition, minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between the initial amount recognised and the maturity amount, minus any reduction for impairment.

(vi) Fair value measurement
Policy applicable from 1 January 2013

'Fair value' is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Bank has access at that date. The fair value of a liability reflects its non-performance risk.

Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2013

45. SUMMARY SIGNIFICANT ACCOUNTING POLICIES – CONT'D

When available, the Bank measures the fair value of an instrument using the quoted price in an active market for that instrument. A market is regarded as active if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

If there is no quoted price in an active market, then the Bank uses valuation techniques that maximise the use of relevant observable inputs and minimise the use of unobservable inputs. The chosen valuation technique incorporates all of the factors that market participants would take into account in pricing a transaction.

The best evidence of the fair value of a financial instrument at initial recognition is normally the transaction price – i.e. the fair value of the consideration given or received. If the Bank determines that the fair value at initial recognition differs from the transaction price and the fair value is evidenced neither by a quoted price in an active market for an identical asset or liability nor based on a valuation technique that uses only data from observable markets, then the financial instrument is initially measured at fair value, adjusted to defer the difference between the fair value at initial recognition and the transaction price. Subsequently, that difference is recognised in profit or loss on an appropriate basis over the life of the instrument but no later than when the valuation is wholly supported by observable market data or the transaction is closed out. If an asset or a liability measured at fair value has a bid price and an ask price, then the Bank measures assets and long positions at a bid price and liabilities and short positions at an ask price.

Portfolios of financial assets and financial liabilities that are exposed to market risk and credit risk that are managed by the Bank on the basis of the net exposure to either market or credit risk are measured on the basis of a price that would be received to sell a net long position (or paid to transfer a net short position) for a particular risk exposure. Those portfolio-level adjustments are allocated to the individual assets and liabilities on the basis of the relative risk adjustment of each of the individual instruments in the portfolio.

The fair value of a demand deposit is not less than the amount payable on demand, discounted from the first date on which the amount could be required to be paid.

The Bank recognises transfers between levels of the fair value hierarchy as of the end of the reporting period during which the change has occurred.

Policy applicable before 1 January 2013

Fair value' is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction on the measurement date. When available, the Bank measures the fair value of an instrument using quoted prices in an active market for that instrument. A market is regarded as active if quoted prices are readily and regularly available and represent actual and regularly occurring market transactions on an arm's length basis.

If a market for a financial instrument is not active, then the Bank establishes fair value using a valuation technique. The chosen valuation technique makes maximum use of market inputs, relies as little as possible on estimates specific to the Bank, incorporates all factors that market participants would consider in setting a price and is consistent with accepted economic methodologies for pricing financial instruments.

The best evidence of the fair value of a financial instrument at initial recognition is the transaction price – i.e. the fair value of the consideration given or received. However, in some cases the initial estimate of fair value of a financial

Notes to the Consolidated Financial Statements
FOR THE YEAR ENDED 31 DECEMBER 2013

45. SUMMARY SIGNIFICANT ACCOUNTING POLICIES – CONT'D

(vi) Fair value measurement

instrument on initial recognition may be different from its transaction price. If this estimated fair value is evidenced by comparison with other observable current market transactions in the same instrument (without modification or repackaging) or based on a valuation technique whose variables include only data from observable markets, then the difference is recognised in profit or loss on initial recognition of the instrument. In other cases, the fair value at initial recognition is considered to be the transaction price and the difference is not recognised in profit or loss immediately but is recognised over the life of the instrument on an appropriate basis or when the instrument is redeemed, transferred or sold, or the fair value becomes observable.

If an asset or a liability measured at fair value has a bid price and an ask price, then the Bank measures assets and long positions at a bid price and liabilities and short positions at an ask price. Where the Bank has positions with offsetting risks, mid-market prices are used to measure the offsetting risk positions and a bid or ask price adjustment is applied only to the net open position as appropriate.

The fair value of a demand deposit is not less than the amount payable on demand, discounted from the first date on which the amount could be required to be paid.

(vii) Identification and measurement of impairment

At each reporting date, the Bank assesses whether there is objective evidence that financial assets not carried at fair value through profit or loss are impaired. A financial asset or a group of financial assets is impaired when objective evidence demonstrates that a loss event has occurred after the initial recognition of the asset(s) and that the loss event has an impact on the future cash flows of the asset(s) that can be estimated reliably.

