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2014 ANNUAL REPORT

& FINANCIAL STATEMENTS

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2014
Annual Report
& FINANCIAL STATEMENTS

Contents

CORPORATE INFORMATION

BOARD OF DIRECTORS	Nana Soglo Alloh IV - Chairman Mr. Stephen Kpordzih - Managing Director Mr. Abdul-Samed Iddrisu - Executive Director Ms. Nancy Ampofo - Non-Executive Director Major M.S. Tara - Non-Executive Director Mr. Maurice Abisa Seidu - Non-Executive Director Mrs. Caroline Otoo - Non-Executive Director Dr. S. K. Dapaah - Non-Executive Director (Deceased 13/06/2014)
BOARD COMMITTEE Audit & Compliance	Nana Soglo Alloh IV - Ag. Chairman Major M.S. Tara - Member Mrs. Caroline Otoo - Member
Governance & Risk Management	Ms. Nancy Ampofo - Chairman Mr. Maurice A. Seidu - Member Mrs. Caroline Otoo - Member
Remunerations	Ms. Nancy Ampofo - Chairman Mrs. Caroline Otoo - Member Major M.S. Tara - Member
COMPANY SECRETARY	Mr. James K. Agbedor ADB House, 37 Independence Avenue, Accra
REGISTERED OFFICE	ADB House, 37 Independence Avenue P. O. Box 4191, Accra
AUDITORS	KPMG Chartered Accountants 13 Yiyiwa Drive, Abelenkpe P. O. Box GP 242 Accra

PROFILE OF BOARD DIRECTORS & SECRETARY



Nana Soglo Alloh IV
Chairman

Nana Soglo Alloh holds an LLB (Hons.) Degree issued by the University of Liverpool, UK. He passed out from the Ghana Law School in 2001 and was subsequently 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. 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.

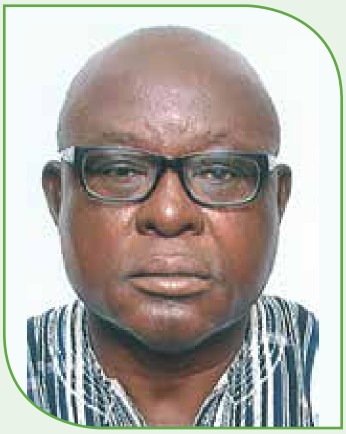
Stephen Kpordzih
Managing Director

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.

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 2009 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.

PROFILE OF BOARD DIRECTORS & SECRETARY



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 was the 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.

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.

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.

PROFILE OF BOARD DIRECTORS & SECRETARY

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.

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

	2014	2013
	GH¢'000	GH¢'000
At 31 December		
Total assets	2,156,740	1,621,761
Loans and advances to customers (net)	1,124,139	914,350
Deposits from customers	1,462,139	1,061,102
Shareholders' funds	343,814	280,995
For the year ended 31 December		
Profit before tax	34,670	83,928
Profit after tax	47,865	80,629
Dividend per share (Ghana cedis)	-	-
Earnings per share (Ghana cedis):		
- Basic	1.915	3.225
- Diluted	1.915	3.225
Return on average equity (%)	15.32	33.72
Return on average assets (%)	2.53	5.26
At 31 December		
Number of staff	1,196	1,244
Number of branches	78	77

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, 2014.

1.0 BACKGROUND ANALYSIS

1.1 Developments in the World Economy

The global economy grew by an estimated figure of 3.3% in 2014 which was the same as 2013 but was below the projected growth rate of 4.1%. The Sub-Saharan African growth declined from 5.2 % in 2013 to 4.8 % in 2014 on account of subdued global demand, soft commodity prices, weak foreign direct investment (FDI) and infrastructure constraints.

The International Monetary Fund (IMF) World Economic Outlook (WEO) January 2015 update has projected global growth to pick up from 3.3% in 2014 to 3.5% in 2015 and further to 3.7% in 2016. The 2015 projection is however lower than the earlier forecast of 3.8% in the October 2014 WEO. The downward revision was due to gains from lower oil prices which more than offset weak non-oil and oil-related investments in major advanced economies.

Crude oil prices (Brent Crude) began the year 2014 at a price of US$ 108.7 per barrel and declined significantly to US$ 62.0 per barrel by year end. The sharp drop in oil prices was attributed to improved supply, especially with increased oil production from the US, against weak demand. Gold prices recorded a steady increase from January 2014 to July 2014 and started falling in August ending the year at US$ 1,201 per ounce compared with US$ 1,222 in 2013. Cocoa prices increased steadily during the first eight months of 2014 from US$ 2,819 in January to US$ 3,270 in August and began to fall in September ending the year at US$ 2,947 per ton compared with US$ 2,825 per ton in 2013.

1.2 Developments in the Domestic Economy

In 2014, the domestic economy witnessed a provisional real GDP growth (including oil) of 4.2 % compared with 7.3% recorded in 2013. The government's fiscal performance showed a provisional budget deficit of GH¢10.1 billion which constituted 8.8 percent of GDP. This was above the 2013 budget deficit of GH¢7.3 billion or 8.4% of GDP. The deficit was financed largely through domestic sources which constituted 37.3% with the remaining 63.7% funding realized from foreign sources.

There was a significant improvement in the country's trade position as the overall balance of payments position improved and showed a deficit of USD85.2 million as against USD 874.2 million recorded in 2013. This was due to a marked improvement in the current account. The current account deficit decreased by US$2.1 billion from a deficit of US$5.7 billion in 2013 to US$3.6 billion in 2014. This represented a drop from 11.9% of GDP in 2013 to 9.2% of GDP in 2014.

The gross external reserves position improved from USD5.2 billion in 2013 to USD5.5 billion at the end of 2014 and increased the threshold of 3 months of import cover to 3.2 months.

Chairman's Statement (cont'd)

The Cedi continued to experience some challenges and ended 2014 with a cumulative depreciation of 31.2% against the US dollar as compared with 14.5% in 2013. This was mainly due to demand pressures from official sources, largely for oil imports, amid inadequate foreign exchange supply on the market.

Inflation rose to a record high of 17% as at December 2014 compared with 13.5% in 2013. The rise in inflation pressures reflected the sharp depreciation of the local currency as well as the pass through effects of fuel and utility price adjustments. The monetary and foreign exchange market developments led to an increased in the Bank of Ghana Policy Rate from 16.0% at the end of 2013 to 18% in February 2014, 19% in July and a further increase to 21.0 % in November which was maintained for the rest of the year.

Interest rates generally trended up on the money market in 2014. The rate of the 91-day T-Bill increased to 25.8% from 19.2% in 2013, 182-day Bill increased to 26.4% from 18.7% in 2013 and the one year note increased to 22.5% from 17% in 2013.

2.0 PERFORMANCE OF THE BANK

The Bank's performance for the period under review was largely influenced by the international and domestic economic developments during the year.

Domestically, 2014 was a challenging year due to weakened macroeconomic conditions which affected the business operating environment. Interest rates remained high throughout the year in response to rising inflation, tighter liquidity conditions and higher than anticipated currency depreciation.

2.1 Financial Performance

The net profit after National Stabilization Levy and Corporate tax for 2014 was GH¢47.9 million which was below GH¢80.6 million recorded in 2013. The bank's performance was severely hampered by Capital adequacy constraints. We conducted a thorough review of the bank's loan portfolio in preparation towards listing on the Ghana Stock Exchange to raise additional capital to expand our operations. The exercise resulted in additional provisions which increased the 2014 provisions charge to GH¢59.1 million compared to GH¢19.8 million in 2013.

2.2 Financial Position

The balance sheet of the Bank showed a significant growth in the financial year 2014. Total assets grew by 33.0 % from GH¢1,621.8 million at the end of 2013 to GH¢2,156.7 million at year end 2014. This was funded mainly from a growth of 37.8% in deposit mobilization from GH¢1,061.1 million in 2013 to ¢1,462.1 million in 2014. Shareholders' funds also went up by 22.4 % from GH¢280.9 million at the end of 2013 to GH¢343.8 million at the end of 2014.

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 and practice. Total credit disbursed for agricultural sector was GH¢391.3 million in 2014 as against GH¢264.2 million recorded in 2013. This means an increase of 48.1% over last year.

3.0 CHANGES IN BOARD AND MANAGEMENT

During the year 2014, Dr. Samuel K. Dapaah, a Non –Executive Director, passed on. He is yet to be replaced. There was no other change to the Board and Management of the bank.

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

Chairman's Statement (cont'd)

4.0 STRATEGIC PLAN 2014 - 2016

The bank completed the first year of its three year Strategic plan which sought to consolidate the bank's risk-based sustainable growth and competitiveness and achieved some successes as outlined in the financial performance. However, the growth was hampered by inadequate capital. The bank has started the process of listing on the Stock Exchange to raise additional capital to expand operations and increase shareholders' worth.

In line with the listing on the Stock Exchange, a new five year strategic plan for 2015-2019 has been prepared to replace the existing 3-year strategic plan. This new plan seeks to harness the successes chalked out of the previous strategies and build on them to create results-oriented themes that would improve and sustain shareholder value over the next five years. The new strategic plan is under the theme "**Achieving sustainable growth through balancing Agri-business financing with commercial orientation**"

5.0 OUTLOOK FOR 2015

The year 2015 marks the first year of the Bank's new 5-year strategic plan which is from 2015-2019. It is evident that 2015 will be a challenging year taking cognisance of the current global and local economic outlook, coupled with the energy crisis that the country is currently facing.

Looking ahead, global growth is projected to increase marginally and domestic growth by 3.9% in 2015. The Bank of Ghana faces the partly contradictory monetary policy challenges of containing inflation while fostering economic growth. The Cedi is expected to be under pressure because of fiscal and current-account deficits. Interest rates are expected to be high throughout 2015. Nevertheless, the execution of the IMF program should help to moderate debt-service costs by providing concessional loans and thereby improving market confidence. Again, the commencement of the gas production will increase the supply of lean gas for better power generation and make savings on crude oil import. The bank is optimistic that with the additional capital being raised and the strategies being adopted, we will improve performance and enhance shareholders' worth.

6.0 CONCLUSION

2015 marks our 50th anniversary as a Bank. We have worked together with you the shareholders, customers and staff to build this esteemed organisation and we look forward to even better performance in the coming years

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 2015.

(Nana Soglo Alloh IV)

Chairman

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 2009 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.

PROFILE OF EXECUTIVE MANAGEMENT (cont'd)

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*

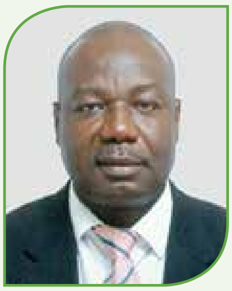
He joined ADB from Merchant Bank Ghana Limited where he was the Corporate Development Analyst and Financial Controller. Earlier at VALCO, he served as Planning & Financial Analyst and Chief Accountant. Mr. Sagoe is a Chartered Accountant and holds an Executive Masters in Business Administration from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

James K. Agbedor *- 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, rising to the position of General Counsel and Secretary to the Board in 2006. He is currently Secretary to the Board.

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.

PROFILE OF EXECUTIVE MANAGEMENT (cont'd)

Robert Karikari Darko *– Executive Head-SME Banking*

He holds an Mphil in Development Economics from the University of Oslo, Norway and is also a 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 Chatered Institute of Bankers (Ghana). She joined ADB in 1993 and has occupied various positions prior to her current appointment.

Mr. Maxwell Amoakohene *– General Counsel*

Mr. Maxwell Amoakohene holds a Bachelor of Arts Degree in Law from the University of Ghana and a Professional Law Certificate from the Ghana School of Law. He further holds a Masters of Business in Administration from the same University with bias for Human Resource Management. He joined the bank in 1994 as a Legal Officer and rose through the ranks to become Principal Counsel of the bank in 2010. He was appointed General Counsel in January, 2015.

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 the 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).

REVIEW OF 2014 OPERATIONS BY MANAGING DIRECTOR

It is my pleasure to present to you the Bank's operational activities and performance for the year ended 2014. The prior year was generally a challenging one for the Ghanaian economy and the banking industry in particular due to the unexpected hike in the depreciation of the local currency, high inflation peaking at 17%, and erratic power supply.

In spite of these challenges, the Board and Management of the bank worked conscientiously to place the bank on a sound footing.

Business Growth

Total assets grew by 33.0% from GH¢1,621.8 million in 2013 to GH¢2,156.7 million in 2014. This was mainly on account of increase in loans and advances, investments and cash equivalents. The net total loans and advances went up by 22.9% from GH¢914 million in 2013 to GH¢1,124.1 million in 2014. This constituted 52.1% of the total assets. Total deposits also grew by 37.8% from GH¢1,061.1 million to GH¢1,462.1 million over the review period. This constituted 67.8% of total liabilities and shareholders' funds. Finally, Shareholders' funds also went up by 22.4% from GH¢280.9 million at the year-end 2013 to GH¢343.9 million at year-end 2014.

