2015
ANNUAL REPORT
& FINANCIAL STATEMENTS

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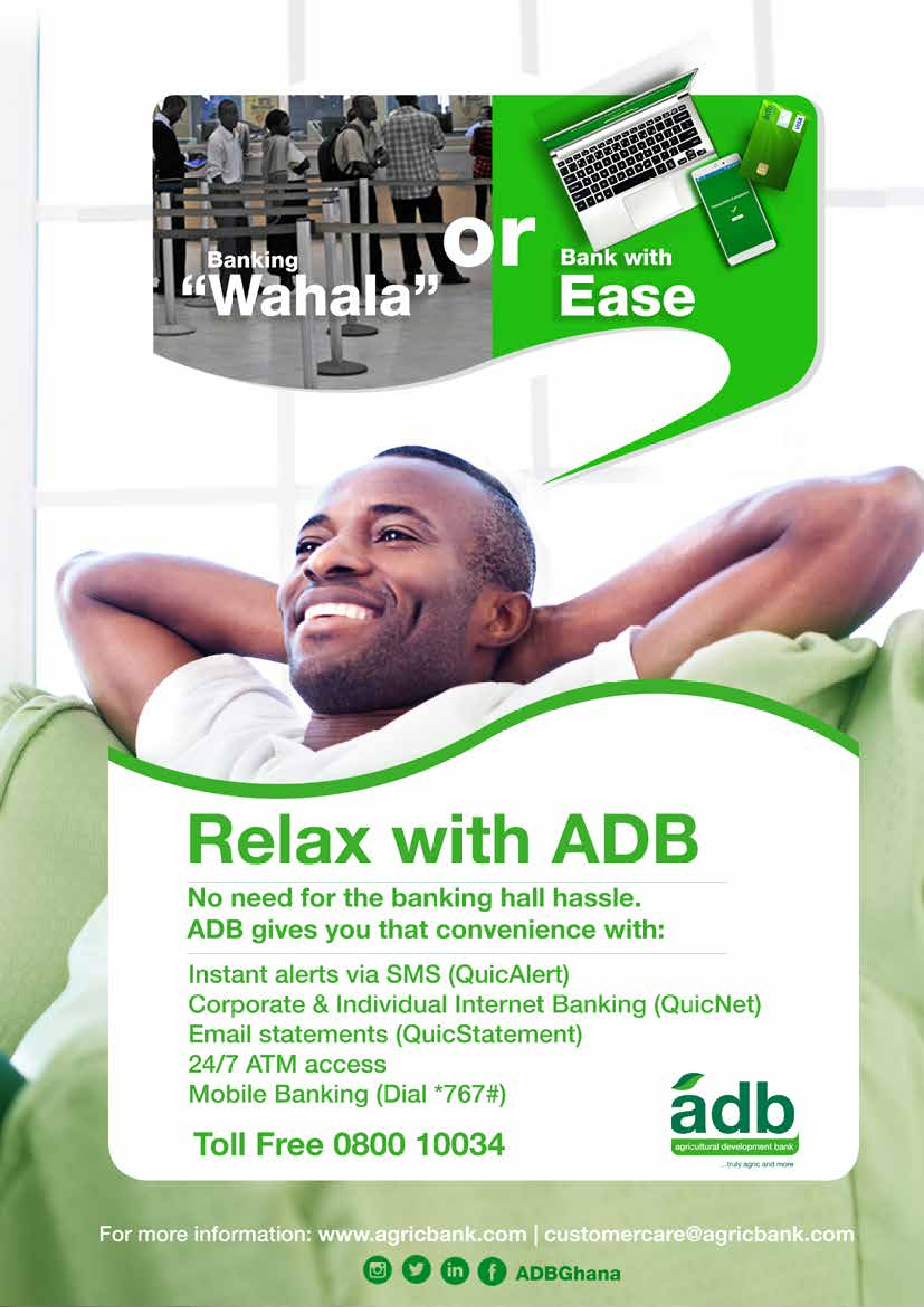
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2015

ANNUAL REPORT

& FINANCIAL STATEMENTS

Contents

CORPORATE INFORMATION

BOARD OF DIRECTORS	Nana Soglo Alloh IV - *Chairman* Daniel Asiedu - *Managing Director (Appointed: 01/03/2016)* Mr. Stephen Kpordzih - *Managing Director (Resigned: 31/01/2016)* Mr. Abdul-Samed Iddrisu - *Executive Director (Resigned: 30/11/2015)* 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*
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 Accra Financial Centre 3rd Ambassadorial Development Area P.O. Box 4191 Accra
REGISTERED OFFICE	Accra Financial Centre 3rd Ambassadorial Development Area 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 - Outgoing Managing Director (2009 - 2015)

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. He resigned in January 2016.

Daniel Asiedu - Incoming Managing Director

Daniel Asiedu who was appointed as Managing Director in March 1,2016 is an experienced Banker, Chartered Accountant and Financial analyst spanning a period of over twenty (20) years. He holds a Bachelor's degree in Mechanical Engineering from the University of Ibadan, Nigeria and an Executive Master's degree in Business Administration (Finance Option) from the University of Ghana.

Mr. Asiedu has also attended many courses both locally and internationally including Executive Management courses at Harvard Business School, Columbia University, The Wharton Business School (University of Pennsylvania), Stanford Graduate Business School, Kellogg School of Management, INSEAD and Euromoney Training. He has extensive expertise in auditing, business consulting, general banking, financial management, marketing, operations and investment. His working experience ranges from Zenith Bank Ghana, Pricewaterhouse Coopers, Zenith Bank Plc, Volta River Authority (VRA) and Standard Trust Bank Ghana Ltd (now UBA (Gh.) Ltd).

Mr. Asiedu is an honoured member of the International WHO'S Historical Society of Professionals and has won several awards and accolades in his working life as a banker.

A family man, Mr. Asiedu is a devout Christian, a renowned Minister of the Gospel, a motivational Speaker and a Business Mentor.

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

	2015	2014
	GH¢'000	GH¢'000
At 31 December		
Total assets	**2,134,147**	2,156,740
Loans and advances to customers (net)	**1,088,071**	1,124,139
Deposits from customers	**1,513,508**	1,462,139
Shareholders' funds	**332,893**	343,815
For the year ended 31 December		
(Loss)/ Profit before tax	**(100,197)**	34,670
(Loss) /Profit after tax	**(78,975)**	47,865
Dividend per share (Ghana cedis)	**-**	-
Earnings per share (Ghana cedis):		
- Basic	**(3.159)**	1.915
- Diluted	**(3.159)**	1.915
Return on average equity (%)	**(23.34)**	15.32
Return on average assets (%)	**(3.68)**	2.53
At 31 December		
Number of staff	**1,235**	1,196
Number of branches	**78**	78

CHAIRMAN'S STATEMENT

On behalf of the Board of Directors I am delighted to welcome you to the Annual General Meeting of the Bank. I would like to take this opportunity to present the Annual Report and the Financial Results of our Bank for the year ended 31st December 2015.

1.0 BACKGROUND ANALYSIS

Developments in the World Economy

The global economy grew by an estimated figure of 3.1% in 2015 which was below the 2014 growth rate of 3.3%. The Sub-Saharan African growth rate had declined from 4.8 % in 2014 to 4.0% in 2015-the lowest since 2008-09 financial crisis. However growth is projected to increase to 4.3% and 4.7% in 2016 and 2017 respectively.

The International Monetary Fund (IMF) World Economic Outlook (WEO) January 2016 update has projected global growth to pick up from 3.1% in 2015 to 3.4% in 2016 and further to 3.6% in 2017. These forecasts for global growth have been revised downward by 0.2 percentage points for both 2016 and 2017. These revisions reflect to a substantial degree, but not exclusively, a weaker pickup in emerging economies than was forecast in October. In terms of the country composition, the revisions are largely accounted for by Brazil, where the recession caused by political uncertainty amid continued fallout from the Petrobras investigation is proving to be deeper and more protracted than previously expected; the Middle East, where prospects are hurt by lower oil prices; and the United States, where growth momentum is now expected to hold steady rather than gather further steam.

Crude oil prices (Brent Crude) began the year 2015 at a price of USD 48.2 per barrel and declined significantly to USD37.0 per barrel by year end. The sharp drop in oil prices was attributed to improved supply and increased oil production from the US, against weak demand. Gold prices recorded a steady decrease from January 2015, USD 1,278 to USD 1,060 per ounce by year end 2015 compared with USD 1,183 in December 2014. Cocoa prices were unstable throughout 2015 beginning the year with USD 2,693 per ton and ending with USD 3,211 which was higher than USD 2,947 in 2014 year end (Bloomberg).

1.2 Developments in the Domestic Economy

The year 2015 was a difficult one for Ghana's macro economy which was burdened by a number of growth impediments including a protracted energy crisis, weak currency and large fiscal deficit. The government initiated some successful policies such as a three year support from the IMF to provide technical assistance and Balance of Payments support as well as export-led initiatives to address the external sector imbalance. These initiatives resulted in a reduction in the budget deficit which was higher than the predicted economic growth.

The domestic economy witnessed a provisional real GDP growth including oil of 4.1 % compared to 4.0% recorded in 2014. The government's fiscal performance showed a provisional budget deficit of GH¢6.7 billion (5.1% of GDP). This was below the 2014 budget deficit of GH¢10.1 billion or 8.8% of GDP. The deficit was financed largely through domestic sources which constituted 69.4% with the remaining 30.6% funding realized from foreign sources.

The provisional trade balance for the first nine months of 2015 recorded a deficit of USD 2,340.3 million compared with a deficit of USD 710.7 million during the same period in 2014. Declining exports which outpaced the actual falls in imports led to the worsening deficit position. The poor performance of exports was mainly as a result of the worsening commodity prices and lower export volumes of key export commodities.

The gross external reserves position improved from USD5.5 billion in 2014 to an estimated amount of USD6.5 billion at the end of 2015 and an increase in the threshold of 3.2 months of import cover to 4 months of imports. (2016 Budget Statement and Economic Policy)

CHAIRMAN'S STATEMENT cont'd

Though the Ghana Cedi continued to experience some challenges in 2015 ending the year with a cumulative depreciation of 14.8% against the US dollar, this was an improvement over the 31.2% recorded in 2014. This was mainly due to sustained increases by the Bank of Ghana in the supply of US dollars to the interbank market from a weekly supply of US$14m to a daily supply of US$20m aimed at bolstering the currency. The gain in the value of the Ghana Cedi was partly attributed to the disbursement of a cocoa syndicated loan of US$1.8 million and proceeds from the issuance of the US$1 billion Eurobond by the Government.

Inflation rose to a record high of 17.7% in December 2015 compared with 17% in 2014. The pass through effect of demand pressures as well as the depreciation of the Ghana Cedi against the major trading currencies have mainly been the cause of this rise. The monetary and foreign exchange market developments led to an increase in the Bank of Ghana Policy Rate from 21.0% in 2014 to 22% in May, 24% in August and a further increased to 25.0 % in September and finally 26.0% by the year end 2015.

Interest rates generally trended down on the money market in 2015. The rates on the 91-day T-Bill declined from 25.8% in December 2014 to 22.9% in December 2015, 182-day Bill declined from 26.4% in December 2014 to 24.4% in December 2015.The one year note however, increased to 23.0% from 22.5% in 2014.