Objective evidence that financial assets are impaired includes:
- significant financial difficulty of the borrower or issuer;
- default or delinquency by a borrower;
- the restructuring of a loan or advance by the Bank on terms that the Bank would not consider otherwise;
- indications that a borrower or issuer will enter bankruptcy;
- the disappearance of an active market for a security; or
- 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.

The Bank considers evidence of impairment for loans and advances and held-to-maturity investment securities at both a specific asset and a collective level. All individually significant loans and advances and held-to-maturity investment securities are assessed for specific impairment. Those found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified. Loans and advances and held-to-maturity investment securities that are not individually significant are collectively assessed for impairment by grouping together loans and advances and held-to-maturity investment securities with similar risk characteristics.

In assessing collective impairment, the Bank uses statistical modelling of historical trends of the probability of default, the timing of recoveries and the amount of loss incurred, and makes an adjustment if current economic and credit conditions are such that the actual losses are likely to be greater or lesser than is suggested by historical trends. Default rates, loss rates and the expected timing of future recoveries are regularly benchmarked against actual outcomes to ensure that they remain appropriate.

Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2013

45. SUMMARY SIGNIFICANT ACCOUNTING POLICIES – CONT'D

a. Assets carried at amortised costs

Impairment losses on assets measured at amortised cost are calculated as the difference between the carrying amount and the present value of estimated future cash flows discounted at the asset's original effective interest rate.
If the terms of a financial asset are renegotiated or modified or an existing financial asset is replaced with a new one due to financial difficulties of the borrower, then an assessment is made of whether the financial asset should be derecognised. If the cash flows of the renegotiated asset are substantially different, then the contractual rights to cash flows from the original financial asset are deemed to have expired. In this case, the original financial asset is derecognised and the new financial asset is recognised at fair value.

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.

(i) Cash and cash equivalents

Cash and cash equivalents' include notes and coins on hand, unrestricted balances held with central banks and highly liquid financial assets with original maturities of three months or less from the acquisition date that are subject to an insignificant risk of changes in their fair value, and are used by the Bank in the management of its short-term commitments.
Cash and cash equivalents are carried at amortised cost in the statement of financial position.

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.

(j) Loans and advances

'Loans and advances' are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and that the Bank does not intend to sell immediately or in the near term. Loans and advances to banks are classified as loans and receivables.
Loans and advances to customers include:

- those classified as loans and receivables; and
- those designated as at fair value through profit or loss; and
- finance lease receivables.

Loans and advances are initially measured at fair value plus incremental direct transaction costs, and subsequently measured at their amortised cost using the effective interest method. When the Bank chooses to designate the loans and advances as measured at fair value through profit or loss as described in (i) (vii). they are measured at fair value with face value changes recognised immediately in profit or loss.

Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2013

45. SUMMARY SIGNIFICANT ACCOUNTING POLICIES – CONT'D

Loans and advances also include finance lease receivables in which the Bank is the lessor (See Note: (g)). When the Bank purchases a financial asset and simultaneously enters into an agreement to resell the asset (or a substantially similar asset) at a fixed price on a future date (reverse repo or stock borrowing), the arrangement is accounted for as a loan or advance, and the underlying asset is not recognised in the Bank's financial statements.

(k) Government securities

Investment securities are initially measured at fair value plus incremental direct transaction costs and subsequently accounted for depending on their classification as held to maturity, fair value through profit and loss or available-for-sale.

(l) 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 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	20 %
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.

(m) Intangible assets

Computer software

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 Bank 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.

Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2013

45. SUMMARY SIGNIFICANT ACCOUNTING POLICIES – CONT'D

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.

(n) 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.

(o) Deposits and borrowed funds

Deposits and borrowings from other banks are the Bank's sources of debt funding. The Bank classifies capital instruments as financial liabilities or equity instruments in accordance with the substance of the contractual terms of the instrument.

Deposits and borrowings from other banks are initially measured at fair value plus transaction costs, and subsequently measured at their amortised cost using the effective interest method, except where the Bank chooses to carry the liabilities at fair value through profit or loss.

(p) Provisions

Provisions are recognised when the Bank 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.

(q) Financial guarantee and loan commitments

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.

Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2013

45. SUMMARY SIGNIFICANT ACCOUNTING POLICIES – CONT'D

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.

(r) Fiduciary activities

The Bank acts as trustees and in other fiduciary capacities that result in the holding or placing of assets on behalf of individuals, trusts, retirement benefit plans and other institutions. These assets and income arising thereon are excluded from these financial statements, as they are not assets of the Bank.