Branch Network

During the year, the Tema Meridian branch was opened, increasing the Bank's total branches to seventy eight (78). Refurbishments were also carried out on our Dormaa Ahenkro, Kaneshie Main and Sunyani branches, whereas the Takoradi, Dansoman and Kpeve Branches were remodeled to reposition them and improve services to customers.

Funding for Agriculture and Allied Sectors

Credit to the agriculture and allied sectors amounted to GH¢391.3 million and this represented 32.1% of the total credit portfolio as at the end of 2014 as against the GH¢264.2 million or 27.2% recorded in December 2013. This marked an increase of GH¢127.1million or 48.1% over the December 2013 position.

Profit Performance

Profit after Tax decreased to GH¢47.9 million at the end of December 2014 from GH¢80.6 million at the end of December 2013. The decline in performance is attributed to capital constraints which restricted the Bank's ability to increase its risky assets. In addition, the planned listing of the Bank on the Ghana Stock Exchange required a thorough cleanup of the books which resulted in exceptional write-offs of some suspense accounts. The cleanup of the loan book resulted in an impairment charge of GH¢59.1 million in 2014 compared to GH¢19.8 million in 2013.

This low performance translated into a reduction in Return on Assets and Return on Equity ratios of 2.5% and 15.3% compared to the 5.3% and 28.7% respectively recorded in 2013.

Strategic Plan 2014-2016

The Bank began the roll-out of its 2014-2016 three year strategic plan. The plan sought to consolidate the bank's risk-based sustainable growth and competitiveness. In line with this, the bank rebranded and launched a new logo to give

REVIEW OF 2014 OPERATIONS BY MANAGING DIRECTOR (cont'd)

it a fresh look and improve market visibility. The Bank re-engineered its business processes and workflow to improve performance.

Furthermore, products such as Quic Salary Account, Adwadifo Anidaso, China Union Pay (acquiring), Verified by Visa (VbyV) for secure online transactions and SMS Mobile Banking were introduced. In addition, all existing Electronic-banking products were enhanced and some products repackaged to meet customer expectations. Staff members were trained and re-oriented to optimize the automation process and to ensure efficiency and improved productivity. In August 2014, the bank was incorporated as a limited liability company as part of preparation towards the listing on the Stock Exchange.

The Bank received several awards in 2014. Notable among them are detailed below:

1. International Trophy for Quality, Paris 2014
2. The Diamond Eye Award for Quality Commitment and Excellence, Berlin 2014
3. Millennium Leadership Forum Award for Championing Financial Excellence in Agro Processing Sector – London, March 2014
4. African Agricultural Excellence Award by African Leadership Magazine – Houston 2014
5. International Award for Leadership in Image and Quality, Madrid 2014
6. International Europe Award for Quality, Paris 2014
7. Best Quality Leadership Award, Las Vegas 2014
8. The West African Regional Magazine Award for Banking Excellence in Agricultural Financing, Brussels 2014
9. The New Era Award for Technology, Innovation & Quality, Rome 2014
10. International Award for Business Excellence, Madrid 2014
11. The Bizz 2014 Peak of Success Award
12. International Star for Quality, Business Initiative Directions Diamond Award, Geneva 2014
13. Quality Crown Award, London 2014

Corporate Social Responsibility

The Bank increased its contribution to Corporate Social Responsibility significantly in 2014. The total amount spent was GH¢1,845,484 compared to GH¢453,623 in 2013, representing an increase of over 300% over 2013. The flagship sponsorship for the National Best Farmer Award Project was maintained with an estimated amount of GH¢320,000 (USD100, 000) for the 2014 National Best Farmer. The bank constructed a Police post at Achimota Golf Hills and assisted the Ministry of Local Government and Rural Development in respect of the National Sanitation Day activities.

Outlook for Year 2015

The developments in the domestic economy point to subdued growth conditions in 2015 contrary to earlier projections. The weak demand together with improved supply has resulted in a sharp fall in crude oil prices since mid-2014. The cedi is also expected to be under pressure against the major trading currencies and interest rates are anticipated to be high to control inflation and ensure economic stability. Despite the macroeconomic challenges, the banking sector is expected to remain strong and competition keener in the mist of improved technology.

REVIEW OF 2014 OPERATIONS BY MANAGING DIRECTOR (cont'd)

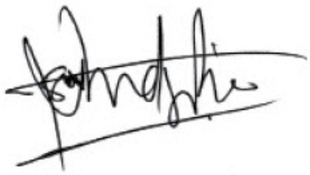
In the light of these challenges, it is anticipated that the policy stance for 2015 will unwind the macroeconomic imbalances to restore investor confidence and regain macroeconomic stability. This is expected to be driven by full implementation of all the fiscal consolidation measures outlined in the 2015 budget, maintaining tight monetary policy stance as well as keeping the foreign exchange market stable.

In 2015, the bank would roll out its new five-year strategic plan (2015-2019), with a theme "Achieving sustainable growth through balancing Agri-business financing with commercial orientation" and also consolidate the gains of our rebranding efforts.

The bank is hopeful that after the successful listing on the Ghana Stock Exchange, we would increase the branch network, upgrade technology, improve service delivery, improve credit monitoring processes and re-orient staff culture to ensure better performance.

Conclusion

I wish to express my appreciation and gratitude to the Board for their relentless efforts in strategically driving the bank forward; to our shareholders for their trust and confidence during the year 2014 and beyond. To our cherished and loyal customers, we say 'thank you' for partnering us to give you value for money through our service delivery. Finally to my management team and staff, I say 'well done'.



STEPHEN KPORDZIH
Managing Director

agricultural development bank
...truly agric and more

REPORT OF THE DIRECTORS

TO THE MEMBERS OF AGRICULTURAL DEVELOPMENT BANK LIMITED

The Directors submit their report together with the financial statements of the Bank for the year ended 31 December 2014.

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 Companies Act of Ghana 1963 (Act 179), 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 to 5. One of the directors, Dr. S. K. Dapaah passed away during the year.

Associates

The Bank holds significant interest in the following companies:

Agricare Limited - Agro Processing

Activity Venture Finance Company Limited - Venture Capital

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:

	2014	2013
	GH¢'000	GH¢'000
Profit after tax (attributable to equity holders)	**47,865**	80,629
to which is added the balance brought forward on retained earnings account	**44,962**	17,534
	92,827	98,163
out of which is transferred to the statutory reserve fund in accordance with Section 29 of the Banking Act an amount of	**(5,984)**	(20,157)
transfers into credit risk reserve of	**(32,551)**	(29,409)
Other movements:		
Dividend	-	(3,635)
	(38,535)	(53,201)
leaving a balance to be carried forward of	**54,292**	**44,962**

REPORT OF THE DIRECTORS (continued)

TO THE MEMBERS OF AGRICULTURAL DEVELOPMENT BANK LIMITED

In accordance with section 29(c) of the Banking Act, 2004 (Act 673) as amended, an amount of GH¢5,983,146 (2013: GH¢ 20,157,163) 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¢ 84,890,667 (2013: GH¢ 78,907,520).

Review Of Exposure Limits

Section 42 of the Banking Act, 2004 (Act 673) as amended by the Banking Amendment Act, 2007 (Act 738) requires that secured and non-secured facilities should not exceed 25% and 10% of the company's net worth respectively. As at 31 December, 2014 one facility had breached the secured prescribed exposure limits.

Review Of Investment In Respect Of Other Institutions

Section 48 of the Banking Act, 2004 (Act 673) as amended by the Banking Amendment Act, 2007 (Act 738) requires a bank not to invest or hold investments in the share capital of a corporate or an institution other than its subsidiaries, the aggregate amount of which exceeds 10% of the net own funds of the bank. The Bank's investment in other institutions amounted to 14.08% of its net funds which is a breach of this regulation.

Shareholding

The Bank has two shareholders namely: Government of Ghana – 51.83% and Financial Investment Trust – 48.17%.

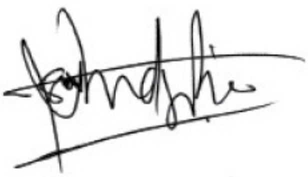
Conversion To Limited Liability Company

The Bank converted to a limited liability company on 19 August, 2014 under the Statutory Corporations (Conversions to Companies) Act 1993 (Act 461) which provides for the conversion of specified statutory corporations into companies limited by shares; to provide for the vesting of assets and liabilities of the statutory corporations in the successor companies; to provide for the holding of shares in the companies and for other related matters. The Bank is no longer governed by the ADB Act, 1964 (Act 286) as amended by the NLCD 182 of 1967.

Approval Of The Financial Statements

The financial statements of the Bank were approved by the Board of Directors on 26th March, 2015 and signed on their behalf by:

CHAIRMAN



MANAGING DIRECTOR

CORPORATE GOVERNANCE

Commitment to Corporate Governance

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

1. Good corporate governance enhances shareholder value
2. The respective roles of shareholders, Board of Directors and management in the governance architecture should be clearly defined
3. 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 at 31 December 2014, the Board of Directors of Agricultural Development Bank Limited consisted of seven (7) members made up of an independent Non-executive Chairman, 4 (four) 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 twelve times during the year.

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

Governance and Risk Management Committee

The role of the committee includes:

1. To review all risks to which the Bank is exposed, assess from time to time their relative importance and evaluate whether the resources and controls designed to manage each risk are proportionate to the quantum of risk involved.
2. To the extent that management accepts residual risk, because the resources required to reduce it further are considered to be disproportionate, the Committee determines whether it is within the parameters set by the Board. The risk parameters set by the Board is generally defined in terms of a proportion of the Bank's capital or profits that may be at risk of loss in the worst case if a risk crystallizes. The Committee takes into account the connectivity of risks.
3. The review of risks with a frequency that it judges to be proportionate to their materiality to the Bank paying particular attention to new risks arising from changes in the Bank's business strategy and those arising from the wider current commercial, economic and political environment. The Committee reviews the comprehensiveness of record of risks from time to time and updates it 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

CORPORATE GOVERNANCE (cont'd)

- 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

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 AUDITORS' REPORT

TO THE MEMBERS OF AGRICULTURAL DEVELOPMENT BANK LIMITED

Report on the Financial Statements

We have audited the accompanying financial statements of Agricultural Development Bank Limited which comprise the statement of financial position as at 31 December, 2014, and statement of profit or loss and other comprehensive income, changes in equity and cash flows 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 82.

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 Companies Act of Ghana 1963 (Act 179), 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.

Auditors' 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 judgment, 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 Limited at 31 December 2014 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 Companies Act of Ghana 1963 (Act 179), and the Banking Act, 2004 (Act 673) as amended by the Banking (Amendment) Act, 2007 (Act 738).

INDEPENDENT AUDITORS' REPORT (continued)

TO THE MEMBERS OF AGRICULTURAL DEVELOPMENT BANK LIMITED

Report on Other Legal and Regulatory Requirements

Compliance with the requirements of Section 133 of the Companies Act of Ghana, 1963 (Act 179), and Section 78 of the Banking Act, 2004 (Act 673) as amended by the Banking Amendment Act 2007 (Act 738)

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

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

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

The Bank's transactions were within its powers and except as indicated in Note 49, 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/2015/038)

CHARTERED ACCOUNTANTS

13 YIYIWA DRIVE, ABELENKPE

P. O. BOX GP 242

ACCRA

26th March, 2015

Statement Of Financial Position

FOR THE YEAR ENDED 31 DECEMBER 2014

	Note	2014 GH¢'000	2013 GH¢'000
Assets			
Cash and cash equivalents	16	462,089	275,354
Derivative assets held for risk management	17	2,220	-
Investment in Government Securities	18	370,458	271,857
Loans and advances to customers	19	1,124,139	914,350
Investment in other securities	20	78,636	53,368
Investment in associate companies	21	539	640
Asset held for sale	22	3,844	-
National Fiscal Stabilization Levy	23	1,872	-
Property and equipment	24	34,862	29,769
Intangible assets	25	7,203	8,211
Deferred tax asset	23	12,994	-
Other assets	26	57,884	68,212
Total Assets		**2,156,740**	**1,621,761**
Liabilities			
Derivative liabilities held for risk management	17	2,142	-
Borrowed funds	27	279,355	208,914
Deposits from customers	28	1,462,139	1,061,102
Corporate Tax Liability	23	1,746	-
National Fiscal Stabilization Levy	23	-	1,572
Other liabilities	29	67,543	69,178
		1,812,925	**1,340,766**
Equity			
Stated capital	30	75,000	75,000
Statutory reserve	31	84,891	78,907
Credit risk reserve	32	92,533	59,982
Available for sale reserve	33	35,351	20,396
Revaluation reserve	34	1,748	1,748
Retained earnings	35	54,292	44,962
Shareholders' funds		343,815	280,995
Total liabilities and Shareholders' Funds		**2,156,740**	**1,621,761**

These financial statements were approved by the Board of Directors on 26th March, 2015 and signed on its behalf by:

....