PERFORMANCE OF THE BANK

The Bank's performance for the period under review was highly influenced by the international and domestic economic developments during the year. The year 2015 was a challenging one for Ghana's macro economy as a whole and the Banking industry was not an exception. Government activity over the year was thus centered on obtaining inclusive growth, value addition and diversification through the pursuit of prudent macroeconomic and financial measures

Financial Performance

The net loss after tax of GH¢78.7 million was below the profit of GH¢47.9 million recorded in 2014. The Bank's performance was hampered by inadequate capital to operate with and the challenges presented by credit management required further provisions to be made. Thus impairment charged on the loan book was GH¢109.9million in 2015 compared to GH¢59.1 million in 2014.

Financial Position

Total assets fell by 1.05 % from GH¢2,156.7 million at the end of 2014 to GH¢2,134.1 million at year end 2015. This was mainly due to a decrease in investment and advances by 22.79% and 3.21% respectively. Shareholders' funds also went down by 3.2 % from GH¢343.8 million at the end of 2014 to GH¢332.9 million at the end of 2015.

Financing to the Agricultural Sector

The Bank remained committed to financing the productive agricultural sector of the economy in line with its mission and vision. Total credit disbursed to the agricultural sector was GH¢ 448.9million in 2015 as against GH¢391.3 million in 2014. This means an increase of 14.7% over the previous year.

CHAIRMAN'S STATEMENT cont'd

3.0 CHANGES IN BOARD AND MANAGEMENT

During the year 2015, Mr. Abdul-Samed Iddrisu, Executive Director left the services of the Bank. The Managing Director, Mr. Stephen Kpordzih resigned with effect from 5th January, 2016 and was replaced by Mr. Daniel Asiedu who took over from 1st March 2016.

The Acting Treasurer, Mr. John Zigah, as well as the Acting Chief Finance Officer, Mr. James Baidoo Sagoe also left the Bank in 2015 while the Executive Head, Human Capital Management, Ms. Akwelley Adoley Bulley also resigned on 29th February 2016.

4.0 STRATEGIC PLAN 2015 - 2019

The Bank has completed the first year of its five year Strategic plan with the theme 'Achieving sustainable growth through balancing Agri-business financing with commercial orientation'. The extent of growth was hampered by inadequate capital and Credit risk challenges which led to an abysmal performance of the Bank. The Bank has started the process of listing on the Stock Exchange with the hope to raise additional capital which will enable it to expand its operations and undertake larger and more profitable transactions to increase shareholders' worth. Efforts have been put in place to intensify recoveries and deposit mobilisation to improve performance.

5.0 OUTLOOK FOR 2016

The year 2016 marks the second year of the Bank's new 5-year strategic plan which is from 2015-2019. It is evident that 2016 will be a challenging year taking cognisance of the current global and local economic outlook, coupled with the energy crisis and a rising inflation that seems to be producing mixed results despite further tightening of the monetary stance over the last months.

Looking ahead, sub-Saharan African growth is projected to increase by 4.3% and domestic growth by 5.4% in 2016. The Bank of Ghana faces the partly contradictory monetary policy challenges of containing inflation while fostering economic growth. The Cedi is expected to have a moderate stability due to staunch monetary policies by Bank of Ghana. Interest rates are expected to be relatively high in 2016 as lending rates are very responsive to the pattern of monetary policy rate which is already high.

Nevertheless, the continuous execution of the IMF program should help to moderate debt-service costs by providing concessional loans and thereby improving market confidence. Again, the completion of the Atuabo Gas Infrastructure Project, the installation of FPSO J.E.A Mills and the commencement of the Sankofa Gye Nyame (SGN) Project will increase the supply of lean gas for better power generation and make savings on crude oil and gas imports.

The Bank is optimistic that with the additional capital being raised and strategies which have taken cognisance of the current operating environment, we will improve performance and enhance shareholders value.

CONCLUSION

I take this opportunity on behalf of the Board to congratulate our shareholders and customers for their continued support over the years. I also congratulate my colleagues on the Board, Management and staff of our bank for their hard work and commitment to duty despite the challenges and pray for a successful 2016.

Nana Soglo Alloh IV

Chairman

PROFILE OF EXECUTIVE MANAGEMENT

Stephen Kpordzih - Managing Director (Outgoing)

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. He resigned in January 2016.

Daniel Asiedu - Managing Director (Incoming)

Daniel Asiedu who was appointed as Managing Director in March 1, 2016 is an experienced Banker, Chartered Accountant and Financial analyst spanning a period of over twenty (20) years. He holds a Bachelor's degree in Mechanical Engineering from the University of Ibadan, Nigeria and an Executive Master's degree in Business Administration (Finance Option) from the University of Ghana.

Mr. Asiedu has also attended many courses both locally and internationally including Executive Management courses at Harvard Business School, Columbia University, The Wharton Business School (University of Pennsylvania), Stanford Graduate Business School, Kellogg School of Management, INSEAD and Euromoney Training. He has extensive expertise in auditing, business consulting, general banking, financial management, marketing, operations and investment. His working experience ranges from Zenith Bank Ghana, Pricewaterhouse Coopers, Zenith Bank Plc, Volta River Authority (VRA) and Standard Trust Bank Ghana Ltd (now UBA (Gh.) Ltd).

Mr. Asiedu is an honoured member of the International WHO'S Historical Society of Professionals and has won several awards and accolades in his working life as a banker.

A family man, Mr. Asiedu is a devout Christian, a renowned Minister of the Gospel, a motivational Speaker and a Business Mentor.

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 and left the board on November 10, 2015.

PROFILE OF EXECUTIVE MANAGEMENT

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. She resigned on February 29, 2016.

Alfred Neneh A. Akotiah – Executive Head-Retail Banking

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

Bernard Appiah Gyebi - Executive Head-Credit Risk Management

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

Edward Ian Armah-Mensah - Executive Head-Corporate Banking

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

James Baidoo Sagoe - Executive Head-Finance & Planning

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

He resigned from the Bank on November 10, 2015.

PROFILE OF EXECUTIVE MANAGEMENT

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 and retired on April 30, 2015. He had previously worked in various capacities at Barclays Bank Ghana Limited.

Joseph Patterson – Executive Head-Business Solutions

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

Robert Karikari Darko – Executive Head-SME Banking

He holds 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.

PROFILE OF EXECUTIVE MANAGEMENT

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 positions in credit risk management. Prior to working at CAL Bank, he worked at Stanbic Bank where he held various positions in the Treasury, Finance and Trade services Departments of the Bank. He holds an MBA Finance from the 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). He left the Bank on November 10, 2015.

REVIEW OF 2015 OPERATIONS BY MANAGING DIRECTOR

Introduction

Global commodities prices especially oil continue to decline amidst tightening financial conditions during the year under review. Additionally, risks from the global environment have heightened, driven mainly by slower growth prospects in China and other emerging market economies. On the domestic front the Ghana cedi depreciated by about 18 percent although there was a bit of stability during the third quarter of the year, supported by Government's tight monetary and fiscal policy stance, inflows from donors, the pre-export finance facility for cocoa as well as proceeds from the Eurobond issue. Inflation in December 2015 was 17.7 percent, up from 16.4 percent in December 2014. The government also entered into a three year Extended Credit Facility with the International Monetary Fund (IMF) to support the economy of Ghana.

Financial Results

The year 2015 was a very challenging one for the bank. Total assets was GH¢2.13bn as at December 31, 2015 declining marginally by 1.1 percent when compared to December 31, 2014. In terms of funding sources, although total deposits as at December 31, 2015 was GH¢1.51bn, representing an increase of 3.5 percent compared to the prior year, the increase was offset by a decrease in borrowings which affected liquidity. The tightness in liquidity resulted in a 34 percent increase in cost of funding and a marginal increase in interest income giving rise to a decline of 13 percent in net interest income when compared to 2015 financial year. This coupled with other factors resulted in a loss of GH¢100m for the year ended December 31, 2015 compared to a profit before tax of GH¢35m recorded during the financial year ended December 31, 2014.

Other developments

Funding for Agriculture and Allied Sectors.

During the year under review, credit to Agriculture and its allied sectors grew by 35 percent, an indication of the Bank's commitment to continuously support that segment of the economy. Total loans to the sector stood at GH¢448.9 million as at December 31, 2015.

IPO Issue

The Bank has started the process of raising additional capital to shore up its equity.

Corporate Social Responsibility

The Bank continued with its corporate social responsibilities despite its challenges. The flagship sponsorship for the National Best Farmer Award Project was maintained with an amount of GH¢374,000 (USD100, 000) for the 2015 National Best Farmer. Furthermore, donations were made to the Volta Regional Hospital at Ho, as well as the 37 Military and Ridge Hospitals respectively toward the treatment of victims of National disaster in Accra.

Strategic Plan 2015-2019

The year 2015 marked the first year of implementing our five year strategic plan. The plan seeks to achieve sustainable growth through balancing Agriculture Business Financing and Commercial orientation. The Bank re-engineered its business processes and workflow to improve performance. Furthermore, products such as "Collabo" and "CollaSave" were introduced to meet the needs of our cherished customers. The Bank also expanded its reach to new and existing customers by deploying a mobile banking application called the ADB Mobile and Agency Banking.

REVIEW OF 2015 OPERATIONS BY MANAGING DIRECTOR cont'd

Awards

Although 2015 was a challenging year, the bank received applauses in certain areas of its business. These include:

- Ghana Banking Awards 2015 – Best Bank Agric Financing
- Ghana Banking Awards 2015 – 1st Runner Up Product Innovation
- Next Consulting Limited 2015 - Best Customer Service Bank 2015
- Other Ways Management and Consulting Club, France - The 2015 Golden Award Quality and Business Prestige

The Journey Ahead

As has been forecasted by the IMF and the World Bank respectively, the domestic economy is expected to grow between 4 percent and 6 percent in 2016. Although the shifting competitive dynamics in the Ghanaian banking industry poses some challenges, we expect 2016 will also be filled with opportunities for us to continue building a very successful universal bank as we pursue our agenda spelt out in our five year Strategic Plan. We will continue to focus on our customers, building stronger and deeper relationships with them to meet their unique needs. This focus is supported by our core values and by a disciplined and rigorous approach to managing costs, risk and capital resources. Although we can't predict the future with great certainty we can make sure our Bank has the capacity to adapt to the future – no matter what it looks like. We believe we will compete, win and grow in the coming years.

Conclusion

In closing, I would like to thank our numerous customers around the country for their patronage and – just as importantly – for their trust. As a bank, we will strive to evolve in ways that create real value for all our stakeholders. In all of this, our people are key and I very much will like to extend my sincere appreciation to all staff for their various contributions to ADB. Furthermore, I will like to thank the members of the Board for their support during my tenure of office.

Stephen Kpordzih

Managing Director

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 2015.

Directors' Responsibility Statement

The Bank's directors are responsible for the preparation of financial statements that give a true and fair view of Agricultural Development Bank Limited, comprising the statement of financial position at 31 December 2015, and the statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and the notes to the financial statements which include a summary of significant accounting policies and other explanatory notes, 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). In addition, the directors are responsible for the preparation of the directors' report.