(s) Employee benefits

Retirement benefit cost

The Bank contributes to the statutory Social Security & National Insurance Trust (SSNIT). This is a defined contribution scheme registered under the National Social Security Act. The Bank'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 Bank 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 Bank's obligations to staff retirement benefit schemes are charged to the statement of comprehensive income in the year to which they relate.

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.

(t) Stated capital and reserves

(i) Share capital

The Bank classifies capital and equity instruments in accordance with the contractual terms of the instrument. The Bank's share capital is not redeemable by holders in the normal course of business and bears an entitlement to distributions that is non-cumulative and at the discretion of the Directors. Accordingly, they are presented as a component of issued capital within equity.

(ii) Share issue costs

Incremental costs directly attributable to the issue of an equity instrument are deducted from the initial measurement of the equity instruments.

(iii) Dividend on ordinary shares

Dividends on ordinary shares are recognized in the period in which they are approved by the shareholders. Dividend proposed which is yet to be approved by shareholders, is disclosed by way of notes.

Notes to the Consolidated Financial Statements
FOR THE YEAR ENDED 31 DECEMBER 2013

45. SUMMARY SIGNIFICANT ACCOUNTING POLICIES – CONT'D

(iv) Statutory reserves

Statutory reserves are based on the requirements of section 29(i) of the Banking Act. Transfers into statutory reserves are made in accordance with the relationship between the Bank's reserve fund and its paid up capital, which determines the proportion of profits for the period that should be transferred.

(v) Credit risk reserves

This is a reserve created to set aside the excess or shortfalls between amounts recognized as impairment loss on loans and advances based on provisions made for bad and doubtful loans and advances calculated in accordance with IFRS and the Central Bank's prudential guidelines.

(u) Earnings per share

The Bank presents basic earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Bank by the weighted average number of ordinary shares outstanding during the year.

46 NEW STANDARDS AND INTERPRETATIONS NOT EFFECTIVE

At the date of authorization of the financial statements of the Bank for the year ended 31 December 2013, the following Standards and Interpretations were in issue but not yet effective and may have an impact on future financial statements.

Amendment/improvements		Effective date
IFRS 10. IFRS 12 and IAS 27	Amendments to Joint Agreements, Disclosure of Interests in Other Entities and Separate Financial Statements (2011)	Annual periods beginning on or after 1 January 2014
IAS 32	Offsetting Financial Assets and financial Liabilities	Annual periods beginning on or after 1 January 2014
1AS 36	Recoverable amounts disclosure for Non-Financial Assets	Annual periods beginning on or after 1 January 2014
IFRIC 21	Levies	Annual periods beginning on or after 1 January 2014
IAS 39	Novation of Derivatives and Continuation of Hedge Accounting	Annual periods beginning on or after 1 January 2014
IAS 19	Defined Benefit Plans: Employee Contributions	Annual periods beginning on or after 1 January 2015

Notes to the Consolidated Financial Statements
FOR THE YEAR ENDED 31 DECEMBER 2013

46. NEW STANDARDS AND INTERPRETATIONS NOT EFFECTIVE – CONT'D		
	Amendment/improvements	Effective date
IFRS9 (2009)	Financial Instruments 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 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.	To be decided
IFRS9 (2010)	Financial Instruments IFRS 9 (2010) addresses the measurement and classification of financial liabilities and will replace the 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) 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, the 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 Embedded Derivatives.	To be decided

Notes to the Consolidated Financial Statements
FOR THE YEAR ENDED 31 DECEMBER 2013

46 NEW STANDARDS AND INTERPRETATIONS NOT EFFECTIVE – CONT'D

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

The amendments clarify when an entity can offset financial assets and financial liabilities. This amendment will result in the Bank no longer offsetting two of its master netting arrangements. This amendment is effective for annual periods beginning on or after 1 January 2014 with early adoption permitted.

Investment entities (Amendments to IFRS 10, IFRS 12 and IAS 27)

The amendments clarify that 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; the only exception would be subsidiaries that are considered an extension of the investment entity's investment activities. The consolidation exemption is mandatory and not optional.

This amendment will result in the Bank having to account for investments in controlled entities, as well as investments in associates and joint ventures, at fair value through profit or loss. This amendment is effective for annual periods beginning on or after 1 January 2014 with early adoption permitted.

Recoverable Amount Disclosures for Non-Financial Assets (Amendments to IAS 36)

The amendments reverse the unintended requirement in IFRS 13 Fair Value Measurement to disclose the recoverable amount of every cash-generating unit to which significant goodwill or indefinite-lived intangible assets have been allocated. Under the amendments, the recoverable amount is required to be disclosed only when an impairment loss has been recognised or reversed.