CHAIRMAN MANAGING DIRECTOR

The notes on pages 28 to 87 form an integral part of these financial statements.

Statement of Profit or Loss and Other Comprehensive Income

FOR THE YEAR ENDED 31 DECEMBER 2014

	Note	2014 GH¢'000	2013 GH¢'000
Interest income	7	308,137	230,648
Interest expense	8	(100,405)	(55,687)
Net interest income		**207,732**	**174,961**
Fees and commission income	9	43,323	47,240
Fees and commission expense	9	(5,118)	(3,320)
Net fees and commission income		38,205	43,920
Net trading income	10	67,221	24,534
Other operating income	11	14,689	36,618
Net non-interest revenue		**120,115**	**105,072**
Revenue		327,847	280,033
Other (Expense)/ Income	24	(2)	2,926
Impairment loss on loans and advances	19	(59,080)	(19,860)
Impairment loss on investment		-	(14,493)
Personnel expenses	12	(130,485)	(117,793)
Depreciation and amortization		(9,503)	(7,409)
	24, 25		
Other operating expenses	13	(94,006)	(39,476)
Operating profit		34,771	83,928
Share of associate loss after tax	21	(101)	-
Profit before Tax		34,670	83,928
Income tax	23	14,929	-
National Fiscal Stabilization Levy	23	(1,734)	(3,299)
Profit after Tax		**47,865**	**80,629**

The notes on pages 28 to 87 form an integral part of these financial statements.

Statement of Profit or Loss and Other Comprehensive Income (cnt'd)

FOR THE YEAR ENDED 31 DECEMBER 2014

	Note	2014 GH¢'000	2013 GH¢'000
Profit after tax		**47,865**	**80,629**
Other comprehensive income			
Items that are or may be reclassified to profit or loss			
Net change in value of available for sale Investment securities	33	26,371	6,981
Deferred tax on equity investment		(11,416)	-
Total comprehensive income		**62,820**	**87,610**
Profit attributable to:			
Equity holders of the Bank		**47,865**	**80,629**
Total comprehensive income attributable to:			
Equity holders of the Bank		**62,820**	**87,610**
Earnings per share			
Basic and diluted (in Ghana pesewas)	15	1.915	3.225

The notes on pages 28 to 87 form an integral part of these financial statements.

Statement Of Changes In Equity

FOR THE YEAR ENDED 31 DECEMBER 2014

	Stated Capital	Statutory Reserve	Regulatory Credit Reserve	Available for Sale Reserve	Revaluation Reserve	Retained Earnings	Total
	GH¢'000	GH¢'000	GH¢'000	GH¢'000	GH¢'000	GH¢'000	GH¢'000
At 1 January 2013	75,000	58,750	30,752	13,415	1,748	17,534	197,199
Total Comprehensive income							
Profit	-	-	-	-	-	80,629	80,629
Other Comprehensive income, net of tax							
Fair value reserve (available-for-sale financial assets):							
Net change in fair value	-	-	-	6,981	-	-	6,981
Total Other Comprehensive income	-	-	-	6,981	-	-	6,981
Transaction with equity holders							
Dividend	-	-	-	-	-	(3,635)	(3,635)
Total contribution to equity holders	-	-	-	-	-	(3,635)	(3,635)
Regulatory and Other reserves							
Transfer to credit risk reserve	-	-	29,409	-	-	(29,409)	-
Transfer to statutory reserve	-	20,157	-	-	-	(20,157)	-
Release from credit risk reserve (loan write off)	-	-	(179)	-	-	-	(179)
Net transfer to reserves	-	20,157	29,230	-	-	(49,566)	(179)
Balance at 31 December 2013	75,000	78,907	59,982	20,396	1,748	44,962	280,995

The notes on pages 28 to 87 form an integral part of these financial statements.

Statement Of Changes In Equity (cnt'd)

FOR THE YEAR ENDED 31 DECEMBER 2014

	Stated Capital	Statutory Reserve	Regulatory Credit Reserve	Available for Sale Reserve	Revaluation Reserve	Retained Earnings	Total
	GH¢'000	GH¢'000	GH¢'000	GH¢'000	GH¢'000	GH¢'000	GH¢'000
At 1 January 2014	75,000	78,907	59,982	20,396	1,748	44,962	280,995
Total Comprehensive income							
Profit	-	-	-	-	-	47,865	47,865
Other Comprehensive income, net of tax							
Fair value reserve (available-for-sale financial assets):							
Net change in fair value	-	-	-	14,955	-	-	14,955
Total Other Comprehensive income	-	-	-	14,955	-	-	14,955
Regulatory and Other reserves							
Transfer to credit risk reserve	-	-	32,551	-	-	(32,551)	-
Transfer to statutory reserve	-	5,984	-	-	-	(5,984)	-
Net transfer to reserves	-	5,984	32,551	-	-	(38,535)	-
Balance at 31 December 2014	75,000	84,891	92,533	35,351	1,748	54,292	343,814

The notes on pages 28 to 87 form an integral part of these financial statements.

Statement Of Cash Flows

FOR THE YEAR ENDED 31 DECEMBER 2014

	Note	2014 GH¢'000	2013 GH¢'000
Operating activities			
Cash generated from operations	36	206,042	31,830
Investing activities			
Purchase of property and equipment	24	(19,572)	(5,568)
Proceeds from disposal of property and equipment	24	84	4,162
Acquisition of Intangible assets	25	(2,002)	(2,537)
Net cash used in investing activities		**(21,490)**	**(12,293)**
Financing activities			
Receipts / (Payments) of borrowed funds		70,440	(5,240)
Dividend Paid		(3,135)	(500)
Net cash generated from / (used in) financing Activities		**67,305**	**(5,740)**
Increase in cash and cash equivalents		251,857	13,797
Cash and cash equivalent at 1 January		304,172	285,859
Effect of exchange rate fluctuations on cash and cash equivalent		(13,218)	4,516
Cash and cash equivalents at 31 December	16	**542,811**	**304,172**

The notes on pages 28 to 87 form an integral part of these financial statements.

Notes to The Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2014

1. REPORTING ENTITY

Agricultural Development Bank Limited (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 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 Bank's board of directors on 26th March, 2015.

Details of the Bank's accounting policies are included in Note 47.

3. FUNCTIONAL AND PRESENTATION CURRENCY

These financial statements are presented in Ghana Cedi, which is the Bank's functional currency. All amounts have been rounded to the nearest thousands, except when otherwise indicated.

4. USE OF JUDGEMENTS AND ESTIMATES

In preparing these financial statements, management has made judgments, 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 ended 31 December 2014 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 35 – recognition of deferred tax assets: availability of future taxable profit against which carry-forward tax losses can be used; and

Note 36 – recognition and measurement of provisions and contingencies: key assumptions about the likelihood and magnitude of an outflow of resources.

i) Impairment of financial instruments

Assets accounted for at amortised cost are evaluated for impairment on the basis described in Note 5 (i).

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 judgments 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.

Notes to The Financial Statements (cnt'd)

FOR THE YEAR ENDED 31 DECEMBER 2014

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

(a) Assumptions and estimation uncertainties (cont'd)

A collective component of the total allowance is established for:

- groups of homogeneous loans that were not considered individually significant; and
- groups of assets that are individually significant but that were not found to be individually impaired (loss "incurred but not reported" or IBNR).

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 judgment to ensure that the estimate of loss arrived at on the basis of historical information is appropriately adjusted to reflect the economic conditions and the industry at the reporting date. The loss rate is regularly benchmarked against actual loss experienced.

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 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.

Notes to The Financial Statements (cont'd)

FOR THE YEAR ENDED 31 DECEMBER 2014

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 5

(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.

Notes to The Financial Statements (cont'd)

FOR THE YEAR ENDED 31 DECEMBER 2014

5. FINANCIAL RISK REVIEW (CONT'D)

	Note	2014 GH¢'000	2013 GH¢'000
Maximum exposure of credit risk			
Loans and Advances to Customers	21		
Carrying Amount			
At amortised cost			
Grade A		858,706	715,349
Grade B		96,770	149,510
Grade C		43,021	13,866
Grade D		127,022	4,303
Grade E		92,167	88,479
Total gross amount		1,217,686	971,507
Allowance for impairment (individual and collective)		(93,547)	(57,157)
Net carrying amount		1,124,139	914,350
Off balance sheet – Maximum exposure			
Lending of credits – Grade A		61,713	66,709
Guarantees and Indemnities – Grade A		98,916	33,124
Total exposure		160,629	99,833
Loans with renegotiated term			
Gross carrying amount		135,200	51,650
Neither past due nor impaired			
Grade A		858,706	715,349
Grade B		96,770	149,510
		955,476	**864,859**

Notes to The Financial Statements (cont'd)

FOR THE YEAR ENDED 31 DECEMBER 2014

5. FINANCIAL RISK REVIEW (CONT'D)

	2014	2013
	GH¢'000	GH¢'000
Allowance for impairment	(6,173)	(7,116)
Carrying Amount	949,303	857,743
Individually impaired		
Grade C	43,021	13,866
Grade D	127,022	4,303
Grade E	92,167	88,479
Gross Amount	262,210	106,648
Allowance for impairment	(87,374)	(50,040)
Carrying Amount	174,836	56,608
Total Carrying Amount	**1,124,139**	**914,351**
Government securities	**370,458**	**271,857**
Deposits due from financial institutions:		
Local	125,902	73,257
Foreign	109,639	59,745
	235,541	**133,002**

See accounting policy in Notes 47 (h) (vii)

The Bank regards a loan and advance as impaired when there is objective evidence that a loss event has accrued 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 a deterioration in the borrower's condition is usually considered to be impaired unless there is evidence that the risk of not receiving contractual cash flow has reduced significantly and there are no other indicators of impairment.

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

Impaired loans and advances are graded 6 to 8 in the Bank's internal credit risk grading system.

See Notes 4.

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 value of security or collateral available and/or the stage of collection of amounts owed to the Bank. The amounts disclosed exclude assets measured at fair value through profit or loss.

Notes to The Financial Statements (cont'd)

FOR THE YEAR ENDED 31 DECEMBER 2014

5. FINANCIAL RISK REVIEW (CONT'D)

Repurchase agreement transactions

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

Impaired loans

See accounting policy in Note 47(h).

The Bank regards a loan and an 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).

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 47 (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 47 (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.

Notes to The Financial Statements (cont'd)

FOR THE YEAR ENDED 31 DECEMBER 2014

5. FINANCIAL RISK REVIEW (CONT'D)

Loans and advances to customers	2014	2013
	GH¢'000	GH¢'000
Continuing to be impaired after restructuring (included in non-performing loans)	117,137	-
Non-impaired after restructuring – would otherwise have been impaired	**16,860**	**168,260**

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

The Bank holds collateral and other credit enhancements against most of its credit exposures. The bank holds collateral against loans and advances to customers in the form of cash, mortgage interests over property, other registered securities over assets, and guarantees. Estimates of fair value are based on the value of collateral assessed at the time of borrowing and generally are not updated except when a loan 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 2014.

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

Loans and advances to customers	2014	2013
	GH¢'000	GH¢'000
Against individually impaired Property	40,870	36,532
Against neither past due nor impaired Property	760,918	627,273
Total	**801,788**	**663,805**

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 5). 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 did not have in its possession assets resulting from taking possession of collateral held as security against loans and advances at the reporting date. (2013: GH¢3,594,300).

Notes to The Financial Statements (cont'd)

FOR THE YEAR ENDED 31 DECEMBER 2014

5. FINANCIAL RISK REVIEW (CONT'D)

(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.

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	2014		2013	
	GH¢'000	%	GH¢'000	%
Carrying amount				
Concentration by industry:				
Agriculture	391,279	32	264,182	27
Manufacturing	21,932	2	14,707	2
Commerce and Finance	189,590	16	211,871	22
Transport and Communication	16,408	1	14,747	2
Mining and Quarrying	6,265	-	4,232	-
Building and Construction	326,862	27	207,919	21
Services	248,083	20	237,011	24
Others	17,267	2	16,837	2
	1,217,686	**100**	**971,506**	**100**

Concentration by product

	2014	2013
	GH¢'000	GH¢'000
a) Loans and advances to individual customers:		
Overdraft	129,756	100,905
Term loans	282,484	328,996
	412,240	429,901
b) Loans to corporate entities:		
Overdrafts	86,597	107,930
Terms loans	658,732	382,859
Lease receivables	60,117	50,816
	805,446	541,605
Gross loans and advances	**1,217,686**	**971,506**

Notes to The Financial Statements (cont'd)

FOR THE YEAR ENDED 31 DECEMBER 2014

5. FINANCIAL RISK REVIEW (CONT'D)

(v) Impaired loans and advances

For details of impairment allowance for loans and advances to customer, See Note 19.