The directors are also responsible 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, and for maintaining adequate accounting records and an effective system of risk management.

The auditor is responsible for reporting on whether the financial statements give a true and fair view in accordance with the applicable financial reporting framework.

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.

Shareholding

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

Directors

The present list of members of the board is shown on page 2. Mr. Abdul-Samed Iddrisu resigned during the year and Mr. Stephen Kpordzih also resigned in January 2016. Mr. Daniel Aseidu was appointed the Managing Director effective 1 March 2016.

Associates

The Bank holds significant interest in:

Activity Venture Finance Company Limited	-	Venture Capital

Raising Capital

The directors have made an assessment of the ability of the Bank to continue as a going concern and have no reason to believe it will not be a going concern in the year ahead.

The Bank however reported a net loss of GH¢78.98 million for the year (2014: GH¢47.87million profit) and has also breached the minimum capital adequacy ratio set by the regulator (2015: 8.26%; 2014: 10.48%). To recapitalize, the Bank is embarking on an Initial Public Offer (IPO) and expects to raise an amount of GH¢398.45 million through the sale of shares. The process is ongoing and is expected to be concluded by April 2016. The Bank has also put in place certain measures including: an aggressive bad debt recovery campaign and the cutting down on costs such as salaries and capital expenditure in order to improve its capital base and correct the breach.

REPORT OF THE DIRECTORS CONT'D

TO THE MEMBERS OF AGRICULTURAL DEVELOPMENT BANK LIMITED

Financial Statements And Dividend

The financial results of the Bank for the year ended 31 December 2015 are set out in the attached financial results, highlights of which are as follows:

	2015	2014
	GH¢'000	**GH¢'000**
(Loss)/Profit after tax (attributable to equity holders)	**(78,975)**	47,865
to which is added the balance brought forward		
on retained earnings account	**54,292**	44,962
	(24,683)	92,827
out of which is transferred to the statutory reserve		
fund in accordance with Section 29 of the Banking Act		
an amount of	**-**	(5,984)
transfers into credit risk reserve of	**(10,703)**	(32,551)
	(10,703)	(38,535)
leaving a balance to be carried forward of	**(35,386)**	54,292

The Bank recorded a loss after tax for the year under review and as a result there were no transfers to the Statutory Reserve from Retained Earnings during the year (2014: GH¢ 5,983,146) . The cumulative balance on the Statutory Reserve Fund at the year end was GH¢ 84,890,667 (2014: GH¢ 84,890,667).

The Directors do not recommend payment of dividend for the year. (2014: nil)

The Directors confirm that to the best of their knowledge:

- the financial statements, prepared in accordance with applicable laws and the Bank's financial reporting framework, give a true and fair view of the Bank's financial position, performance and cash flows; and
- the state of the Bank's affairs is satisfactory.

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 2015, two facilities 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 12.61% of its net funds which is a breach of this regulation.

REPORT OF THE DIRECTORS CONT'D

TO THE MEMBERS OF AGRICULTURAL DEVELOPMENT BANK LIMITED

Review of Capital Adequacy Ratio

Section 23(1) of the Banking Act, 2004 (Act 673) requires that banks maintain at all times a minimum capital adequacy ratio of 10%. The Bank however recorded a capital adequacy ratio of 8.26% as at 31 December 2015.

Approval of the Financial Statements

The financial statements of the Bank were approved by the Board of Directors on March 30, 2016 and signed on their behalf by:

DIRECTOR

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 2015, the Board of Directors of Agricultural Development Bank Limited consisted of six (6) members made up of an independent Non-executive Chairman, 4 (four) Non-executive Directors, and one (1) Executive Director. These board members have wide experience and in-depth knowledge in management, industry and the financial and capital markets, which enable them make informed decisions and valuable contributions to the Bank's progress. The Board met fifteen 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.

CORPORATE GOVERNANCE CONT'D

5. Assisting management in the recognition of risks and also to ensure that the Board is made aware of changes in the risk profile arising from:
    - Asset quality concentration
    - Counterparty limits
    - Currency, maturity and interest rate mismatches
    - The external environment, including country risk for any country where the bank has a significant exposure
    - Business strategy and competition
    - Operational risk, including vulnerability to fraud, human resources and business continuity
    - Legal, compliance and reputational risk
6. The committee annually reviews its terms of reference and modus operandi and makes recommendations for changes that it considers appropriate to the Board.

Audit and Compliance Committee

The role of the committee includes:

1. Annually recommending to the Board and Annual General Meeting (AGM), the appointment of the External Auditor, the audit fee and to advise the Board on any questions of resignation or dismissal of the External Auditors.
2. To keep under review the Bank's policy on non audit services provided by the External Auditors and recommend this to the Board having due regard to ensuring that the provision of such services does not impair the External Auditor's independence or objectivity.
3. Discussing with the External Auditors before their audit commences, the nature and scope of the audit.
4. Discussing any issues arising from the interim or final audits, and any matters the External Auditors may wish to raise and to report on such matters to the Board.

Remunerations Committee

The role of the committee includes:

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 financial statements of Agricultural Development Bank Limited which comprise the statement of financial position as at 31 December 2015, and the statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and the notes to the financial statements which include a summary of significant accounting policies and other explanatory notes, as set out on pages 12 to 83.

Directors' Responsibility for the Financial Statements

The directors are responsible for the preparation of financial statements that give a true and fair view in accordance with International Financial Reporting Standards and in the manner required by the Companies Act, 1963 (Act 179), and the Banking Act, 2004 (Act 673) as amended by the Banking (Amendment) Act, 2007 (Act 738), 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. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of financial statements that give a true and fair view 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, these financial statements give a true and fair view of the financial position of Agricultural Development Bank Limited at 31 December 2015 and of its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards and in the manner required by the Companies Act, 1963 (Act 179), and the Banking Act, 2004 (Act 673) as amended by the Banking (Amendment) Act, 2007 (Act 738).

Report on Other Legal and Regulatory Requirements

Compliance with the requirements of Section 133 of the Companies Act, 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 our knowledge and belief were necessary for the purpose of our audit.

INDEPENDENT AUDITORS' REPORT CONT'D

TO THE MEMBERS OF AGRICULTURAL DEVELOPMENT BANK LIMITED

In our opinion, proper books of account have been kept, and the statements of financial position and profit or loss and other 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 48, 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).

....

Signed by: Nathaniel D. Harlley (ICAG/P/1056)

For and on behalf of:

KPMG: (ICAG/F/2016/038)

CHARTERED ACCOUNTANTS

13 YIYIWA DRIVE, ABELENKPE

P. O. BOX GP 242

ACCRA

March 30, 2016

STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2015

		2015	2014
	Note	GH¢'000	GH¢'000
Assets			
Cash and cash equivalents	16	**483,967**	462,089
Derivative assets held for risk management	17	**-**	2,220
Investment in Government Securities	18	**286,018**	370,458
Loans and advances to customers	19	**1,088,071**	1,124,139
Investment in other securities	20	**88,478**	78,636
Investment in associate companies	21	**538**	539
Asset held for sale	22	**-**	3,844
National Fiscal Stabilization Levy	23	**2,428**	1,872
Property and equipment	24	**108,076**	34,862
Intangible assets	25	**5,524**	7,203
Deferred tax asset	23	**11,532**	12,994
Corporate tax asset	23	**14,225**	-
Other assets	26	**45,290**	57,884
Total Assets		**2,134,147**	2,156,740
Liabilities			
Derivative liabilities held for risk management	17	**-**	2,142
Borrowed funds	27	**222,669**	279,355
Deposits from customers	28	**1,513,508**	1,462,139
Corporate Tax Liability	23	**-**	1,746
Other liabilities	29	**65,077**	67,543
		1,801,254	1,812,925
Equity			
Stated capital	30	**75,000**	75,000
Statutory reserve	31	**84,891**	84,891
Credit risk reserve	32	**103,236**	92,533
Available for sale reserve	33	**47,621**	35,351
Revaluation reserve	34	**57,531**	1,748
Retained earnings	35	**(35,386)**	54,292
Shareholders' funds		**332,893**	343,815
Total liabilities and Shareholders' Funds		**2,134,147**	2,156,740

These financial statements were approved by the Board of Directors on March 30, 2016 and signed on its behalf by:

DIRECTOR DIRECTOR

The notes on pages 31 to 90 form an integral part of these financial statements.

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2015

		2015	2014
	Note	GH¢'000	GH¢'000
Interest income	7	**314,679**	308,137
Interest expense	8	**(134,105)**	(100,405)
Net interest income		**180,574**	207,732
Fees and commission income	9	**56,258**	43,323
Fees and commission expense	9	**(5,725)**	(5,118)
Net fees and commission income		**50,533**	38,205
Net trading income	10	**29,820**	67,221
Other operating income	11	**12,154**	14,689
Net non-interest revenue		**92,507**	120,115
Revenue		**273,081**	327,847
Other Income/ (Expense)	24	**174**	(2)
Impairment loss on loans and advances	19	**(109,858)**	(59,080)
Impairment loss on investments	20	**(766)**	-
Personnel expenses	12	**(141,505)**	(130,485)
Depreciation and amortization	24, 25	**(13,919)**	(9,503)
Other operating expenses	13	**(107,404)**	(94,006)
Operating (loss)/profit		**(100,197)**	34,771
Share of associate loss after tax	21	**-**	(101)
(Loss)/Profit before Tax		**(100,197)**	34,670
Income tax	23	**21,222**	14,929
National Fiscal Stabilization Levy	23	**-**	(1,734)
(Loss)/Profit after Tax		**(78,975)**	47,865

The notes on pages 31 to 90 form an integral part of these financial statements.

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME CONT'D

FOR THE YEAR ENDED 31 DECEMBER 2015

	Note	2015 GH¢'000	2014 GH¢'000
(Loss)/Profit after tax		**(78,975)**	47,865
Other comprehensive income			
Items that will never be reclassified to profit or loss			
Revaluation of property	24	**74,377**	-
Deferred tax on revaluation gains		**(18,594)**	-
Items that are or may be reclassified to profit or loss			
Net change in value of available for sale			
Investment securities	33	**16,360**	26,371
Deferred tax on equity investment		**(4,090)**	(11,416)
Other comprehensive income for the year		**68,053**	14,955
Total comprehensive income		**(10,922)**	62,820
(Loss)/Profit attributable to:			
Equity holders of the Bank		**(78,975)**	47,865
Total comprehensive income attributable to:			
Equity holders of the Bank		**(10,922)**	62,820
Earnings per share			
Basic and diluted (in Ghana pesewas)	15	**(3.159)**	1.915

The notes on pages 31 to 90 form an integral part of these financial statements.

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2015

	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	343,815

The notes on pages 31 to 90 form an integral part of these financial statements.