The amendments apply retrospectively for annual periods beginning on or after 1 January 2014 with early adoption permitted.

IFRIC 21 Levies

Levies have become more common in recent years, with governments in a number of jurisdictions introducing levies to raise additional income. Current practice on how to account for these levies is mixed. IFRIC 21 provides guidance on accounting for levies in accordance with IAS 37 Provisions, Contingent Liabilities and Assets. The Interpretation is effective for annual periods commencing on or after 1 January 2014 with retrospective application.

Novation of Derivatives and Continuation of Hedge Accounting (Amendments to IAS 39)

IAS 39 Financial Instruments: Recognition and Measurement requires an entity to discontinue hedge accounting if the derivative hedging instrument is novated to a clearing counterparty, unless the hedging instrument is being replaced as part of the entity's original documented hedging strategy.

The amendments add a limited exception to IAS 39, to provide relief from discounting an existing hedging relationship, when a novation was not contemplated in the original hedging documentation meets specific criteria. The Bank has several hedging instruments that have will be novated to a new clearing counterparty as a result of law. This amendment will result in the Bank being able to continue hedge accounting with these hedging instruments, where previously it was required to discontinue hedge accounting. The amendments apply retrospectively for annual periods beginning on or after 1 January 2014 with early adoption permitted.

Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2013

46. NEW STANDARDS AND INTERPRETATIONS NOT EFFECTIVE – CONT'D

Defined Benefit Plans: Employee Contributions (Amendments to IAS 19)

The amendments introduce relief that will reduce the complexity and burden of accounting for certain contributions from employees or third parties. Such contributions are eligible for practical expedient if they are:

- set out in the formal terms of the plan;
- linked to service; and
- independent of the number of years of service.

When contributions are eligible for the practical expedient, a company is permitted (but not required) to recognise them as a reduction of the service cost in the period in which the related service is rendered. The Bank has a defined benefit plan that requires employees to contribute to the plan, if the Bank chooses to apply this amendment the Bank will recognise the contributions as reduction of the service costs in the period in which the related service is rendered. The amendments apply retrospectively for annual periods beginning on or after 1 January 2015 with early adoption permitted.

IFRS 9 Financial Instruments

IFRS 9 (2009) introduces new requirements for the classification and measurement of financial assets. Under IFRS 9 (2009), financial assets are classified and measured based on the business model in which they are held and the characteristics of their contractual cash flows. IFRS 9 (2010) introduces additions relating to financial liabilities. The IASB currently has an active project to make limited amendments to the classification and measurement requirements of IFRS 9 and add new requirements to address the impairment of financial assets and hedge accounting.

The effective date of IFRS 9 was 1 January 2015. The effective date has been postponed and a new date is yet to be specified. The company will adopt the standard in the first annual period beginning on or after the mandatory effective date (once specified). The impact of the adoption of IFRS 9 has not yet been estimated as the standard is still being revised and impairment and macro-hedge accounting guidance is still outstanding.

The Bank will assess the impact once the standard has been finalised and the effective date is known.

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 – South-East Zone
P. O. Box 4191, Accra
Tel: 030 – 2220993, 2230440, 2230439
Fax: 030 - 2220993

Retail Performance Monitoring – South-West Zone
P. O. Box 4191, Accra
Tel: 028-9335915, 028-9335916

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. **Ejisu Branch**
P. O. Box 8494, Kumasi
Tel: 028-9335917, 028-9335918, 028-9335919

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

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

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

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

ADB Branch Network - (Cont)

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

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

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

Brong-Ahafo Region

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

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

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

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

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

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

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

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

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

Central Region

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

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

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

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

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

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

Eastern Region

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

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

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

ADB Branch Network - (Cont)

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

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

Greater-Accra Region

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

ADB Branch Network - (Cont)

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

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

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

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

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

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

Northern Region

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

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

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

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

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

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

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

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

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

Upper-East Region

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

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

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

Upper-West Region

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

ADB Branch Network - (Cont)

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

Volta Region

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

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

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

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

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

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

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

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

75. Vakpo Agency
c/o P. O. Box 27
Hohoe

Western Region

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

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

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

79. Grel-Apemanim Branch
c/o P. O. Box 600, Takoradi
Tel: 031-2196063, 031-2916061

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

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

82. 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

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Notes


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