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.

	2014		2013	
	Gross Amount GH¢'000	Impairment %	Gross Amount GH¢'000	Impairment %
Loans and Advances to Customers				
Neither past due nor impaired	955,476	78	864,860	89
Past due but not impaired	156,981	13	29,586	3
Impaired	105,229	9	77,060	8
	1,217,686	**100**	**971,506**	**100**

Key ratios on loans and advances

Loan loss provision ratio is 8.52% (2013: 10.40%).

Percentage of gross non-performing loans with respect to Bank of Ghana Prudential Norms (specifically impaired) to total gross loans and advances is 23.29% (2013: 12.42%).

Ratio of fifty (50) largest exposure (gross funded and non-funded) to total exposure is 58% (2013: 64%).

b) Liquidity risk

For the definition of liquidity risk and information on how liquidity risk is managed by the Bank, See Note: 45.

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

Notes to The Financial Statements (cont'd)

FOR THE YEAR ENDED 31 DECEMBER 2014

5. FINANCIAL RISK REVIEW (CONT'D)

As at 31 December 2014

	Carrying Amount	Gross nominal inflow/ outflow	Up to 1 month	1-3 months	3-6 months	6months -1 year	1 -5 years	over 5 years
	GH¢'000	GH¢'000	GH¢'000	GH¢'000	GH¢'000	GH¢'000	GH¢'000	GH¢'000
Financial liabilities by type								
Non-derivative liabilities								
Deposits from customer	1,462,139	(1,462,139)	(1,192,978)	(208,719)	(44,678)	(11,124)	(56)	(4,585)
Borrowings	279,355	(306,828)	(1,570)	(128)	(12,363)	(120,250)	(86,043)	(86,474)
Total financial liabilities	1,741,494	(1,768,967)	(1,194,548)	(208,847)	(57,041)	(131,374)	(86,099)	(91,059)
Derivative liabilities								
Risk management:								
Outflow	2,142	(2,142)	-	(2,142)	-	-	-	-
	(1,743,636)	(1,771,109)	(1,194,548)	(210,989)	(57,041)	(131,374)	(86,099)	(91,059)
Financial assets by type								
Non-derivative assets								
Cash and cash equivalent	462,089	462,089	462,089	-	-		-	-
Investment in Government securities	370,458	433,559	79,958	89,000	38,788	133,152	92,661	-
Investments in other securities	78,636	82,399	-	-	-	-	82,399	-
Investment in associate companies	539	539	-	-	-	-	539	-
Loans and advances to customers (net)	1,124,139	1,362,011	207,238	29,524	46,973	336,129	421,952	320,195
Assets held for managing liquidity risk	2,035,861	2,340,597	749,285	118,524	85,761	469,281	597,551	320,195

Notes to The Financial Statements (cont'd)

FOR THE YEAR ENDED 31 DECEMBER 2014

5. FINANCIAL RISK REVIEW (CONT'D)

	Carrying Amount	Gross nominal inflow/ outflow	Up to 1 month	1-3 months	3-6 months	6 months - 1 year	1 -5 years	over 5 years
	GH¢'000	GH¢'000	GH¢'000	GH¢'000	GH¢'000	GH¢'000	GH¢'000	GH¢'000
Derivative assets								
Risk management:								
Inflow	2,220	2,220	-	2,220	-	-	-	-
	2,038,081	2,342,817	749,285	120,744	85,761	469,281	597,551	320,195
Net Liquidity gap	294,445	571,708	(445,263)	(90,245)	28,720	337,907	511,452	229,136

As at 31 December 2013

	Carrying Amount	Gross nominal inflow/ outflow	Up to 1 month	1-3 months	3-12 months	1-5 years	over 5years	Total
	GH¢'000	GH¢'000	GH¢'000	GH¢'000	GH¢'000	GH¢'000	GH¢'000	GH¢'000
Financial liabilities by type								
Non-derivative liabilities								
Deposits from customers	1,061,102	(1,061,102)	(836,203)	(90,035)	(134,509)	(355)	-	(1,061,102)
Borrowings	208,914	(208,914)	-	-	(42,810)	(111,396)	(54,708)	(208,914)
Total financial liabilities	1,270,016	(1,270,016)	(836,203)	(90,035)	(177,319)	(111,751)	(54,708)	1,270,016
Financial assets by type								
Non-derivative assets								
Cash and cash equivalents	275,354	275,354	275,354	-	-	-	-	275,354
Investment in Government securities	271,857	271,857	19,189	20,665	108,412	123,591	-	271,857
Investments in other securities	53,368	53,368	-	-	-	53,368	-	53,368
Investment in associate companies	539	539	-	-	-	539	-	539
Loans and advances to customers (net)	914,350	914,350	259,302	15,729	148,838	221,004	269,477	914,350
Assets held for managing liquidity risk	1,515,468	1,515,468	553,845	36,394	257,250	398,502	269,477	1,515,468
Net Liquidity gap	245,452	245,452	(282,358)	(53,641)	(79,931)	286,751	214,769	245,452

Notes to The Financial Statements (cont'd)

FOR THE YEAR ENDED 31 DECEMBER 2014

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 45. 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	462,089	-	-	-	-	-	462,089
Government Securities	79,958	89,000	38,788	70,051	92,662	-	370,459
Loans and advances to customers (net)	207,238	29,524	46,973	98,257	414,186	327,961	1,124,139
Total financial assets	749,285	118,524	85,761	168,308	506,848	327,961	1,956,687
Financial liabilities							
Deposits from customers	1,192,978	208,719	44,678	11,124	56	4,584	1,462,139
Borrowed funds	1,570	128	12,363	92,777	86,043	86,474	279,355
Total financial liabilities	1,194,548	208,847	57,041	103,901	86,099	91,058	1,741,494
Interest rate sensitivity gap	(445,263)	(90,323)	28,720	64,407	420,749	236,903	215,193
As at 31 December 2013							
Total financial assets	553,844	36,394	98,121	159,130	344,598	269,476	1,461,563
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	178,140	269,476	191,547

Notes to The Financial Statements (cont'd)

FOR THE YEAR ENDED 31 DECEMBER 2014

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 2014.

	USD	GBP	EUR	Other	Total
	GH¢'000	GH¢'000	GH¢'000	GH¢'000	GH¢'000
Assets					
Cash and cash equivalent	54,083	1,758	5,240	1	61,082
Loans and advances to customers (net)	20,366	1	12,925	-	33,292
Other assets	45	-	-	-	45
Total financial assets	74,494	1,759	18,165	1	94,419
Liabilities					
Deposits from customers	59,045	1,591	3,062	-	63,698
Borrowings	21,873	-	14,000	-	35,873
Other liabilities	1,038	10	95	-	1,143
Total financial liabilities	81,956	1,601	17,157	-	100,714
Net on balance sheet position	**(7,462)**	**158**	**1,008**	**1**	**(6,295)**
Contingent liabilities	**122,311**	**-**	**6,292**	**552**	**129,155**
As at 31 December 2013					
Total financial assets	93,669	1,437	14,277	1	109,384
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**

Notes to The Financial Statements (cont'd)

FOR THE YEAR ENDED 31 DECEMBER 2014

5. FINANCIAL RISK REVIEW (CONT'D)

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

	Average rate		Reporting rate	
	2014	2013	2014	2013
Cedis				
US$ 1	2.9773	1.9804	3.2001	2.1616
GP£ 1	4.9698	3.1198	4.9892	3.5726
€1	4.0121	2.6549	3.8813	2.9862

Sensitivity Analysis on Currency Risks

The following table shows the effect of the strengthening or weakening of the 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 2014. (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.

	2014			2013		
	% Change	Income Statement Impact Strengthening	Income Statement Impact Weakening	% change	Income Statement Impact Strengthening	Income Statement Impact Weakening
In GH¢						
US$	+5%	1,194,025	(1,194,025)	+ 5%	100,866	(100,866)
£	+5%	(39,402)	39,402	+ 5%	756	(756)
€	+5%	(195,732)	195,732	+ 5%	22,828	(22,828)

- ### 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 Financial Statements (cont'd)

FOR THE YEAR ENDED 31 DECEMBER 2014

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 2014.

Effects in Cedis	100bp Increase GH¢'000	100bp Decrease GH¢'000
31 December 2014		
Average for the Period	2,077	(2,077)
Maximum for the Period	3,081	(3,081)
Minimum for the Period	1,004	(1,004)
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)

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 Financial Statements (cont'd)

FOR THE YEAR ENDED 31 DECEMBER 2014

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 of 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:

	2014	2013
	GH¢'000	GH¢'000
Tier 1 Capital		
Ordinary share capital	75,000	75,000
Retained earnings	54,291	44,962
Statutory reserve	84,891	78,907
Regulatory Credit Risk Reserve	92,533	59,983
Other regulatory adjustment	(171,185)	(109,762)
Total	**135,530**	**149,090**

Notes to The Financial Statements (cont'd)

FOR THE YEAR ENDED 31 DECEMBER 2014

5. FINANCIAL RISK REVIEW (CONT'D)

	2014	2013
	GH¢'000	GH¢'000
Tier 2 Capital		
Available for sale reserve	35,351	20,395
Revaluation reserve	1,747	1,748
Total	**37,098**	**22,143**
Total regulatory capital	172,628	171,232
Risk weighted assets		
On-balance sheet items	1,264,586	994,047
Off-balance sheet items	144,877	88,012
Total risk weighted assets	1,409,463	1,082,059
Other regulatory adjustments	238,211	232,677
Adjusted asset base	1,647,674	1,314,736
Capital adequacy	10.48%	13.02%

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.

6. FAIR VALUES OF FINANCIAL INSTRUMENTS

See accounting policy in Notes 47 (h) (vi).

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 judgment depending on liquidity, concentration, uncertainty of market factors, pricing assumptions and other risks affecting the specific instrument.

Notes to The Financial Statements (cont'd)

FOR THE YEAR ENDED 31 DECEMBER 2014

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

(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.

(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.

2014	Level 1 GH¢'000	Level 2 GH¢'000	Level 3 GH¢'000	Total GH¢'000
Investment in Government Securities				
- Available for sale	-	370,458	-	370,458
Investments in Other Securities	-	78,636	-	78,636
Investments in Associates	-	539	-	539
	-	**449,633**	**-**	**449,633**

Notes to The Financial Statements (cont'd)

FOR THE YEAR ENDED 31 DECEMBER 2014

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

2013

	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.

2014

	Level 1 GH¢'000	Level 2 GH¢'000	Level 3 GH¢'000	Total GH¢'000
Financial Assets				
Cash and cash equivalents	-	-	462,089	462,089
Derivative asset held for risk management	-	2,220	-	2,220
Investment in Government Securities- held to maturity	-	196,940	-	196,940
Loans and advances to customers (net)	-	-	1,124,139	1,124,139
	-	**199,160**	**1,586,228**	**1,785,388**
Financial Liabilities				
Derivative liabilities held for risk management	-	2,142	-	2,142
Deposits from customers	-	-	1,462,139	1,462,139
Borrowed funds	-	-	279,355	279,355
	-	**2,142**	**1,741,494**	**1,743,636**

2013

	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	-	76,343	-	76,343
Loans and advances to customers (net)	-	-	914,350	914,350
	-	**76,343**	**1,189,704**	**1,266,047**
Financial Liabilities				
Customer deposits	-	-	1,061,102	1,061,102
Borrowed funds	-	-	208,914	208,914
	-	**-**	**1,270,016**	**1,270,016**

Notes to The Financial Statements (cont'd)

FOR THE YEAR ENDED 31 DECEMBER 2014

7. INTEREST INCOME

	2014	2013
	GH¢'000	GH¢'000
Loans and advances	224,031	165,086
Investment in Government securities	63,100	51,949
Inter bank placement	7,165	1,496
Leases (including agric inputs)	13,841	12,117
	308,137	**230,648**

8. INTEREST EXPENSE

	2014	2013
	GH¢'000	GH¢'000
(a) On deposits:		
Fixed/time deposits	38,532	23,803
Savings deposits	2,479	2,230
Demand & call deposits	31,921	11,367
	72,932	**37,400**
(b) On borrowed funds:		
Inter-Bank borrowing	2,965	12,477
Long-Term borrowings	24,508	5,810
	27,473	**18,287**
	100,405	**55,687**

9. NET FEE AND COMMISSION INCOME

	2014	2013
	GH¢'000	GH¢'000
Fee and commission Income		
Commission on Turnover	13,434	11,587
Fees and Charges	24,043	28,074
Sale of Cheque Book Charges	1,555	1,358
Loan Fee Incomes	3,052	5,434
Guarantees Charges and Commission	1,239	787
Total Fee and Commission Income	43,323	47,240
Fee and commission Expense		
Cost of Services	(5,118)	(3,320)
Total Fee and Commission Expense	(5,118)	(3,320)
Net Fee and Commission Income	**38,205**	**43,920**

Notes to The Financial Statements (cont'd)

FOR THE YEAR ENDED 31 DECEMBER 2014

10. NET TRADING INCOME

	2014	2013
	GH¢'000	GH¢'000
Foreign Exchange		
- Translation gains less losses	13,687	22,395
- Transaction gains less losses	53,534	2,139
	67,221	**24,534**

11. OTHER OPERATING INCOME

	2014	2013
	GH¢'000	GH¢'000
Bad debts recovered	2,515	1,667
Dividends from investments (i)	2,633	27,198
Other income	9,541	7,753
	14,689	**36,618**

i. Included in dividend from investments for 2013 is GH¢ 25,018 representing dividend on liquidation of ADB properties, the Bank's wholly owned subsidiary in 2013.