STATEMENT OF CHANGES IN EQUITY CONT'D

FOR THE YEAR ENDED 31 DECEMBER 2015

	Regulatory	Available					
	Stated	Statutory	Credit	for Sale	Revaluation	Retained	
	Capital	Reserve	Reserve	Reserve	Reserve	Earnings	Total
	GH¢'000	GH¢'000	GH¢'000	GH¢'000	GH¢'000	GH¢'000	GH¢'000
At 1 January 2015	**75,000**	**84,891**	**92,533**	**35,351**	**1,748**	**54,292**	**343,815**
Total Comprehensive income							
Loss	-	-	-	-	-	(78,975)	(78,975)
Other Comprehensive income, net of tax							
Fair value reserve (available-for-sale financial assets):							
Net change in fair value	-	-	-	12,270	-	-	12,270
Net change in revaluation	(18,594)	-	(18,594)				
Total Other Comprehensive income	**-**	**-**	**-**	12,270	(18,594)	-	(6,324)
Regulatory and Other reserves							
Transfer to credit risk reserve	-	-	10,703	-	-	(10,703)	-
Transfer to statutory reserve	-	-	-	-	-	-	-
Revaluation surplus	-	-	-	-	74,377	-	74,377
Net transfer to reserves	**-**	**-**	**10,703**	**-**	**74,377**	**(10,703)**	**74,377**
Balance at 31 December 2015	**75,000**	**84,891**	**103,236**	**47,621**	**57,531**	**(35,386)**	**332,893**

The notes on pages 31 to 90 form an integral part of these financial statements.

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2015

	Note	2015 GH¢'000	2014 GH¢'000
Operating activities			
Cash generated from operations	36	158,363	206,042
Investing activities			
Purchase of property and equipment	24	(9,011)	(19,572)
Proceeds from disposal of property and equipment	24	182	84
Acquisition of Intangible assets	25	(2,041)	(2,002)
Proceeds from disposal of associated company	39	-	
Net cash used in investing activities		**(10,831)**	**(21,490)**
Financing activities			
Net (payments) / receipts of borrowed funds		(56,686)	70,440
Dividend Paid		-	(3,135)
Net cash generated from / (used in) financing Activities		**(56,686)**	**67,305**
Increase in cash and cash equivalents		90,846	251,857
Cash and cash equivalent at 1 January		542,811	304,172
Effect of exchange rate fluctuations on cash and cash equivalent		(792)	(13,218)
Cash and cash equivalents at 31 December	**16**	**632,865**	**542,811**

The notes on pages 31 to 90 form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2015

1. REPORTING ENTITY

Agricultural Development Bank Limited (ADB) is a financial institution incorporated in Ghana. The registered office and address of the Bank is Accra Financial Centre, 3rd Ambassadorial Development Area, P. O. Box 4191, Accra. The Bank is primarily involved in corporate banking, investment banking and retail banking. These financial statements are for an individual entity.

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 March 30, 2016.

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 2015 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 23 – recognition of deferred tax assets: availability of future taxable profit against which carry-forward tax losses can be used; and

Note 37 – 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.

i) Impairment of financial instruments (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 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.

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 45.

(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

NOTES TO THE FINANCIAL STATEMENTS CONT'D

FOR THE YEAR ENDED 31 DECEMBER 2015

5. FINANCIAL RISK REVIEW – (CONT'D)

(a) Credit risk (cont'd)

iv. Concentration of credit risk

v. Impaired loans and advances

(b) Liquidity risk

(c) Market risk

(d) Capital management

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

(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.

Maximum exposure of credit risk		2015	2014
	Note	GH¢'000	GH¢'000
Loans and Advances to Customers			
Carrying Amount			
At amortised cost			
Grade A		719,369	858,706
Grade B		164,074	96,770
Grade C		149,478	43,021
Grade D		28,616	127,022
Grade E		224,212	92,167
Total gross amount		1,285,749	1,217,686
Allowance for impairment (individual and collective)		(197,678)	(93,547)
Net carrying amount	19	1,088,071	1,124,139
Off balance sheet – Maximum exposure			
Lending of credits – Grade A		58,533	61,713
Guarantees and Indemnities – Grade A		54,860	98,916
Total exposure		113,393	160,629
Loans with renegotiated term			
Gross carrying amount		155,258	135,200
Neither past due nor impaired			
Grade A		719,369	858,706
Grade B		164,074	96,770
		883,443	**955,476**

NOTES TO THE FINANCIAL STATEMENTS CONT'D

FOR THE YEAR ENDED 31 DECEMBER 2015

5. FINANCIAL RISK REVIEW CONT'D

	2015	2014
	GH¢'000	GH¢'000
Neither past due or impaired b/f	883,443	955,476
Allowance for impairment	(13,643)	(6,173)
Carrying Amount	869,800	949,303
Individually impaired		
Grade C	149,478	43,021
Grade D	28,616	127,022
Grade E	224,212	92,167
Gross Amount	402,306	262,210
Allowance for impairment	(184,035)	(87,374)
Carrying Amount	218,271	174,836
Total Carrying Amount	1,088,071	1,124,139
Government securities	286,018	370,458
Deposits due from financial institutions:		
Local	169,527	125,902
Foreign	43,519	109,639
	213,046	235,541

Impaired loans

See accounting policy in Note 47(h)(vii).

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.

NOTES TO THE FINANCIAL STATEMENTS CONT'D

FOR THE YEAR ENDED 31 DECEMBER 2015

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.

	2015	2014
	GH¢'000	GH¢'000
Loans and advances to customers		
Continuing to be impaired after restructuring (included in		
non-performing loans)	289,960	117,137
Non-impaired after restructuring – would otherwise have been impaired	121,936	16,860

(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 2015.

NOTES TO THE FINANCIAL STATEMENTS CONT'D

FOR THE YEAR ENDED 31 DECEMBER 2015

5. FINANCIAL RISK REVIEW CONT'D

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

Loans and advances to customers		
	2015	2014
	GH¢'000	GH¢'000
Against individually impaired		
Property	222,763	40,870
Against neither past due nor impaired		
Property	669,475	760,918
Total	**892,238**	**801,788**

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(i). 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. The Bank does not routinely update the valuation of collateral held against all loans to customers because of the Bank's focus on customers' creditworthiness. 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. (2014: GH¢3,594,300)

(iii) Offsetting financial assets and financial liabilities

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

(iv) Concentrations of credit risk

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

NOTES TO THE FINANCIAL STATEMENTS CONT'D

FOR THE YEAR ENDED 31 DECEMBER 2015

5. FINANCIAL RISK REVIEW CONT'D

Loans and Advances to customers

	2015		2014	
Carrying amount	**GH¢'000**	**%**	**GH¢'000**	**%**
Concentration by industry:				
Agriculture	448,903	35	391,279	32
Manufacturing	39,139	3	21,932	2
Commerce and Finance	146,577	12	189,590	16
Transport and Communication	16,575	1	16,408	1
Mining and Quarrying	7,429	0	6,265	-
Building and Construction	193,072	15	326,862	27
Services	421,204	33	248,083	20
Others	12,850	1	17,267	2
	1,285,749	**100**	**1,217,686**	**100**

Concentration by product

	2015	2014
	GH¢'000	**GH¢'000**
a) Loans and advances to individual customers:		
Overdraft	106,218	134,433
Term loans	314,688	282,483
	420,906	416,916
b) Loans to corporate entities:		
Overdrafts	86,564	86,597
Terms loans	778,279	714,172
	864,843	800,769
Gross loans and advances	**1,285,749**	**1,217,685**

(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.

5. FINANCIAL RISK REVIEW CONT'D

(v) Impaired loans and advances (cont'd)

	2015		2014	
		Gross		Gross
	Amount	Impairment	Amount	Impairment
	GH¢'000	%	GH¢'000	%
Loans and Advances to Customers				
Neither past due nor impaired	883,443	69	955,476	78
Past due but not impaired	152,817	12	156,981	13
Impaired	249,489	19	105,229	9
	1,285,749	**100**	**1,217,686**	**100**

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.

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 2015

5. FINANCIAL RISK REVIEW CONT'D

b) Liquidity risk (cont'd)

As at 31 December 2015	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	1,513,508	(1,513,508)	(1,405,862)	(59,183)	(20,618)	(27,830)	(15)	-
Borrowed Funds	222,669	(244,656)	(71,562)	(4,223)	(3,000)	-	(55,110)	(110,760)
Total financial liabilities	1,736,177	(1,758,164)	(1,477,424)	(63,406)	(23,618)	(27,830)	(55,125)	(110,760)
Financial assets by type								
Non-derivative assets								
Cash and cash equivalent	483,967	483,967	483,967	-	-	-	-	-
Investment in Government securities	286,018	293,111	126,819	30,930	-	26,000	109,362	-
Investments in other securities	88,478	88,478	-	-	-	-	88,478	-
Investment in associate companies	538	538	-	-	-	-	538	-
Loans and advances to customers (net)	1,088,071	1,285,749	332,957	19,551	56,052	83,142	556,519	237,528
Assets held for managing liquidity risk	1,947,072	2,151,843	943,743	50,481	56,052	109,142	754,897	237,528
Net Liquidity gap	**210,895**	**393,679**	**(533,681)**	**(12,925)**	**32,434**	**81,312**	**699,772**	**126,768**

NOTES TO THE FINANCIAL STATEMENTS CONT'D

FOR THE YEAR ENDED 31 DECEMBER 2015

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)	(15,709)	(56)	-
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)	(135,959)	(86,099)	(86,474)
Derivative liabilities								
Risk management:								
Outflow	2,142	(2,142)	-	(2,142)	-	-	-	-
1,743,636	(1,771,109)	(1,194,548)	(210,989)	(57,041)	(135,959)	(86,099)	(86,474)	
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	78,636	-	-	-	-	78,636	-
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	2,336,834	749,285	118,524	85,761	469,281	593,788	320,195

NOTES TO THE FINANCIAL STATEMENTS CONT'D

FOR THE YEAR ENDED 31 DECEMBER 2015

5. FINANCIAL RISK REVIEW CONT'D

	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
Non-derivative assets								
Risk management:								
Inflow	2,220	2,220	-	2,220	-	-	-	-
	2,038,081	2,339,054	749,285	120,744	85,761	469,281	593,788	320,195
Net Liquidity gap	294,445	567,945	(445,263)	(90,245)	28,720	333,322	507,689	233,721

(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.

NOTES TO THE FINANCIAL STATEMENTS CONT'D

FOR THE YEAR ENDED 31 DECEMBER 2015

5. FINANCIAL RISK REVIEW – (CONT'D)

	Less than 1 month GH¢'000	Less than 3 months GH¢'000	Less than 6 months GH¢'000	Less than 1 year GH¢'000	Less than 5years GH¢'000	More than 5 years GH¢'000	Total GH¢'000
Financial assets							
Cash and cash equivalent	483,967	-	-	-	-	-	483,967
Government Securities	126,819	30,930	-	26,000	102,269	-	286,018
Loans and advances to customers (net)	332,957	19,551	56,052	83,142	358,841	237,528	1,088,071
Total financial assets	943,743	50,481	56,052	109,142	461,110	237,528	1,858,056
Financial liabilities							
Deposits from customers	1,405,862	59,183	20,618	27,830	15	-	1,513,508
Borrowed funds	49,576	4,223	3,000	-	55,110	110,760	222,669
Total financial liabilities	1,455,438	63,406	23,618	27,830	55,125	110,760	1,736,177
Interest rate sensitivity gap	(511,695)	(12,925)	32,434	81,312	405,985	126,768	121,879
As at 31 December 2014							
Total financial assets	749,285	118,524	85,761	168,308	506,848	327,961	1,956,687
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

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 2015. The amounts stated in the table below are the Ghana Cedi equivalent of the foreign currencies.

NOTES TO THE FINANCIAL STATEMENTS CONT'D

FOR THE YEAR ENDED 31 DECEMBER 2015

5. FINANCIAL RISK REVIEW – (CONT'D)

Assets					
	USD	**GBP**	**EUR**	**Other**	**Total**
	GH¢'000	**GH¢'000**	**GH¢'000**	**GH¢'000**	**GH¢'000**
Cash and cash equivalent	189,208	9,543	23,456	1	222,208
Loans and advances to customers (net)	60,333	680	82,106	-	143,119
Other assets	1,129	-	-	-	1,129
Total financial assets	250,670	10,223	105,562	1	366,456
Liabilities					
Deposits from customers	190,504	9,005	16,792	-	216,301
Borrowings	55,053	-	87,179	-	142,232
Other liabilities	3,271	17	825	-	4,113
Total financial liabilities	248,828	9,022	104,796	-	362,646
Net on balance sheet position	1,842	1,201	766	1	3,810
Contingent liabilities	68,938	676	3,471	-	73,085
As at 31 December 2014					
Total financial assets	238,388	8,775	70,506	1	317,670
Total financial liabilities	262,269	7,987	66,591	-	336,847
Net on balance sheet position	**(23,881)**	**788**	**3,915**	**1**	**(19,177)**
Contingent liabilities	**122,311**	**-**	**6,292**	**552**	**129,155**

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

	Average rate		**Reporting rate**	
	2015	**2014**	**2015**	**2014**
Cedis				
US$ 1	3.2001	2.9773	3.7944	3.2001
GP£ 1	4.9092	4.9698	5.6265	4.9892
€1	3.8813	4.0121	4.1514	3.8813

5. FINANCIAL RISK REVIEW – (CONT'D)

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 2015. (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.

	2015			2014		
	% Change	Income Statement Impact Strengthening	Income Statement Impact Weakening	% change	Income Statement Impact Strengthening	Income Statement Impact Weakening
In GH¢						
US$	+5%	83,089	(83,089)	+5%	1,194,025	(1,194,025)
£	+5%	26,266	(26,266)	+5%	(39,402)	39,402
€	+5%	38,227	(38,227)	+5%	(195,732)	195,732

Market Risk

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

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

Cashflow sensitivity analysis for variable rate instruments

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

NOTES TO THE FINANCIAL STATEMENTS CONT'D

FOR THE YEAR ENDED 31 DECEMBER 2015

5. FINANCIAL RISK REVIEW – (CONT'D)

The analysis is performed on the same basis for 2015.

Effects in Cedis	100bp Increase GH¢'000	100bp Decrease GH¢'000
31 December 2015		
Average for the Period	**1,086**	**(1,086)**
Maximum for the Period	**3,147**	**(3,147)**
Minimum for the Period	**1,341**	**(1,341)**
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)

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 2015

5. FINANCIAL RISK REVIEW – (CONT'D)

(d) Capital management (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, subordinated Loans and Hybrid Capital subject to a limit of 100% of Tier 1 Capital.

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

Capital adequacy ratio

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

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

Tier 1 Capital		
	2015	**2014**
	GH¢'000	**GH¢'000**
Ordinary share capital	75,000	75,000
Retained earnings	(35,386)	54,291
Statutory reserve	84,891	84,891
Regulatory Credit Risk Reserve	103,236	92,533
Other regulatory adjustment	(197,970)	(171,185)
Total	**29,771**	**135,530**

NOTES TO THE FINANCIAL STATEMENTS CONT'D

FOR THE YEAR ENDED 31 DECEMBER 2015

5. FINANCIAL RISK REVIEW – (CONT'D)

(d) Capital Management – (Cont'd)

Tier 2 Capital	2015	2014
	GH¢'000	GH¢'000
Available for sale reserve	47,621	35,351
Revaluation reserve	57,531	1,748
Total	**105,152**	**37,099**
Total regulatory capital	**134,923**	**172,629**
Risk weighted assets		
On-balance sheet items	1,255,438	1,264,586
Off-balance sheet items	82,557	144,877
Total risk weighted assets	1,337,995	1,409,463
Other regulatory adjustments	295,559	238,211
Adjusted asset base	1,633,554	1,647,674
Capital adequacy	8.26%	10.48%

REVIEW OF CAPITAL ADEQUACY RATIO

Section 23(1) of the Banking Act, 2004 (Act 673) requires that banks maintain at all times a minimum capital adequacy ratio of 10%. The Bank however failed to meet this requirement in March, April and December 2015. The CAR reported for these months were 9.84%, 9.84% and 8.26% respectively.

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 (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.

(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.

NOTES TO THE FINANCIAL STATEMENTS CONT'D

FOR THE YEAR ENDED 31 DECEMBER 2015

6. FAIR VALUES OF FINANCIAL INSTRUMENTS CONT'D

2015	Level 1	Level 2	Level 3	Total
	GH¢'000	GH¢'000	GH¢'000	GH¢'000
Investment in Government Securities				
- Available for sale	-	51,892	-	51,892
Investments in Other Securities	-	88,478	-	88,478
Investments in Associates	-	538	-	538
	-	**140,908**	**-**	**140,908**

2014	Level 1	Level 2	Level 3	Total
	GH¢'000	GH¢'000	GH¢'000	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**

(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.

2015	Level 1	Level 2	Level 3	Total
	GH¢'000	GH¢'000	GH¢'000	GH¢'000
Financial Assets				
Cash and cash equivalents	-	483,967	-	483,967
Investment in Government Securities- held to maturity	-	234,126	-	234,126
Loans and advances to customers (net)	-	1,088,071	-	1,088,071
	-	**1,806,164**	**-**	**1,806,164**
Financial Liabilities				
Deposits from customers	-	-	1,513,508	1,513,508
Borrowed funds	-	-	222,669	222,669
	-	**-**	**1,736,177**	**1,736,177**

NOTES TO THE FINANCIAL STATEMENTS CONT'D

FOR THE YEAR ENDED 31 DECEMBER 2015

6. FAIR VALUES OF FINANCIAL INSTRUMENTS CONT'D

(c) Financial instruments not measured at fair value (cont'd)

2014	Level 1	Level 2	Level 3	Total
	GH¢'000	GH¢'000	GH¢'000	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
	-	**1,785,388**	**-**	**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**

7. INTEREST INCOME

	2015	2014
	GH¢'000	GH¢'000
Loans and advances	226,470	224,031
Investment in Government securities	68,731	63,100
Interbank placement	5,451	7,165
Leases (including agric inputs)	14,027	13,841
	314,679	**308,137**

8. INTEREST EXPENSE

(a) On deposits:

	2015	2014
	GH¢'000	GH¢'000
Fixed/time deposits	44,721	38,532
Savings deposits	2,013	2,479
Demand & call deposits	56,183	31,921
	102,917	72,932
(b) On borrowed funds:		
Inter-Bank borrowing	8,953	2,965
Long-Term borrowings	22,235	24,508
	31,188	**27,473**
	134,105	**100,405**

NOTES TO THE FINANCIAL STATEMENTS CONT'D

FOR THE YEAR ENDED 31 DECEMBER 2015

9. NET FEE AND COMMISSION INCOME

	2015	2014
	GH¢'000	GH¢'000
Fee and commission Income		
Commission on Turnover	19,635	13,434
Fees and Charges	29,127	24,043
Sale of Cheque Book Charges	1,370	1,555
Loan Fee Incomes	4,885	3,052
Guarantees Charges and Commission	1,241	1,239
Total Fee and Commission Income	**56,258**	**43,323**
Fee and commission Expense		
Cost of Services	(5,725)	(5,118)
Total Fee and Commission Expense	(5,725)	(5,118)
Net Fee and Commission Income	50,533	38,205

10. NET TRADING INCOME

	2015	2014
	GH¢'000	GH¢'000
Foreign Exchange		
- Translation gains less losses	18,394	13,687
- Transaction gains less losses	11,426	53,534
	29,820	**67,221**

11. OTHER OPERATING INCOME

	2015	2014
	GH¢'000	GH¢'000
Bad debts recovered	5,822	2,515
Dividends from investments	3,878	2,632
Other income	2,454	9,542
	12,154	**14,689**

12. PERSONNEL EXPENSES

	2015	2014
	GH¢'000	GH¢
Salaries and wages	67,741	59,010
Pension costs - (Defined contribution scheme to SSNIT)	7,770	6,785
Staff Provident Fund (Defined Contribution Scheme)	8,710	7,826
Other staff related costs	57,284	56,864
	141,505	**130,485**

NOTES TO THE FINANCIAL STATEMENTS CONT'D

FOR THE YEAR ENDED 31 DECEMBER 2015

13. OTHER OPERATING EXPENSES

	2015	2014
	GH¢'000	GH¢'000
Directors' emoluments	1,724	1,847
Occupancy Cost	33,297	15,718
Auditors Remuneration	344	295
Donations and Social Responsibility	1,737	1,845
Motor Vehicle Running Expenses	4,784	4,505
General and Administrative Expenses	21,941	19,747
Others	43,577	50,049
	107,404	**94,006**

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, 2015	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	-	-	-	483,967	483,967
Investment in Government securities	-	-	51,892	234,126	286,018
Investment in other Securities	-	-	88,478	-	88,478
Loans and advances to customers (net)	-	1,088,071	-	-	1,088,071
	-	**1,088,071**	**140,370**	**718,093**	**1,946,534**
Deposits from customers	-	-	-	1,513,508	1,513,508
Borrowings	-	-	-	222,669	222,669
Other liabilities	-	-	-	65,077	65,077
	-	**-**	**-**	**1,801,254**	**1,801,254**
December 31, 2014					
Cash and cash equivalents	-	-	462,089	462,089	
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**

NOTES TO THE FINANCIAL STATEMENTS CONT'D

FOR THE YEAR ENDED 31 DECEMBER 2015

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.

	2015	2014
	GH¢'000	GH¢'000
Earnings (GH¢)	(78,975)	47,865
Earnings attributable to ordinary shareholders	**(78,975)**	**47,865**
Number of shares		
Number of ordinary shares	**25,000**	**25,000**
Earnings per share	**(3.159)**	**1.915**
Basic (GH¢)	**(3.159)**	**1.915**

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

16. CASH AND CASH EQUIVALENTS

	2015	2014
	GH¢'000	GH¢'000
(i) Cash on hand	54,536	39,571
Balances with Bank of Ghana	202,396	177,443
Deposits and balances due from banking institution (Note 16 (ii))	227,035	245,075
Cash and cash equivalent in statement of financial position	**483,967**	**462,089**
91-Day Treasury Bill	148,898	80,722
Cash and cash equivalent in statement of cash flows	**632,865**	**542,811**

Included in balances with Bank of Ghana above is an amount of GH¢151,350,800 (2014: GH¢146,213,949) mandatory reserve deposits representing 10% of the Bank's total deposits.