12. PERSONNEL EXPENSES

	2014	2013
	GH¢'000	GH¢'000
Salaries and wages	59,010	54,712
Pension costs - (Defined contribution scheme to SSNIT)	6,785	6,313
Staff Provident Fund (Defined Contribution Scheme)	7,826	7,279
Staff loans - market rate charge	8,391	2,370
Other staff related costs	48,473	47,119
	130,485	**117,793**

13. OTHER OPERATING EXPENSES

	2014	2013
	GH¢'000	GH¢'000
Directors' emoluments	1,847	1,082
Occupancy Cost	15,718	10,217
Auditors Remuneration	295	240
Donations and Social Responsibility	1,845	454
Motor Vehicle Running Expenses	4,505	3,409
General and Administrative Expenses	19,747	8,150
Others	50,049	15,924
	94,006	**39,476**

Notes to The Financial Statements (cont'd)

FOR THE YEAR ENDED 31 DECEMBER 2014

14. FINANCIAL ASSETS AND LIABILITIES

The table below provides reconciliation between line items in the statement of financial position and categories of financial instruments.

December 31, 2014	Trading	Loans and Receivables	Available for sale	Other amortised cost	Total carrying amount
	GH¢'000	GH¢'000	GH¢'000	GH¢'000	GH¢'000
Cash and cash equivalents	-	-	-	462,089	469,089
Derivative assets for risk management	2,220	-	-	-	2,220
Investment in Government securities	-	-	370,458	-	370,458
Investment in other Securities	-	-	78,636	-	78,636
Loans and advances to customers (net)	-	1,124,139	-	-	1,124,139
	2.220	**1,124,139**	**449,094**	**462,089**	**2,037,542**
Derivative liabilities held for risk management	2,142	-	-	-	2,142
Deposits from customers	-	-	-	1,462,139	1,462,139
Borrowings	-	-	-	279,354	279,354
Other liabilities	-	-	-	67,543	67,543
	2,142	**-**	**-**	**1,809,036**	**1,811,178**
December 31, 2013					
Cash and cash equivalents	-	-	-	275,354	275,354
Investment in Government securities	-	-	271,857	-	271,857
Investment in other Securities	-	-	53,368	-	53,368
Loans and advances to customers (net)	-	914,350	-	-	914,350
	-	**914,350**	**325,225**	**275,354**	**1,514,929**
Deposits from customers	-	-	-	1,061,102	1,061,102
Borrowings	-	-	-	208,914	208,914
Other liabilities	-	-	-	70,750	70,750
	-	**-**	**-**	**1,340,766**	**1,340,766**

Notes to The Financial Statements (cont'd)

FOR THE YEAR ENDED 31 DECEMBER 2014

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.

	2014	2013
	GH¢'000	GH¢'000
Earnings (GH¢)	47,865	80,629
Earnings attributable to ordinary shareholders	**47,865**	**80,629**
Number of shares		
Number of ordinary shares	**25,000**	**25,000**
Earnings per share	**1.915**	**3.225**
Basic (GH¢)	**1.915**	**3.225**

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

16. CASH AND CASH EQUIVALENTS

	2014	2013
	GH¢'000	GH¢'000
(i) Cash on hand	39,571	37,172
Balances with Bank of Ghana	177,443	116,454
Deposits and balances due from banking institution (Note 16 (ii))	245,075	121,728
Cash and cash equivalent in statement of financial position	462,089	275,354
91-Day Treasury Bill	80,722	28,818
Cash and cash equivalent in statement of cash flows	**542,811**	**304,172**

Included in balances with Bank of Ghana above is an amount of GH¢146,213,949 (2013: GH¢95,499,200) mandatory reserve deposits representing 10% of the Bank's total deposits.

	2014	2013
	GH¢'000	GH¢'000
(ii) Deposits And Balance Due From Banking Instituitions		
Items in course of collection	9,535	14,865
Nostro account balances	109,638	59,745
Placements with other banks	125,902	47,118
	245,075	**121,728**

Notes to The Financial Statements (cont'd)

FOR THE YEAR ENDED 31 DECEMBER 2014

17. DERIVATIVE ASSET / LIABILITIES HELD FOR RISK MANAGEMENT

See accounting policy in Note 47 (w)

The Bank holds derivative financial instruments for risk management and trading purposes. The bank entered into forward exchange contracts during the year. The fair value of forward exchange contracts is the amount of the mark to market adjustment at the reporting date.

	2014		2013	
Instrument Type	Assets GH¢'000	Liabilities GH¢'000	Assets GH¢'000	Liabilities GH¢'000
Foreign Exchange forward and spot contracts	2,220	2,142	-	-

18. INVESTMENT IN GOVERNMENT SECURITIES

Treasury bills

	2014	2013
	GH¢'000	GH¢'000
91 Day Treasury Bills	80,723	28,818
182 Day Treasury Bills	102,980	17,411
Treasury Notes	13,237	30,114
	196,940	**76,343**
Government bonds		
2-5 year fixed rate note	172,414	196,883
Fair value movements	1,104	(1,369)
	173,518	**195,514**
Maturing within 90 days of date of acquisition	80,723	28,818
Maturing between 90 days – 1 year of date of acquisition	116,217	47,525
Maturing within 1-3 years of date of acquisition	173,518	195,514
	370,458	**271,857**

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 2014 was 23.89% (2013: 19.22%) and the rate for treasury bonds at 31 December 2014 was 23% (2013:16.8%).

The 91-day treasury bills of GH¢80,723,000 (2013: GH¢28,818,000) has been classified as cash and cash equivalent under note 16 in line with IAS 1 and IAS 7.

Notes to The Financial Statements (cont'd)

FOR THE YEAR ENDED 31 DECEMBER 2014

19. LOANS AND ADVANCES TO CUSTOMERS

	2014	2013
	GH¢'000	GH¢'000
Overdrafts	216,353	208,835
Loans	941,216	711,855
Lease receivable	60,117	50,816
Gross loans and advances	**1,217,686**	**971,506**
Provision for impaired loans and advances		
- Specific	(87,374)	(50,040)
- Collective	(6,173)	(7,116)
	1,124,139	**914,350**

The above constitute loans and advances to customers and staff.
Staff loans amounted to GH¢48,798,609 (2013 - GH¢39,314,739)

The investment in lease receivables is analysed as follows:

	2014	2013
	GH¢'000	GH¢'000
Less than 1 year	30,664	24,633
Between 1 year and 5 years	29,453	26,183
	60,117	**50,816**

The effective interest rate on loans and advances at 31 December 2014 was 27.9% (2013: 23.91%).

Loan loss provision ratio is 8.82% of gross advances (2013: 10.4%).

Gross Non-performing loans ratio per Bank of Ghana requirement is 23.29% (2013: 12.42%).

Fifty (50) largest exposures (gross funded and non-funded) to total exposures is 58.18% (2013: 63.68%).

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

	2014	2013
	GH¢'000	GH¢'000
a) Analysis By maturity		
Maturing:		
Within one year	381,992	422,030
Between one to five years	515,499	295,970
More than five years	320,195	253,506
	1,217,686	**971,506**

Notes to The Financial Statements (cont'd)

FOR THE YEAR ENDED 31 DECEMBER 2014

19. LOANS AND ADVANCES TO CUSTOMERS (CONT'D)

b) Impairment of loans and advances

	2014 GH¢'000	2013 GH¢'000
At 1 January	57,157	38,957
Amount Written-off	(22,690)	(1,660)
Additional impairment charge during the year	59,080	19,860
31 December	**93,547**	**57,157**

c) Impairment of loans and advances

Impairment charge	**59,080**	**19,860**

20. INVESTMENT IN OTHER SECURITIES: AVAILABLE FOR SALE

	2014 GH¢'000	2013 GH¢'000
At 1 January	53,368	45,018
Fair value adjustments	25,268	8,350
At 31 December	**78,636**	**53,368**

21. INVESTMENT IN ASSOCIATE COMPANIES

The Bank has two associates that are immaterial to the Bank, both of which are equity accounted for.

They are Agricare Limited and Activity Venture Finance Company (AVF).

	Agricare Limited	Activity Venture Finance Co
The relationship with the Bank	Investment in the agricultural sector	To help start-ups with high potential and risk
Principal place of business/country of incorporation	Kumasi, Ghana	Accra, Ghana
Ownership interest/voting rights	41% (2013: 41%)	20% (2013: 20%)
Fair value of ownership interest (if listed)	N/A	N/A

Notes to The Financial Statements (cont'd)

FOR THE YEAR ENDED 31 DECEMBER 2014

21. INVESTMENT IN ASSOCIATE COMPANIES (CONT'D)

	2014	2013
	GH¢'000	GH¢'000
Carrying amount of immaterial associates	640	640
Loss from continuing operations	(101)	-
At 31 December	**539**	**640**

22. NON-CURRENT ASSET HELD FOR SALE

On 15 May 2014, the Board of Director of the Bank approved the sale of ADB House on 37 Independence Avenue. Accordingly, the building has been presented as a non-current held for sale. Efforts are being made to complete the expected sale before 31 December 2015.

(a) Impairment loss relating to the non-current asset held for sale

No impairment losses have been made on the non-current asset in arriving at the lower of its carrying amount and its fair value less costs to sell.

(b) Assets and liabilities of the non-current asset held sale

At 31 December 2014, the non-current asset was stated at carrying amount.

	2014	2013
	GH¢'000	GH¢'000
Building	**3,844**	-

(c) Cumulative income or expense included in OCI

There are no cumulative income or expenses included in OCI relating to the non-current asset held for sale.

23. INCOME TAX EXPENSE

	2014	2013
	GH¢'000	GH¢'000
See accounting policy in Note 47(g)		
Amounts recognized in statement of comprehensive income		
Current year income tax – See Note 47(g) below	9,481	-
Deferred tax	(24,410)	-
	(14,929)	-

Notes to The Financial Statements (cont'd)

FOR THE YEAR ENDED 31 DECEMBER 2014

23. INCOME TAX EXPENSE (CONT'D)

Income tax

	Balance at 1/1/2014	Payments during the year	Charge for the year	Balance 31/12/2014
	GH¢'000	GH¢'000	GH¢'000	GH¢'000
See accounting policy in Note 47 (g)				
Income tax	-	(7,735)	9,481	1,746
	-	(7,735)	9,481	1,746
National Stabilization Levy	1,572	(5,178)	1,734	(1,872)
Total	1,572	(5,178)	1,734	(1,872)

Reconciliation of effective tax rate

	2014	2013
	GH¢'000	GH¢'000
Profit before tax	**34,670**	**83,928**
Income tax using domestic tax rate (25%)	8,667	-
Non-deductible expenses	(7,078)	-
Tax on exempt income	(16,518)	-
	(14,929)	-

	2014	2013
	GH¢'000	GH¢'000
DEFERRED TAX ASSET		
Balance at 1 January	-	-
Deferred tax due to temporary differences	12,994	-
Balance 31 December	**12,994**	**-**

a) Recognized deferred tax assets and liabilities.