(ii) Deposits and Balances Due from Banking Institutions

	2015	2014
	GH¢'000	GH¢'000
Items in course of collection	13,989	9,535
Nostro account balances	43,519	109,638
Placements with other banks	169,527	125,902
	227,035	245,075

NOTES TO THE FINANCIAL STATEMENTS CONT'D

FOR THE YEAR ENDED 31 DECEMBER 2015

17. DERIVATIVE ASSET / LIABILITIES HELD FOR RISK MANAGEMENT

See accounting policy in Note 47(w)

The Bank no longer holds derivative financial instruments for risk management and trading purposes. The bank entered into forward exchange contracts in 2014 which matured in January 2015.

	2015		2014	
Instrument Type	Assets	Liabilities	Assets	Liabilities
	GH¢'000	GH¢'000	GH¢'000	GH¢'000
Foreign Exchange forward and spot contracts	-	-	2,220	2,142

18. INVESTMENT IN GOVERNMENT SECURITIES

	2015	2014
	GH¢'000	GH¢'000
Treasury bills		
91 Day Treasury Bills	148,898	80,723
182 Day Treasury Bills	53,962	102,980
Treasury Notes	34,850	13,237
	237,710	**196,940**
Government bonds		
2-5 year fixed rate note	42,556	172,414
Fair value movements	5,752	1,104
	48,308	**173,518**
Maturing within 90 days of date of acquisition	157,749	80,723
Maturing between 90 days – 1 year of date of acquisition	26,000	116,217
Maturing within 1-3 years of date of acquisition	102,269	173,518
	286,018	**370,458**

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 2015 was 22.79% (2014: 23.89%) and the rate for treasury bonds at 31 December 2015 was 22.88% (2014: 23%).

The 91-day treasury bills of GH¢148,898,000(2014: GH¢80,723,000) 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 2015

19. LOANS AND ADVANCES TO CUSTOMERS

	2015	2014
	GH¢'000	GH¢'000
Overdrafts	195,156	216,353
Loans	1,029,650	941,216
Lease receivable	60,943	60,117
Gross loans and advances	**1,285,749**	**1,217,686**
Provision for impaired loans and advances		
- Specific	(184,035)	(87,374)
- Collective	(13,643)	(6,173)
	1,088,071	**1,124,139**

The above constitute loans and advances to customers and staff.

Staff loans amounted to GH¢ 45,062,795(2014 - GH¢48,798,609)

The investment in lease receivables is analysed as follows:

	2015	2014
	GH¢'000	GH¢'000
Less than 1 year	34,755	30,664
Between 1 year and 5 years	26,188	29,453
	60,943	**60,117**

Key ratios on loans and advances

The effective interest rate on loans and advances at 31 December 2015 was 28.6% (2014: 27.9%).

Loan loss provision ratio is 19.5% of gross advances (2014: 8.82%).

Gross Non-performing loans ratio per Bank of Ghana requirement is 33.89% (2014: 23.29%).

Fifty (50) largest exposures (gross funded and non-funded) to total exposures is 62.46% (2014: 58.18%).

	2015	2014
	GH¢'000	GH¢'000
a) Analysis By maturity		
Maturing:		
Within one year	491,702	381,992
Between one to five years	794,047	515,499
More than five years	-	320,195
	1,285,749	**1,217,686**

NOTES TO THE FINANCIAL STATEMENTS CONT'D

FOR THE YEAR ENDED 31 DECEMBER 2015

19. LOANS AND ADVANCES TO CUSTOMERS CONT'D

	2015	2014
	GH¢'000	GH¢'000
b) Impairment of loans and advances		
At 1 January	93,547	57,157
Amount Written-off	(5,727)	(22,690)
Additional impairment charge during the year	109,858	59,080
31 December	**197,678**	**93,547**
c) Impairment of loans and advances		
Impairment charge	**109,858**	**59,080**

20. INVESTMENT IN OTHER SECURITIES: AVAILABLE FOR SALE

	2015	2014
	GH¢'000	GH¢'000
At 1 January	78,636	53,368
Fair value adjustments	10,608	25,268
Impairment	(766)	-
At 31 December	**88,478**	**78,636**

21. INVESTMENT IN ASSOCIATE COMPANIES

The Bank has one associate, Activity Venture Finance Company (AVF) that is immaterial to the Bank, which is equity accounted for.

	Activity Venture Finance Co
The relationship with the Bank	To help start-ups with high potential and risk
Principal place of business/country of incorporation	Accra, Ghana
Ownership interest/voting rights	20% (2014: 20%)
Fair value of ownership interest (if listed)	N/A

	2015	2014
	GH¢'000	GH¢'000
Carrying amount of immaterial associates	539	640
Loss from continuing operations	-	(101)
Disposal of investment	(1)	-
At 31 December	**538**	**539**

In 2015, the bank disposed of its 41% interest in Agricare Limited to Injaro Limited and realized a gain of GH¢ 38,187.

NOTES TO THE FINANCIAL STATEMENTS CONT'D

FOR THE YEAR ENDED 31 DECEMBER 2015

22. NON-CURRENT ASSET HELD FOR SALE

On 15 May 2014, the Board of Directors of the Bank approved the sale of ADB House on 37 Independence Avenue. Accordingly, the building was presented as a non-current held for sale. Efforts were made to complete the expected sale before 31 December 2015. The Board of Directors no longer have plans to sell the asset as at 31 December 2015 and as such had been reclassified back to Property and Equipment.

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

At 31 December 2015, the non-current asset had been reclassified to Property and Equipment.

	2015	2014
	GH¢'000	GH¢'000
Building	-	3,844

(b) 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

	2015	2014
	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	21,222	(24,410)
	21,222	**(14,929)**

Income tax

See accounting policy in Note 47 (g)

	Balance at 1/1/2015	Payments during the year	Charge for the year	Balance 31/12/2015
	GH¢'000	GH¢'000	GH¢'000	GH¢'000
Income tax				
2014	1,746	(100)	-	1,646
2015	-	(15,871)	-	(15,871)
	1,746	**(15,971)**	**-**	**(14,225)**
National Stabilization Levy	**(1,872)**	**(556)**	**-**	**(2,428)**
Total	**(1,872)**	**(556)**	**-**	**(2,428)**

NOTES TO THE FINANCIAL STATEMENTS CONT'D

FOR THE YEAR ENDED 31 DECEMBER 2015

23. INCOME TAX EXPENSE CONT'D

Reconciliation of effective tax rate	2015	2014
	GH¢'000	GH¢'000
Profit before tax	**(100,197)**	**34,670**
Income tax using domestic tax rate (25%)	(25,049)	3,158
Non-deductible expenses	46,314	(1,569)
Tax on exempt income	(43)	(16,518)
	21,222	**(14,929)**
Effective tax rate (21.18%) 43%		
DEFERRED TAX ASSET		
Balance at 1 January	(12,994)	-
Deferred tax due to property and equipment and impairment	(21,222)	(12,994)
Deferred tax on revaluation gains	18,594	-
Deferred tax on equity investment	4,090	-
Balance 31 December	**(11,532)**	**(12,994)**

Movement in deferred tax balances

	Net at 1/1	Recognised in profit	Recognised in OCI	Net at 31/12	Deferred tax assets	Deferred tax liabilities
	GH¢	GH¢	GH¢	GH¢	GH¢	GH¢
2015						
Property and Equipment	2,206	(1,037)	-	1,169	-	1,169
Available for sale investments	11,416	-	4,090	15,506	-	15,506
Impairment	(26,616)	(20,185)	-	(46,801)	(48,233)	1,432
Revaluation of Properties	-	-	18,594	18,594	-	18,594
Net tax (asset)/ liabilities	**(12,994)**	**(21,222)**	**22,684**	**(11,532)**	**(48,233)**	**36,701**
2014						
Property and Equipment	-	2,206	-	2,206	-	2,206
Available for sale investments	-	-	11,416	11,416	-	1,416
Impairment	-	(26,616)	-	(26,616)	(26,616)	-
Net tax (asset)/ liabilities	**-**	**(24,410)**	**11,416**	**(12,994)**	**(26,616)**	**13,622**

NOTES TO THE FINANCIAL STATEMENTS CONT'D

FOR THE YEAR ENDED 31 DECEMBER 2015

24. PROPERTY AND EQUIPMENT

	Land & Building	Computers	Furniture & Equipment	Motor Vehicles	Capital WIP	Leasehold Improvement	Total
	GH¢'000	GH¢'000	GH¢'000	GH¢'000	GH¢'000	GH¢'000	GH¢'000
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**
Cost/Valuation							
At 1 January 2015	8,641	21,911	11,085	3,326	7,892	12,313	65,168
Additions	1,200	1,361	464	-	2,890	3,096	9,011
Disposal	-	(65)	(253)	(414)	-	-	(732)
Transfers	-	20	-	-	(8,889)	5,070	(3,799)
Transfers from asset held for sale	4,300	-	-	-	-	-	4,300
Write-offs	(12)	-	-	-	-	-	(12)
Revaluation Surplus	74,377	-	-	-	-	-	74,377
Revaluation Adjustment	(976)	-	-	-	-	-	(976)
At 31 December 2015	**87,530**	**23,227**	**11,296**	**2,912**	**1,893**	**20,479**	**147,337**

NOTES TO THE FINANCIAL STATEMENTS CONT'D

FOR THE YEAR ENDED 31 DECEMBER 2015

24. PROPERTY AND EQUIPMENT CONT'D

	Land &	Furniture &	Motor	Capital	Leasehold		
	Building	Computers	Equipment	Vehicles	WIP	Improvement	Total
	GH¢'000	GH¢'000	GH¢'000	GH¢'000	GH¢'000	GH¢'000	GH¢'000
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**
Depreciation							
At 1 January 2015	249	16,052	8,191	1,316	-	4,498	30,306
Charge for the year	2,814	2,336	1,031	450	-	3,567	10,198
Released on Disposal/ Revaluation	-	(65)	(245)	(414)	-	-	(724)
Transfers	457	-	-	-	-	-	457
Revaluation Adjustment	(976)	-	-	-	-	-	(976)
At 31 December 2015	**2,544**	**18,323**	**8,977**	**1,352**	**-**	**8,065**	**39,261**
Net Book Value							
At 31 December 2014	**8,392**	**5,859**	**2,894**	**2,010**	**7,892**	**7,815**	**34,862**
At 31 December 2015	84,986	4,904	2,319	1,560	1,893	12,414	108,076
Comprising:							
Carrying amount under cost	13,153						
Revaluation surplus	74,377						
At 31 December 2015	**87,530**						

NOTES TO THE FINANCIAL STATEMENTS CONT'D

FOR THE YEAR ENDED 31 DECEMBER 2015

24. PROPERTY AND EQUIPMENT CONT'D

Leasehold Land and Buildings were professionally revalued on the basis of open market value for existing use by Messrs. Apex Property, Surveying Consult Limited.

Disposal Schedule

2015

	Land & Building	Computers	Furniture & Equipment	Motor Vehicles	Total
	GH¢'000	GH¢'000	GH¢'000	GH¢'000	GH¢'000
Cost	-	65	253	414	732
Accumulated depreciation	-	(65)	(245)	(414)	(724)
Net book value	-	-	8	-	8
Proceeds	-	9	32	141	182
Profit on disposal	-	9	24	141	174

2014

	Land & Building	Computers	Furniture & Equipment	Motor Vehicles	Total
	GH¢'000	GH¢'000	GH¢'000	GH¢'000	GH¢'000
Cost	37	1	228		266
Accumulated depreciation	(30)	(1)	(149)		(180)
Net book value	7	-	79		86
Proceeds	15	-	69		84
Profit on disposal	8	-	(10)		(2)

25. INTANGIBLE ASSETS

	2015	2014
	GH¢'000	GH¢'000
Purchased Software		
Cost		
Balance as at 1 January	21,273	18,983
Acquisitions	2,041	2,002
Reclassification from property and equipment	-	288
	23,314	**21,273**
Amortisation		
Balance as at 1 January	14,070	10,772
Charge for the year	3,720	3,298
Balance as at 31 December	**17,790**	**14,070**
Carrying Amounts	**5,524**	**7,203**

NOTES TO THE FINANCIAL STATEMENTS CONT'D

FOR THE YEAR ENDED 31 DECEMBER 2015

25. INTANGIBLE ASSETS CONT'D

- No impairment losses on intangible assets were recognized during the year (2014: Nil)
- There were no capitalized borrowing costs related to intangible assets during the year (2014: Nil)
- There were no restrictions on title and intangible assets pledged as security for liabilities during the year (2014: Nil)

26. OTHER ASSETS

	2015	2014
	GH¢'000	GH¢'000
Advance payment	29	240
Prepayments	31,321	22,690
Receivables from government	-	11,395
Sundry receivables	10,756	11,574
Others	3,184	11,985
31 December	**45,290**	**57,884**
Current	**44,827**	**51,775**
Non-current	**463**	**6,109**

27. BORROWED FUNDS

	2015	2014
	GH¢'000	GH¢'000
Central Bank	5,436	5,430
Government of Ghana	63,245	64,166
Financial Institutions	66,809	155,421
Others	87,179	54,338
	222,669	**279,355**

Central Bank

Details are shown below:

	2015	2014
	GH¢'000	GH¢'000
IFAD	493	493
IDA/BADEA	4,580	4,056
Small Scale IRR Development Projects	229	229
CFD Loan to GREL	29	40
BOG / PEED Loan to Kokoby Food Processing	105	612
	5,436	**5,430**

NOTES TO THE FINANCIAL STATEMENTS CONT'D

FOR THE YEAR ENDED 31 DECEMBER 2015

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 2015 to 2051. Details of these borrowings are shown below:

	2015	2014
	GH¢'000	GH¢'000
ADF Projects	14,210	13,616
EDAIF	30,566	32,081
AFD/MOFA	4,065	4,065
AfDB/KP. IRR. Projects	471	471
Gh Gov't ADF Line of Credit	13,933	13,933
	63,245	**64,166**

Financial institutions

Details of the borrowings from financial institutions are shown below:

	2015	2014
	GH¢'000	GH¢'000
GhIB	47,809	63,362
SSNIT	19,000	17,280
Databank	-	47,284
Other Financial Institution	-	27,495
	66,809	**155,421**

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.

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

Others

Details of other borrowings are shown below:

	2015	2014
	GH¢'000	GH¢'000
AFD/Rubber Phase IV	**87,179**	**54,338**

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.

NOTES TO THE FINANCIAL STATEMENTS CONT'D

FOR THE YEAR ENDED 31 DECEMBER 2015

28. DEPOSITS FROM CUSTOMERS

	2015	2014
	GH¢'000	GH¢'000
Savings Deposits	264,076	256,798
Demand and Call Deposits	1,021,924	933,791
Fixed/Time Deposits	227,508	271,550
	1,513,508	**1,462,139**

Customer deposits

	2015	2014
	GH¢'000	GH¢'000
Maturity analysis of customer deposits		
From Government and parastatals:		
Payable within 90 days	127,349	158,151
Payable after 90 days and within one year	105,209	114,169
	232,558	**272,320**
From Private Sector and individuals:		
Payable within 90 days	880,261	763,588
Payable after 90 days and within one year	400,689	426,231
	1,280,950	**1,189,819**
	1,513,508	**1,462,139**

Twenty largest depositors to total deposit ratio is 23.5% (2014: 24.5%)

29. OTHER LIABILITIES

	2015	2014
	GH¢'000	GH¢'000
Interest payable	23,110	26,900
Payables	33,237	33,031
Accruals	7,219	6,401
Recognised liability for other long term employee benefit (i)	1,511	1,211
	65,077	**67,543**
Current	**53,407**	**58,017**
Non-current	**11,670**	**9,526**

(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 2015

29. OTHER LIABILITIES CONT'D

	2015	2014
	GH¢'000	GH¢'000
Liability for defined benefit obligation at 1 January	1,211	-
Benefits paid by the plan	(198)	(209)
Expenses recognised in profit and loss	498	1,420
Liability for defined benefit obligation at 31 December	**1,511**	**1,211**
Expenses recognised in profit and loss		
Current Service Cost	274	1,201
Net Interest Cost	224	201
Actuarial Loss/ (Gain) recognised	-	18
	498	**1,420**
Actuarial assumptions		
The following are the principal assumptions at the reporting date.		
Discount rate	21%	21%
General inflation rate	11%	11%
Withdrawal rate	**2%**	**2%**

Assumptions regarding future mortality rates are based on published statistics and mortality tables.

30. STATED CAPITAL

Stated Capital is made up as follows:

	2015		2014	
	No. of Shares	Proceeds	No. of Shares	Proceeds
	GH¢'000	GH¢'000	GH¢'000	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**

There are no shares in treasury and no calls or instalments outstanding on any shares.

31. STATUTORY RESERVE

	2015	2014
	GH¢'000	GH¢'000
At 1 January	84,891	78,907
Transfer from income surplus	-	5,984
At 31 December	**84,891**	**84,891**

NOTES TO THE FINANCIAL STATEMENTS CONT'D

FOR THE YEAR ENDED 31 DECEMBER 2015

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.

	2015	2014
	GH¢'000	GH¢'000
At 1 January	92,533	59,982
Transfer from Retained Earnings	10,703	32,551
At 31 December	**103,236**	**92,533**

33. AVAILABLE FOR SALE RESERVE

	2015	2014
	GH¢'000	GH¢'000
i. At 1 January	35,351	20,396
Fair value adjustment (Note 33ii)	16,360	26,371
Deferred tax on equity investment	(4,090)	(11,416)
At 31 December	**47,621**	**35,351**

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:

	2015	2014
	GH¢'000	GH¢'000
Government securities (Note 18)	5,752	1,104
Investment securities (Note 20)	10,608	25,267
Total	**16,360**	**26,371**

34. REVALUATION RESREVE

	2015	2014
	GH¢'000	GH¢'000
At 1 January	1,748	1,748
Additions	74,377	-
Deferred tax	(18,594)	-
At 31 December	**57,531**	**1,748**

NOTES TO THE FINANCIAL STATEMENTS CONT'D

FOR THE YEAR ENDED 31 DECEMBER 2015

35. RETAINED EARNINGS

	2015	2014
	GH¢'000	GH¢'000
At 1 January	54,292	44,962
Transfer to credit risk reserve	(10,703)	(32,551)
Transfer to statutory reserve	-	(5,984)
Loss for the year	(78,975)	47,865
	(35,386)	**54,292**

36. NOTES TO THE STATEMENT OF CASH FLOWS

		2015	2014
	Note	GH¢'000	GH¢'000
(a) Cash flows from operating activities			
(Loss)/Profit after tax		(78,975)	47,865
Adjustments for:			
Depreciation and Amortization	24, 25	13,919	9,503
Unrealised foreign currency gain		(1,048)	(1,682)
Impairment charge on loans and advances	19	109,858	59,080
Impairment on equity investment	20b	766	
(Gain)/loss on disposal of property and equipment	24	(174)	2
Loss on disposal of associate companies	(38)		
Loss from investments in associates	21	-	101
Net Interest income		(180,574)	(207,732)
Tax expense	23	(21,222)	(13,195)
Loss before working capital changes		(157,488)	(106,058)
Changes in:			
Derivative assets held for risk management	17	2,220	(2,220)
Medium and long term government securities	18	152,616	(46,696)
Loans and advances	19	(68,063)	(209,789)
Other assets		12,593	10,328
Derivative liabilities held for risk management	17	(2,142)	2,142
Deposits from customers	28	51,369	401,037
Other liabilities	29	(4,214)	(1,635)
		(13,108)	47,109
Interest Income received		284,168	242,717
Interest expense paid		(100,047)	(73,503)
Dividend received	11	3,878	2,632
Taxes paid (NFSL)		(554)	(5,178)
Income Tax Paid		(15,972)	(7,735)
Cash generated from operations		**158,363**	**206,042**

NOTES TO THE FINANCIAL STATEMENTS CONT'D

FOR THE YEAR ENDED 31 DECEMBER 2015

36. NOTES TO THE STATEMENT OF CASH FLOWS CONT'D

	2015	2014
	GH¢'000	GH¢'000
Analysis of the balances of cash and cash equivalents		
Cash on hand	54,536	39,571
Balances with Bank of Ghana	202,396	177,443
Deposits and balances due from other financial institutions	227,035	245,075
91-Day treasury bill	148,898	80,722
	632,865	**542,811**

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

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 2015 in respect of the above amounted to GH¢113.39 million (2014: GH¢160.62 million million), as detailed below:

	2015	2014
	GH¢'000	GH¢'000
Letters of Credit	58,533	61,713
Guarantees and Indemnities	54,860	98,916
	113,393	160,629

Capital Expenditure

Capital commitments not provided for in the financial statements as at 31 December 2015 was nil (2014: nil).

Pending Legal Claims

At the year end there were sixty (60) legal cases pending against the bank. Should judgment go in favour of the plaintiffs, likely claims against the bank have been estimated at GH¢ 3,910,000. No provisions have been made in the financial statements in respect of these amounts. (2014: GH¢ 3,610,000)

Funds under Management

Investments and funds being managed by the Bank on behalf of clients amounting to GH¢19,060,000(2014: GH¢ 13,169,069)

NOTES TO THE FINANCIAL STATEMENTS CONT'D

FOR THE YEAR ENDED 31 DECEMBER 2015

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	52
Financial Investment Trust	12,000,000	48
	25,000,000	**100**

At 31 December 2015, the following amounts related to transactions with the Government of Ghana

	2015	2014
	GH¢'000	GH¢'000
Government Securities	**286,018**	**370,458**
Loans and Advances	**44,803**	**49,879**
Other Assets	**-**	**11,395**
Borrowings	**63,245**	**64,166**

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:

	2015	2014
	GH¢'000	GH¢'000
Salaries	6,575	6,215
Allowances	6,511	8,772
	13,086	**14,987**
Directors' remuneration		
Fees for services as directors	**1,724**	**1,847**
Loans		
Loan to director	**400**	**-**
Transactions with directors		
Sale of motor vehicles	**82**	**-**

38. RELATED PARTY TRANSACTIONS CONT'D

Loans

A term loan of GHS 400,000.00 was granted to one of the Directors. The loan was granted at the bank's base rate (27.9%) plus 5%. The facility will expire in 2020.

No loan or advance was granted to companies in which Directors have an interest in 2015. (2014: 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.

Transactions with director

One of the directors acquired a motor vehicle which was being disposed of by the bank during the year.