	2014			2013		
	Assets	Liabilities	Net	Assets	Liabilities	Net
	GH¢	GH¢	GH¢	GH¢	GH¢	GH¢
Property, Plant and Equipment	-	2,206	2,206	-	-	-
Available for sale investments	-	11,416	11,416	-	-	
Impairment	(26,616)	-	(26,616)	-	-	-
Net tax (asset)/ liabilities	**(26,616)**	**13,622**	**(12,994)**	**-**	**-**	**-**

Notes to The Financial Statements (cont'd)

FOR THE YEAR ENDED 31 DECEMBER 2014

24. 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 2013	2	18,195	11,495	2,167	1,411	5,735	39,005
Additions	1	1,248	462	-	3,700	157	5,568
Transfers from ADB Properties	14,699	-	-	-	-	-	14,699
Disposal	(1,724)	(681)	(144)	(219)	-	-	(2,768)
Transfers	-	1,101	19	-	(2,596)	54	(1,422)
At 31 December 2013	12,978	19,863	11,832	1,948	2,515	5,946	55,082
Cost/Valuation							
At 1 January 2014	12,978	19,863	11,832	1,948	2,515	5,946	55,082
Additions	-	2,164	323	1,378	14,348	1,359	19,572
Disposal	(37)	(1)	(228)	-	-	-	(266)
Transfers	(4,300)	-	-	-	(8,194)	5,009	(7,485)
Write-offs	-	(115)	(842)	-	(777)	(1)	(1,735)
At 31 December 2014	8,641	21,911	11,085	3,326	7,892	12,313	65,168
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
Depreciation							
At 1 January 2014	309	13,991	7,616	864	-	2,533	25,313
Charge for the year	426	2,162	1,199	452	-	1,966	6,205
Released on Disposal/ Revaluation	(30)	(2)	(149)	-	-	-	(181)
Transfers	(456)	-	-	-	-	-	(456)
Write-offs	-	(99)	(475)		-	(1)	(575)
At 31 December 2014	249	16,052	8,191	1,316	-	4,498	30,306
Net Book Value							
At 31 December 2013	12,669	5,872	4,216	1,084	2,515	3,413	29,769
At 31 December 2014	8,392	5,859	2,894	2,010	7,892	7,815	34,862

Notes to The Financial Statements (cont'd)

FOR THE YEAR ENDED 31 DECEMBER 2014

24 PROPERTY AND EQUIPMENT – (CONT'D)

(ii) Disposal Schedule

2014	Land & Building GH¢'000	Computers GH¢'000	Furniture & Equipment GH¢'000	Motor Vehicles GH¢'000	Total GH¢'000
Cost	37	1	228	-	266
Accumulated depreciation	(30)	(1)	(149)	-	(180)
Net book value	7	-	79	-	86
Proceeds	15	-	69	-	84
Profit/(Loss)	**8**	**-**	**(10)**	**-**	**(2)**
2013					
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/(Loss)	**2,790**	**99**	**7**	**30**	**2,926**

25. INTANGIBLE ASSETS

	2014 GH¢'000	2013 GH¢'000
Purchased Software		
Cost		
Balance as at 1 January	18,983	16,446
Acquisitions	2,002	2,537
Reclassification from property and equipment	288	-
	21,273	**18,983**
Amortisation		
Balance as at 1 January	10,772	7,965
Charge for the year	3,298	2,807
Balance as at 31 December	**14,070**	**10,772**
Carrying Amounts	**7,203**	**8,211**

Notes to The Financial Statements (cont'd)

FOR THE YEAR ENDED 31 DECEMBER 2014

- Impairment losses on intangible assets were recognized during the year (2013: Nil)
- There were no capitalized borrowing costs related to intangible assets during the year (2013: Nil)
- There were no restrictions on title and intangible assets pledged as security for liabilities during the year (2013: Nil)

26. OTHER ASSETS

	2014	2013
	GH¢'000	GH¢'000
Advance payment	240	229
Prepayments	22,690	9,740
Receivables from government	11,395	36,897
Sundry receivables	11,574	17,659
Others	11,985	3,687
31 December	**57,884**	**68,212**
Current	**51,775**	**49,257**
Non-current	**6,109**	**18,955**

27. BORROWED FUNDS

	2014	2013
	GH¢'000	GH¢'000
Central Bank	612	522
Government of Ghana	68,984	62,819
Financial Institutions	209,759	145,573
	279,355	**208,914**

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 Financial Statements (cont'd)

FOR THE YEAR ENDED 31 DECEMBER 2014

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 2014 to 2051. Details of these borrowings are shown below:

	2014	2013
	GH¢'000	GH¢'000
ADF Projects	13,617	26,558
EDAIF	32,081	19,080
OVCF	13,973	8,756
AFD/MOFA	4,065	4,065
AfDB/KP. IRR. Projects	470	470
IFAD	493	493
IDA/BADEA	4,056	3,168
Small Scale IRR.Development Projects	229	229
	68,984	**62,819**

Financial institutions

Details of the borrowings from financial institutions are shown below:

	2014	2013
	GH¢'000	GH¢'000
GhIB	63,362	-
Citibank	-	71,507
AFD	54,338	31,056
SSNIT	17,280	20,250
Databank	47,284	16,030
Ghana Reinsurance Company	-	5,687
CAL Asset Management	-	1,043
Other Financial Institution	27,495	-
	209,759	**145,573**

Ghana International Bank - This facility was granted to the Bank to fund the Bank's corporate and individual customers' foreign exchange requirements for agricultural and other imports for the purpose of ultimately promoting agricultural and other exports from Ghana, and foreign exchange generating activities within the overall implementation of the National Agriculture and Export Programme. Interest is at a rate of Libor plus a margin of 3.25% maturing in 2017.

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, Databank and other Financial Instituitions - These borrowings are for liquidity management purposes. Interest rate ranges from 24% to 29% and maturity is usually within one year.

Notes to The Financial Statements (cont'd)

FOR THE YEAR ENDED 31 DECEMBER 2014

28. DEPOSITS FROM CUSTOMERS

	2014	2013
	GH¢'000	GH¢'000
Savings Deposits	256,798	229,660
Demand and Call Deposits	933,791	630,774
Fixed/Time Deposits	271,550	200,668
	1,462,139	**1,061,102**

	2014	2013
	GH¢'000	GH¢'000
Customer deposits		
Maturity analysis of customer deposits		
From Government and parastatals:		
Payable within 90 days	158,151	90,267
Payable after 90 days and within one year	114,169	73,734
	272,320	164,001
From Private Sector and individuals:		
Payable within 90 days	763,588	539,621
Payable after 90 days and within one year	426,231	357,480
	1,189,819	897,101
	1,462,139	**1,061,102**

29. OTHER LIABILITIES

	2014	2013
	GH¢'000	GH¢'000
Interest payable	26,900	24,261
Payables	33,031	36,118
Accruals	6,401	8,799
Recognised liability for other long term employee benefit (i)	1,211	-
	67,543	**69,178**
Current	**58,017**	**65,487**
Non-current	**9,526**	**3,691**

(i) Movement in the liability for defined benefit obligations

The bank has a long term employee benefits scheme for its employees.

These are long service awards which accrue to employees based on graduated periods of uninterrupted service. These awards accrue over the service life of employees. Employees leaving the service of the bank after 5 years through retirement (both voluntary and compulsory) or resignation become eligible for these awards based on their current entitlement at the time of retirement or resignation based on their length of service.

Notes to The Financial Statements (cont'd)

FOR THE YEAR ENDED 31 DECEMBER 2014

29. OTHER LIABILITIES – (CONT'D)

Sensitivity of results

The results of the valuation are sensitive to the assumptions chosen. The table below gives indication of the sensitivity of the 2014 accrued liability results to changes in the main valuation assumptions.

The sensitivities as done as by adding the stated percentage onto the current assumption except for mortality where all death rates have been increased by the relevant percentages.

Sensitivity of results

Base case	31 December 2014
Accrued liability	197,986
Discount rate -1%	
Accrued liability	1,269,041
	4.8%
Discount rate +1%	
Accrued liability	1,157,272
	-4.4%
Withdrawal rate+2%	
Accrued liability	1,083,941
	-10.5%
Benefit increase rate +1%	
Accrued liability	1,269,950
Mortality +20%	
Accrued liability	1,207,095
	-0.3%

(ii) Movement in the liability for defined benefit obligations (Cont'd)

	2014	2013
	GH¢'000	GH¢'000
Liability for defined benefit obligation at 1 January		
Benefits paid by the plan		-
	(209)	
Expenses recognised in profit and loss	1,420	-
Liability for defined benefit obligation at 31 December	**1,211**	-
Expenses recognised in profit and loss		
Current Service Cost	1,201	
Net Interest Cost	201	-
Acturial Loss/ (Gain) recognised	18	-
	1,420	-

Notes to The Financial Statements (cont'd)

FOR THE YEAR ENDED 31 DECEMBER 2014

	2014	2013
	GH¢'000	GH¢'000
Actuarial assumptions		
The following are the principal assumptions at the reporting date.		
Discount rate	21%	
General inflation rate	11%	

30. STATED CAPITAL

Stated Capital is made up as follows:	2014		2013	
	No. of Shares	Proceeds GH¢'000	No. of Shares	Proceeds GH¢'000
Issued for Cash	900,352	450	900,352	450
For Consideration other than cash	638,772	320	638,772	320
Transfer from Income Surplus	23,460,876	74,230	23,460,876	74,230
	25,000,000	75,000	25,000,000	75,000

31. STATUTORY RESERVE

	2014	2013
	GH¢'000	GH¢'000
At 1 January	78,907	58,750
Transfer from income surplus	5,984	20,157
At 31 December	**84,891**	**78,907**

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.

	2014	2013
	GH¢'000	GH¢'000
At 1 January	59,982	30,752
Transfer from Retained Earnings	32,551	29,409
Release from credit risk (loans written off)	-	(179)
At 31 December	**92,533**	**59,982**

Notes to The Financial Statements (cont'd)

FOR THE YEAR ENDED 31 DECEMBER 2014

33. AVAILABLE FOR SALE RESERVE

	2014	2013
	GH¢'000	GH¢'000
i. At 1 January	20,396	13,415
Fair value adjustment (Note 33i)	26,371	6,981
Deferred tax on equity investment	(11,416)	-
At 31 December	**35,351**	**20,396**

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:

	2014	2013
	GH¢'000	GH¢'000
Government securities (Note 18)	1,104	(1,369)
Investment securities (Note 20)	25,267	8,350
Total	**26,371**	**6,981**

34. REVALUATION RESREVE

	2014	2013
	GH¢'000	GH¢'000
At 1 January	1,748	1,748
At 31 December	**1,748**	**1,748**

35. RETAINED EARNINGS

	2014	2013
	GH¢'000	GH¢'000
At 1 January	44,962	17,534
Transfer to credit risk reserve	(32,551)	(29,409)
Dividend Paid	-	(3,635)
Transfer to statutory reserve	(5,984)	(20,157)
Profit for the year	47,865	80,629
	54,292	**44,962**

Notes to The Financial Statements (cont'd)

FOR THE YEAR ENDED 31 DECEMBER 2014

36. NOTES TO THE STATEMENT OF CASH FLOWS

	Note	2014 GH¢'000	2013 GH¢'000
(a) Cash flows from operating activities			
Profit after tax		47,865	80,629
Adjustments for:			
Depreciation and Amortization	24, 25	9,503	7,409
Unrealised foreign currency gain		(1,682)	(4,516)
Impairment charge on loans and advances	19	59,080	19,860
(Gain)/loss on disposal of property and equipment	24	2	(2,926)
Loss from investments in associates	21	101	-
Net Interest income		(207,732)	(174,961)
Tax expense	23	(13,195)	3,299
Loss before working capital changes		(106,058)	(71,206)
Changes in:			
Derivative assets held for risk management	17	(2,220)	-
Medium and long term government securities	18	(46,696)	(10,582)
Loans and advances	19	(209,789)	(140,656)
Other assets		10,328	(1,706)
Derivative liabilities held for risk management	17	2,142	-
Deposits from customers	28	401,037	96,084
Other liabilities	29	(1,635)	6,040
		47,109	50,820
Interest Income received		242,717	185,034
Dividend received	11	2,632	2,180
Interest expense paid	23	(73,503)	(31,631)
Taxes paid (NFSL)		(5,178)	(1,727)
Income Tax Paid		(7,735)	-
Cash generated from operations		**206,042**	**31,830**

Analysis of the balances of cash and cash equivalents

	2014 GH¢'000	2013 GH¢'000
Cash on hand	39,571	37,172
Balances with Bank of Ghana	177,443	116,454
Deposits and balances due from other financial institutions	245,075	121,728
91-Day treasury bill	80,722	28,818
	542,811	**304,172**

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 Financial Statements (cont'd)

FOR THE YEAR ENDED 31 DECEMBER 2014

37. 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 2014 in respect of the above amounted to GH¢160.62 million (2013: GH¢99.8 million million), as detailed below:

	2014	2013
	GH¢'000	GH¢'000
Letters of Credit	61,713	66,709
Guarantees and Indemnities	98,916	33,124
	160,629	**99,833**

Capital Expenditure

Capital commitments not provided for in the financial statements as at 31 December 2014 was nil (2013: nil).

Pending Legal Claims

At the year end there were fifty-five (55) legal cases pending against the bank. Should judgment go in favour of the plaintiffs, likely claims against the bank have been estimated at GH¢ 3,610,000. No provisions have been made in the financial statements in respect of these amounts. (2013: GH¢ 4,898,860)

Funds under Management

Investments and funds being managed by the Bank on behalf of clients amounting to GH¢ 13,169,069 (2013: GH¢ 14,023,988)

38. 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	51.83
Financial Investment Trust	12,000,000	48.17
	25,000,000	**100**

Notes to The Financial Statements (cont'd)

FOR THE YEAR ENDED 31 DECEMBER 2014

38. RELATED PARTY TRANSACTIONS (CONT'D)

At 31 December 2014, the following amounts related to transactions with the Government of Ghana

	2014	2013
	GH¢'000	GH¢'000
Government Securities	**370,458**	**271,858**
Loans and Advances	**49,879**	**49,879**
Other Assets	**11,395**	**36,897**
Borrowings	**68,984**	**62,819**

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 21.

Management compensation

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

	2014	2013
	GH¢'000	GH¢'000
Salaries	6,215	5,446
Allowances	8,772	5,015
	14,987	**10,461**
Directors' remuneration		
Fees for services as directors	**1,847**	**1,082**

Loans

No loan or advance was granted to companies in which Directors have an interest in 2014. (2013: 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 made for impairment losses on balances with key management personnel and their immediate relatives at the period end.

Notes to The Financial Statements (cont'd)

FOR THE YEAR ENDED 31 DECEMBER 2014

39. DEFINED CONTRIBUTION PLAN

Contributions to the statutory defined contribution

	2014	2013
	GH¢'000	GH¢'000
Pension scheme, the National Social Security Fund	6,873	6,313
Provident Fund	7,928	7,279
	14,801	**13,592**

40. ASSETS PLEDGED AS SECURITY

Pledged Assets

At 31 December 2014 the value of government securities pledged as collateral was GH¢16,000,000 (2013: GH¢20,850,000).

41. COLLATERAL ACCEPTED AS SECURITY FOR ASSETS

At 31 December 2014 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¢12,057,700.

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

42. SOCIAL RESPONSIBILITY

Amounts spent on social responsibility amounted to GH¢ 1,845,484 (2013: GH¢453,623).

43. 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.

44. REGULATORY DISCLOSURES

(i) Non–Performing Loans Ratio

Percentage of gross non-performing loans ("substandard to loss") to total credit/advances portfolio (gross): 23.29% (2013: 10.42%).

(ii) Capital Adequacy Ratio

The capital adequacy ratio at the end of December 2014 was calculated at approximately 10.48% (2013: 13.02%).

45. 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 Financial Statements (cont'd)

FOR THE YEAR ENDED 31 DECEMBER 2014

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 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 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 channeled through the credit control unit of the risk management department where a credit risk appraisal is performed to assess whether to engage the client or not. The client's file is then moved to the head of risk management and to the other appropriate levels (credit committee, board and so on) for final approval before credit is granted. There is also the monitoring aspect where the head office credit monitoring team monitors the loans and their performance in addition to the monitoring performed at the branch level. Where a loan goes beyond current, it is classified as either OLEM, substandard, doubtful or loss, as recommended by the Central Bank of Ghana. Where a loan goes beyond current, there is the recoveries team which moves in to recover loan losses.

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

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

Notes to The Financial Statements (cont'd)

FOR THE YEAR ENDED 31 DECEMBER 2014

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.

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.

Notes to The Financial Statements (cont'd)

FOR THE YEAR ENDED 31 DECEMBER 2014

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.

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.

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

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

- Requirement of appropriate segregation of duties, including the independent authorisation of transactions;
- Requirements for the reconciliation and monitoring of transactions;
- Compliance with regulatory and other legal requirements;

Notes to The Financial Statements (cont'd)

FOR THE YEAR ENDED 31 DECEMBER 2014

- 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 items.

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

46. CHANGES IN ACCOUNTING POLICIES

Except for the changes below, the Bank has consistently applied the accounting policies as set out in Note 47 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 2014.

a. IFRIC 21 Levies

b. Offsetting Financial Assets and Financial Liabilities (Amendments to IAS 32).

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

a. IFRIC 21 Levies

As a result of IFRIC 21 Levies, the Bank has changed its accounting policy on accounting for a liability to pay a levy that is a liability in the scope of IAS Provisions, Contingent Liabilities and Contingent Assets.

b. Offsetting Financial Assets and Financial Liabilities (Amendments to IAS 32).

As a result of the amendments to IAS 32, the Bank has changed its accounting policy for offsetting financial assets and financial liabilities. These amendments clarify when an entity currently has a legally enforceable right to set-off and when gross settlement is equivalent to net settlement.

Notes to The Financial Statements (cont'd)

FOR THE YEAR ENDED 31 DECEMBER 2014

47. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Except for the changes explained in Note 46, 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.

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

(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
(i) Cash and cash equivalents
(j) Loans and advances
(k) Government securities
(l) Property and equipment
(m) Intangible assets
(n) Impairment of non-financial assets
(o) Deposits and due to other banks
(p) Provisions
(q) Financial guarantees and loan commitments
(r) Fiduciary activities
(s) Employee benefits
(t) Stated capital and reserves
(u) Earnings per share
(v) Investment in associates
(w) Derivative

(a) Foreign currency transaction

Transactions in foreign currencies are translated into the functional currency using exchange rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are re-translated at closing inter-bank mid rates ruling at the reporting date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated at exchange rates ruling at the dates of initial recognition. Non-monetary items denominated 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 recognized in profit or loss, except for differences on translation of equity investments in respect of which an election has been made to present subsequent changes in fair value and differences arising on translation of available-for-sale equity investments in other comprehensive income.

All foreign exchange gains and losses recognized 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.

(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.

Notes to The Financial Statements (cont'd)

FOR THE YEAR ENDED 31 DECEMBER 2014

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.

(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

Lease payments – lessee

Payments made under operating leases are recognized in profit or loss on a straight – line basis over the term of the lease. Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of liability.

Lease assets - lessee

Assets held by the Bank under leases that transfer to the Bank substantially all the risks and rewards of ownership are classified as finance leases. The leased asset is initially measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.

Assets held under other leases are classified as operating leases and are not recognized in the Bank's statement of financial position.

Lease assets – lessor

If the Bank is a lessor in a lease arrangement that transfers substantially all the risks and rewards incidental to ownership of the asset to the lessee, then the arrangement is classified as a finance lease and a receivable equal to the net investment in the lease is recognized and presented within loans and advances.

Notes to The Financial Statements (cont'd)

FOR THE YEAR ENDED 31 DECEMBER 2014

(g) Income Tax

The Bank was 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) for the period January 2014 to 18 August 2014. Subsequently, the Bank has been liable to pay corporate tax.

The Bank is however liable to pay the National Fiscal Stabilization Levy (NFSL) in accordance with the National Fiscal Stabilisation Levy 862 which became effective from 12 July 2013. Under the Act, a 5% levy will be charged on profit before tax and is payable quarterly.

Income tax expense comprises current and deferred tax. Income tax expense is recognized in profit or loss except to the extent that it relates to items recognized in equity or OCI.

Current tax is the expected tax on tax payable on taxable income for the period, using tax rates enacted or substantively enacted at the reporting date.

Deferred tax is recognized in respect of temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized for the following temporary differences: the initial recognition of goodwill, the initial recognition of assets of liabilities in a transaction

that is not a business combination and that affects neither accounting nor taxable profit, and differences relating to investments in subsidiaries to the extent that they probably will not reverse in the foreseeable future.

Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when the reverse, based on laws that have been enacted or substantively enacted by the reporting date. A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset which the asset can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

(h) Financial assets and financial liabilities

(i) 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) and (j).

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 (o), (q) and (r).

Notes to The Financial Statements (cont'd)

FOR THE YEAR ENDED 31 DECEMBER 2014

(iii) De-recognition

Financial assets

The Bank derecognises a financial asset when the contractual rights to the cash flows from the financial assget 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.

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

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

Notes to The Financial Statements (cont'd)

FOR THE YEAR ENDED 31 DECEMBER 2014

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.

- ***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.

- ***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 (h)(i), they are measured at fair value with face value changes recognised immediately in profit or loss.

Loans and advances also include finance lease receivables in which the Bank is the lessor (See Note: (f)).

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 and available-for-sale.

(i) Held to maturity

'Held to maturity' investments are non-derivative assets with fixed or determinable payments and fixed maturity that the Bank has the positive interest and ability to hold to maturity and which are not designated at fair value through profit or loss or available-for-sale.

Held-to-maturity investments are carried at amortised cost using the effective interest method, less any impairment losses. A sale or reclassification of a more than insignificant amount of held-to-maturity investments would result in the reclassification of all held-to-maturity investments as available-for-sale, and would prevent the Bank from classifying investment securities as held-to-maturity for the current and the following two financial years. However, sales and reclassifications in any of the following circumstances would not trigger a reclassification:

- sales or reclassifications that are so close to maturity that changes in the market rate of interest would not have a significant effect on the financial asset's fair value;
- sales or reclassifications after the Group has collected substantially all of the asset's original principal; and
- sales or reclassifications that are attributable to non-recurring isolated events beyond the Bank's control that could not have been reasonably anticipated.

Notes to The Financial Statements (cont'd)

FOR THE YEAR ENDED 31 DECEMBER 2014

(ii) Available-for-sale

'Available-for-sale investments' are non-derivative investments that are designated as available for- sale or are not classified as another category of financial assets. Available-for-sale investments comprise equity securities and debt securities. Unquoted equity securities whose fair value cannot be measured reliably are carried at cost. All other available-for-sale investments are measured at fair value after initial recognition.

Interest income is recognised in profit or loss using the effective interest method. Dividend income is recognised in profit or loss when the Bank becomes entitled to the dividend. Foreign exchange gains or losses on available-for-sale debt security investments are recognised in profit or loss (See Note: (a)). Impairment losses are recognised in profit or loss (See Note (h) (vii)).

Other fair value changes, other than impairment losses (See Note (h) (vii)), are recognised in OCI and presented in the fair value reserve within equity. When the investment is sold, the gain or loss accumulated in equity is reclassified to profit or loss.

A non-derivative financial asset may be reclassified from the available-for-sale category to the loans and receivables category if it would otherwise have met the definition of loans and receivables and if the Bank has the intention and ability to hold that financial asset for the foreseeable future or until maturity.

(l) Property and equipment

(i) Recognition and measurement

Items of property and equipment are measured at cost less accumulated depreciation and impairment losses or as professionally revalued from time to time less accumulated depreciation. Cost includes expenditure that are directly attributable to the acquisition of the asset. The cost of self -constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the assets to a working condition for their intended use, the costs of dismantling and removing the items and restoring the site on which they are located, and capitalised borrowing costs.

Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

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 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.

When parts of an item of property or equipment have different useful lives, they are accounted for as separate items (major components) of property and equipment.

The gain or loss on disposal of an item of property and equipment is determined by comparing the proceeds from disposal with the carrying amount of the item of property and equipment, and is recognised in other income/other expenses in profit or loss.

(ii) Subsequent costs

The cost of replacing part of an item of property or equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Bank and its cost can be measured reliably. The costs of the day-to-day servicing of property and equipment are recognised in profit or loss as incurred.

(iii) Depreciation

Depreciation is calculated over the depreciable amount, which is the cost of the asset, or other amount substituted for cost, less its residual value. Depreciation is recognised in profit or loss on a straight-line basis over its expected

Notes to The Financial Statements (cont'd)

FOR THE YEAR ENDED 31 DECEMBER 2014

useful lives of each part of an item or property and equipment, since this most closely reflects the expected pattern consumption of the future economic benefits embodied in the asset.

The estimated useful lives for the current and comparative periods are as follows:

Buildings	20 years
Motor vehicles	4 years
Furniture and equipment	5 years
Computers	5 years
Leasehold Improvement	5 years

Depreciation methods, useful lives and residual values are reassessed at each reporting date and adjusted if appropriate.

(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.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 5 years.

(n) Impairment of non-financial assets

The carrying amounts of the Bank's non-financial assets other than deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists then the asset's recoverable amount is estimated. An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. A cash-generating unit is the smallest identifiable asset that generates cash flows that are largely independent from other assets. Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of cash generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of the other assets in the unit (group of units) on a pro rata basis.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

The Bank did not hold such assets at the 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.