39. DEFINED CONTRIBUTION PLAN

Contributions to the statutory defined contribution

	2015	2014
	GH¢'000	GH¢'000
Pension scheme, the National Social Security Fund	7,852	6,873
	16,656	**14,801**

40. ASSETS PLEDGED AS SECURITY

Pledged Assets

At 31 December 2015 the value of government securities pledged as collateral was GH¢19,000,000 (2014: GH¢16,000,000).

41. COLLATERAL ACCEPTED AS SECURITY FOR ASSETS

At 31 December 2015 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¢ 1,737,428 (2014: GH¢1,845,484).

43. NATIONAL FISCAL STABILISATION LEVY

The National Fiscal Stabilisation Levy Act 862, became effective from 12 July 2014. Under the Act, a 5% levy will be charged on profit before tax and is payable quarterly.

NOTES TO THE FINANCIAL STATEMENTS CONT'D

FOR THE YEAR ENDED 31 DECEMBER 2015

44. REGULATORY DISCLOSURES

(i) Non–Performing Loans Ratio

Percentage of gross non-performing loans ("substandard to loss") to total credit/advances portfolio (gross): 33.89% (2014: 23.29%).

(ii) Capital Adequacy Ratio

The capital adequacy ratio at the end of December 2015 was calculated at approximately 8.26% (2014: 10.48%).

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.

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.

45. FINANCIAL RISK MANAGEMENT CONT'D

Risk management framework – (cont'd)

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.

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).

NOTES TO THE FINANCIAL STATEMENTS CONT'D

FOR THE YEAR ENDED 31 DECEMBER 2015

45. FINANCIAL RISK MANAGEMENT CONT'D

- 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.

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.

45. FINANCIAL RISK MANAGEMENT CONT'D

Management of market risks (cont'd)

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;
- 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.

NOTES TO THE FINANCIAL STATEMENTS CONT'D

FOR THE YEAR ENDED 31 DECEMBER 2015

45. FINANCIAL RISK MANAGEMENT CONT'D

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
Buildings	Fair value

46. NEW STANDARDS AND INTERPRETATIONS NOT EFFECTIVE

At the date of authorization of the financial statements of the Bank for the year ended 31 December 2015, 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 16 and IAS 38	*Clarification of Acceptable Methods of Depreciation and Amortisation*	May 2015	1 January 2016
IFRS 15	*Revenue from contracts with customers*	May 2015	1 January 2017
IFRS 9	*Financial Instruments*	July 2015	1 January 2018
IAS 27	*Equity Method in Separate Financial Statements*	August 2015	1 January 2016
IFRS 10 and IAS 28	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*	September 2015	1 January 2016
IFRS 10, IFRS 12 and IAS 28	*Investment Entities: Applying the Consolidation Exception*	December 2015	1 January 2016
IAS 1	*Disclosure Initiative*	December 2015	1 January 2016

***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 Bank currently has several intangible assets and plants that are amortised or depreciated using a revenue-based method. The Bank 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 Bank 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.

46. NEW STANDARDS AND INTERPRETATIONS NOT EFFECTIVE CONT'D

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 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.

NOTES TO THE FINANCIAL STATEMENTS CONT'D

FOR THE YEAR ENDED 31 DECEMBER 2015

46. NEW STANDARDS AND INTERPRETATIONS NOT EFFECTIVE CONT'D

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.

IFRS 15 *Revenue from contracts with customers (cont'd)*

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

IFRS 9 *Financial Instruments*

On 24 July 2015, 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 Bank, which will include changes in the measurement bases of the Bank'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 Bank.

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

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

47. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES CONT'D

(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.

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.

NOTES TO THE FINANCIAL STATEMENTS CONT'D

FOR THE YEAR ENDED 31 DECEMBER 2015

47. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES CONT'D

(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.

(g) Income Tax

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 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.

47. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES CONT'D

(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).

(iii) De-recognition

Financial assets

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

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

Financial liabilities

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

(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.

NOTES TO THE FINANCIAL STATEMENTS CONT'D

FOR THE YEAR ENDED 31 DECEMBER 2015

47. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES CONT'D

(h) Financial assets and financial liabilities – (Cont'd)

(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

'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.

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.

47. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES CONT'D

(h) Financial assets and financial liabilities – (Cont'd)

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 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.

NOTES TO THE FINANCIAL STATEMENTS CONT'D

FOR THE YEAR ENDED 31 DECEMBER 2015

47. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES CONT'D

(h) Financial assets and financial liabilities – (Cont'd)

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.

47. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES CONT'D

(j) Loans and advances (cont'd)

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.

(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.

NOTES TO THE FINANCIAL STATEMENTS CONT'D

FOR THE YEAR ENDED 31 DECEMBER 2015

47. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES CONT'D

(k) Government securities (cont'd)

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.

47. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES CONT'D

(l) Property and equipment (cont'd)

(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 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.

NOTES TO THE FINANCIAL STATEMENTS CONT'D

FOR THE YEAR ENDED 31 DECEMBER 2015

47. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES CONT'D

(n) Impairment of non-financial assets (cont'd)

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.

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.

47. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES CONT'D

(s) Employee benefits

Retirement benefit cost

The Bank contributes to the statutory Social Security & National Insurance Trust (SSNIT). This is a defined contribution scheme registered under the National Social Security Act. The Bank's obligations under the scheme are limited to specific contributions legislated from time to time and are currently limited to a maximum of 13% of an employee's basic salary per month. The Bank also operates a defined contribution benefit scheme for its employees.

The assets of this scheme are held by the treasury department of the bank. The scheme is funded by contributions from both the employees and employer. Benefits are paid to retiring staff in accordance with the scheme rules. The Bank's obligations to staff retirement benefit schemes are charged to the statement of comprehensive income in the year to which they relate.

Provision for employee entitlement

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

(t) Stated capital and reserves

(i) Share capital

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

(ii) Share issue costs

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

(iii) Dividend on ordinary shares

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

(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.

NOTES TO THE FINANCIAL STATEMENTS CONT'D

FOR THE YEAR ENDED 31 DECEMBER 2015

47. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES CONT'D

(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 derivative 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 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, 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. 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 2015 two facilities 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 38.86% of its net funds which is a breach of this regulation.

Review of capital adequacy ratio

Section 23(1) of the Banking Act, 2004 (Act 673) requires that banks maintain at all times a minimum capital adequacy ratio (CAR) of 10%. The Bank however failed to meet this requirement in March, April and December 2015. The CAR reported for these months were 9.84%, 9.84% and 8.26% respectively.

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Tel (Legal Dept): 032- 2045268
Tel (Corporate Banking): 032-2045273
Tel (DFU):032-2045265
Fax: 032-2045270

Retail Performance Monitoring – South-East Zone

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

Retail Performance Monitoring – South-West Zone

P. O. Box 4191, Accra
Tel: 028-9335915, 028-9335916

Retail Performance Monitoring – Northern Zone

P. O. Box 376, Tamale
Tel: 037-2022629/2022938
Fax: 037- 2023634

BRANCHES & AGENCIES

Ashanti Region

1. **Ashanti Bekwai Branch**

   PMB, Ashanti Bekwai
   Tel: 032- 2420315, 2420357
   Fax: 032- 2420315

2. **Ejisu Branch**

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

3. **Kumasi-Adum Branch**

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

4. **Kumasi-Central Market Branch**

   P. O. Box R-204, Kumasi
   Tel: 032- 2033461, 2033455, 2033914, 2033913
   Fax: 032- 2033465

5. **Kumasi-Nhyiaeso Branch**

   P. O. Box AH9428, Kumasi
   Tel: 032- 2039752, 2190006
   Fax:

6. **Kumasi-Nhyiaeso Executive Banking**

   P. O. Box AH 9428, Kumasi
   Tel: 032- 2190008, 2035460
   Fax: 032- 2035461

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

ADB BRANCH NETWORK

9. Obuasi Branch

Private Mail Bag, Obuasi

Tel: 032- 2540701, 2540700

Fax: 032- 2540672

Brong-Ahafo Region

10. Atebubu Branch

P. O. Box 18, Atebubu

Tel: 032-2099568,

032-2099574

Fax: 035- 2622026

11. Berekum Branch

P. O. Box 209, Berekum

Tel: 035- 2222104,

2222153, 2222507

Fax: 035- 2222104

12. Dormaa Ahenkro Branch

PMB, Dormaa Ahenkro

Tel: 035- 2322037, 2322165

Fax: 035- 2322251

13. Goaso Branch

P. O. Box 72, Goaso

Tel: 035-2091918, 2094370

024- 4312134

14. Kenyasi Branch

P. O. Box KN2, Kenyasi

Tel: 035- 2094858, 2094859

15. Kwapong Branch

Private Mail Bag, Kwapong

Tel: 035- 2192102, 2192033

16. Nkoranza Branch

P. O. Box 70, Nkoranza

Tel: 035- 2092074, 2097313

17. Sunyani Branch

P. O. Box 110, Sunyani

Tel: 035-2027192, 2027075

18. Techiman Branch

P. O. Box 16, Techiman

Tel: 035- 2091080, 2091686, 2091312

Central Region

19. Agona Swedru Branch

P. O. Box 200, Agona Swedru

Tel: 033- 2020348, 2020522

Fax: 033-2021683

20. Assin Fosu Branch

P. O. Box 151, Assin Fosu

Tel: 033- 219220, 2192203, 2192205

21. Cape Coast Main Branch

P. O. Box 160, Cape Coast

Tel: 033- 2132834, 2132836, 2132563

Fax: 033- 2132836

22. Kasoa Branch

P. O. Box 4191, Accra

Tel: 030-2863346, 2863347

020-7848993

Fax:030- 2863347

23. Mankessim Branch

PMB MK 286, Mankessim

Tel. 034-2093015

24. UCC Branch

P. O. Box 160, Cape Coast

Tel: 033- 2131989, 2131806, 2137791

Fax: 033- 2130630

Eastern Region

25. Asiakwa Branch

C/O P. O. Box 4191, Accra

Tel: 030-2962145, 2962144

26. Kade Branch

P. O. Box KD 234, Kade

Tel: 030- 2963285, 2963286

27. Koforidua Branch

P. O. Box 124, Koforidua

Tel: 034- 2022292, 2022739

Fax: 034- 2022292

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

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

ADB BRANCH NETWORK

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

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

ADB BRANCH NETWORK

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

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

ADB BRANCH NETWORK

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

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	**USD**
P. O. Box 318	
Church St. Station, New York	
N.Y. 10008, USA	
BHF-Bank	**EURO**
P. O. Box 110311, Brockenheimer	
Landstrasse 10	
D 60323 Frankfurt, Germany	
Citibank N.A.	**USD**
European Trade Finance Group	
Cotton Centre, Hays Lane	
London SE1 2BX	
United Kingdom	
Citibank, N.A.	**USD**
111 Wall Street, New York	
N.Y. 10043, USA	
Commerzbank AG	**EURO**
International Bank Relations	
Neue Mainzer Strass 32-36	
Frankfurt AM Main, Germany	
Ghana International Bank	**USD, EURO, GBP**
69 Cheapside Street	
London EC2 2BB	
United Kingdom	