Notes to The Financial Statements (cont'd)

FOR THE YEAR ENDED 31 DECEMBER 2014

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.

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.

Notes to The Financial Statements (cont'd)

FOR THE YEAR ENDED 31 DECEMBER 2014

(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.

(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.

(v) Investment in Associates (equity –accounted investees)

Associates are those entities in which the Group has significant influence but not control or joint control, over the financial and operating policies. Interests in associates are accounted for using the equity method. They are recognized initially at cost, which includes transaction costs. Subsequent to initial recognition, the financial statements include the Bank's share of the profit or loss and OCI of equity-accounted investees, until the date on which significant influence ceases.

(w) Derivatives held for risk management purpose and hedge accounting

Derivatives held for risk management purposes include all derivatives assets and liabilities that are not classified as trading assets or liabilities. Derivatives held for risk management purposes are measured at fair value in the statement or financial position.

The Bank designates certain derivatives held for risk management as hedging instruments in qualifying hedging relationships. On initial designation of the hedge, the Bank formally documents the relationship between the hedging instruments(s) and hedged item(s), including the risk management objective and strategy in undertaking the hedge, together with the method that will be used to assess the effectiveness of the hedging relationship. The Bank makes an assessment, both at inception of the hedge relationship and on an ongoing basis, of whether the hedging instrument(s) is (are) expected to be highly effective in offsetting the changes in the fair value or cash flows of the respective hedged

Notes to The Financial Statements (cont'd)

FOR THE YEAR ENDED 31 DECEMBER 2014

item(s) during the period for which the hedge is designated, and whether the actual results of each hedge are within acceptable profitable range.

The Bank makes an assessment for a cash flow hedge of a forecast transaction, of whether the forecast transaction is highly probable to occur and presents an exposure to variations on cash flows that could ultimately affect profit or loss.

These hedging relationships are discussed below.

(i) Cash flow hedges

When a derivative is designated as the hedging instrument in a hedge of the variability in cash flows attributable to a particular risk associated with a recognized asset or liability that could affect profit or loss, the effective portion of changes in the fair value of the derivative is recognized in OCI and presented in the hedging reserve within equity. Any ineffective portion of changes in the fair value of the derivative is recognized immediately in profit or loss. The amount recognized in OCI is reclassified to profit or loss as a reclassification adjustment in the same period as the hedged cash flows affected profit or loss as a reclassification adjustment in the same period as the hedged cash flows affect profit or loss, and in the same line item in the statement of profit or loss and OCI.

If the hedging derivative expires or is sold, terminated, or exercised, or the hedge no longer meets the criteria for cash flow hedge accounting, or the hedge designation is revoked, then hedge accounting is discontinued prospectively. However, of the derivative is novated to a central counterparty by both parties as a consequence of laws or regulations without changes in its term except for those that are necessary for the novation, then derivative is not considered as expired or terminated.

(ii) Other non-trading derivatives

If a derivative is not held for trading, and is not designated in a qualifying hedge relationship, then all changes in its fair value are recognized immediately in profit or loss as a component or net income from other financial instruments at fair value through profit or loss.

48. NEW STANDARDS AND INTERPRETATIONS NOT EFFECTIVE

At the date of authorization of the financial statements of the Bank for the year ended 31 December 2014, the following Standards and Interpretations were in issue but not yet effective and may have an impact on future financial statements.

Standard/Interpretation		Date issued by IASB [1]	Effective date Periods beginning on or after
IAS 19	*Defined Benefit Plans: Employee Contributions*	November 2013	1 July 2014
Amendments to 6 standards	*Improvements to IFRSs 2010-2012 Cycle*	December 2013	1 July 2014
Amendments to 4 standards	*Improvements to IFRSs 2011-2013 Cycle*	December 2013	1 July 2014
IFRS 14	*Regulatory Deferral Accounts*	January 2014	1 January 2016
IFRS 11	*Accounting for Acquisitions of Interests in Joint Operations*	May 2014	1 January 2016
IAS 16 and IAS 38	*Clarification of Acceptable Methods of Depreciation and Amortisation*	May 2014	1 January 2016
IFRS 15	*Revenue from contracts with customers*	May 2014	1 January 2017

Notes to The Financial Statements (cont'd)

FOR THE YEAR ENDED 31 DECEMBER 2014

Standard/Interpretation		Date issued by IASB [1]	Effective date Periods beginning on or after
IFRS 9	*Financial Instruments*	July 2014	1 January 2018
IAS 27	*Equity Method in Separate Financial Statements*	August 2014	1 January 2016
IFRS 10 and IAS 28	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*	September 2014	1 January 2016
Amendments to 4 standards	*Improvements to IFRSs 2012-2014 Cycle*	September 2014	1 January 2016
IFRS 10, IFRS 12 and IAS 28	*Investment Entities: Applying the Consolidation Exception*	December 2014	1 January 2016
IAS 1	*Disclosure Initiative*	December 2014	1 January 2016

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 Group's defined benefit plan meets these requirements and consequently the Group intends to apply this amendment and 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 July 2014 with early adoption permitted.

IFRS 14 Regulatory Deferral Accounts

IFRS 14 provides guidance on accounting for regulatory deferral account balances by first-time adopters of IFRS. To apply this standard, the entity has to be rate-regulated i.e. the establishment of prices that can be charged to its customers for goods and services is subject to oversight and/or approval by an authorised body.

As a first-time adopter of IFRS the Group will continue to use its previous GAAP (Insert GAAP framework) to account for the regulatory deferral account balances.

The standard is effective for financial reporting years beginning on or after 1 January 2016 with early adoption permitted.

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

Accounting for Acquisitions of Interests in Joint Operations (Amendments to IFRS 11)

The amendments require business combination accounting to be applied to acquisitions of interests in a joint operation that constitutes a business.

Notes to The Financial Statements (cont'd)

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Business combination accounting also applies to the acquisition of additional interests in a joint operation while the joint operator retains joint control. The additional interest acquired will be measured at fair value. The previously held interest in the joint operation will not be remeasured. As a consequence of these amendments, the Group will amend its accounting policy with effect from 1 July 2016 for acquisitions of interests in a joint operation.

The amendments apply prospectively for annual periods beginning on or after 1 January 2016 and early adoption is permitted.

Clarification of Acceptable Methods of Depreciation and Amortisation (Amendments to IAS 16 and IAS 38)

The amendments to IAS 16 *Property, Plant and Equipment* explicitly state that revenue-based methods of depreciation cannot be used for property, plant and equipment.

The amendments to IAS 38 *Intangible Assets* introduce a rebuttable presumption that the use of revenue-based amortisation methods for intangible assets is inappropriate. The presumption can be overcome only when revenue and the consumption of the economic benefits of the intangible asset are 'highly correlated', or when the intangible asset is expressed as a measure of revenue.

The Group currently has several intangible assets and plants that are amortised or depreciated using a revenue-based method. The Group cannot overcome the rebuttable presumption above for its intangible assets, and consequently will have to change the amortisation and depreciation method for these items. The Group has assessed that the straight-line method would be the most appropriate method and will early adopt these amendments for its year ending 30 June 2015.

The amendments apply prospectively for annual periods beginning on or after 1 January 2016 and early adoption is permitted.

Equity Method in Separate Financial Statements (Amendments to IAS 27)

The amendments allow an entity to apply the equity method in its separate financial statements to account for its investments in subsidiaries, associates and joint ventures.

The amendments apply retrospectively for annual periods beginning on or after 1 January 2016 and early adoption is permitted.

Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28)

The amendments require the full gain to be recognised when assets transferred between an investor and its associate or joint venture meet the definition of a 'business' under IFRS 3 *Business Combinations*. Where the assets transferred do not meet the definition of a business, a partial gain to the extent of unrelated investors' interests in the associate or joint venture is recognised. The definition of a business is key to determining the extent of the gain to be recognised.

The amendments apply prospectively for annual periods beginning on or after 1 January 2016 and early adoption is permitted.

Disclosure Initiative (Amendments to IAS 1)

The amendments provide additional guidance on the application of materiality and aggregation when preparing financial statements.

The amendments apply for annual periods beginning on or after 1 January 2016 and early application is permitted.

Investment Entities: Applying the Consolidation Exception (Amendments to IFRS 10, IFRS 12 and IAS 28)

The amendment to IFRS 10 *Consolidated Financial Statements* clarifies which subsidiaries of an investment entity are consolidated instead of being measured at fair value through profit and loss. The amendment also modifies the condition in the general consolidation exemption that requires an entity's parent or ultimate parent to prepare consolidated financial statements. The amendment clarifies that this condition is also met where the ultimate parent

Notes to The Financial Statements (cont'd)

FOR THE YEAR ENDED 31 DECEMBER 2014

or any intermediary parent of a parent entity measures subsidiaries at fair value through profit or loss in accordance with IFRS 10 and not only where the ultimate parent or intermediate parent consolidates its subsidiaries.

The amendment to IFRS 12 *Disclosure of Interests in Other Entities* requires an entity that prepares financial statements in which all its subsidiaries are measured at fair value through profit or loss in accordance with IFRS 10 to make disclosures required by IFRS 12 relating to investment entities.

The amendment to IAS 28 *Investments in Associates and Joint Ventures* modifies the conditions where an entity need not apply the equity method to its investments in associates or joint ventures to align these to the amended IFRS 10 conditions for not presenting consolidated financial statements. The amendments introduce relief when applying the equity method which permits a non-investment entity investor in an associate or joint venture that is an investment entity to retain the fair value through profit or loss measurement applied by the associate or joint venture to its subsidiaries.

The amendments apply retrospectively for annual periods beginning on or after 1 January 2016, with early application permitted.

IFRS 15 Revenue from contracts with customers

This standard replaces IAS 11 *Construction Contracts*, IAS 18 *Revenue*, IFRIC 13 *Customer Loyalty Programmes*, IFRIC 15 *Agreements for the Construction of Real Estate*, IFRIC 18 *Transfer of Assets from Customers* and SIC-31 *Revenue – Barter of Transactions Involving Advertising Services*.

The standard contains a single model that applies to contracts with customers and two approaches to recognising revenue: at a point in time or over time. The model features a contract-based five-step analysis of transactions to determine whether, how much and when revenue is recognised.

This new standard will most likely have a significant impact on the Group, which will include a possible change in the timing of when revenue is recognised and the amount of revenue recognised. The Group is currently in the process of performing a more detailed assessment of the impact of this standard on the Group and will provide more information in the year ending 30 June 2015 financial statements.

The standard is effective for annual periods beginning on or after 1 January 2017, with early adoption permitted under IFRS.

IFRS 9 Financial Instruments

On 24 July 2014, the IASB issued the final IFRS 9 *Financial Instruments* Standard, which replaces earlier versions of IFRS 9 and completes the IASB's project to replace IAS 39 *Financial Instruments: Recognition and Measurement*.

This standard will have a significant impact on the Group, which will include changes in the measurement bases of the Group's financial assets to amortised cost, fair value through other comprehensive income or fair value through profit or loss. Even though these measurement categories are similar to IAS 39, the criteria for classification into these categories are significantly different. In addition, the IFRS 9 impairment model has been changed from an "incurred loss" model from IAS 39 to an "expected credit loss" model, which is expected to increase the provision for bad debts recognised in the Group.

The standard is effective for annual periods beginning on or after 1 January 2018 with retrospective application, early adoption is permitted.

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49. NON-COMPLAINCE WITH SECTIONS OF THE BANKING ACT (ACT 673) AS AMENDED BY THE BANKING AMENDMENT (ACT 738)

REVIEW OF EXPOSURE LIMITS

Section 42 of the Banking Act, 2004 (Act 673) as amended by the Banking Amendment Act, 2007 (Act 738) requires that secured and non-secured facilities should not exceed 25% and 10% of the company's net worth respectively. As at 31 December 2014 one facility had breached the secured prescribed exposure limits.

REVIEW OF INVESTMENT IN RESPECT OF OTHER INSTITUTIONS

Section 48 of the Banking Act, 2004 (Act 673) as amended by the Banking Amendment Act, 2007 (Act 738) requires a bank not to invest or hold investments in the share capital of a corporate or an institution other than its subsidiaries, the aggregate amount of which exceeds 10% of the net own funds of the bank. The Bank's investment in other institutions amounted to 14.08% of its net funds which is a breach of this regulation.

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   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
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

ADB Branch Network (cont'd)

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
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

ADB Branch Network (cont'd)

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

ADB Branch Network (cont'd)

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

ADB Branch Network (cont'd)

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 60323 Frankfurt, 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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