agricultural development bank

...truly agric and more

2017
ANNUAL REPORT
& FINANCIAL STATEMENTS

2017

ANNUAL REPORT

& FINANCIAL STATEMENTS

Notice of Meeting

NOTICE IS HEREBY GIVEN THAT the 30th Annual General Meeting of Agricultural Development Bank Limited (the "Company") will be held at the **National Theatre, Accra at Eleven O'clock in the forenoon (11.00 am) on Wednesday, 18th July, 2018** to transact the following business:

AGENDA

ORDINARY BUSINESS

1. To receive and adopt the Annual Report and Audited Financial Statements of the Company for the years ended 31st December, 2016 and 31st December, 2017 together with the reports of the directors and auditors thereon.
2. To ratify the appointment of Directors.
3. To approve Directors' Remuneration.
4. To ratify the appointment of Ernst & Young as Auditors
5. To authorize Directors to fix the remuneration of the Auditors for the year 2018.

SPECIAL BUSINESS

1. To authorise Directors to increase of the stated capital of the Company to meet the new minimum capital requirement of GHS 400,000,000 to set by the Bank of Ghana, through a renounceable rights issue to raise up to GHS 310,000,000 subject to applicable regulatory approvals, and to use other capital raising methods to raise the needed capital to cover any shortfall that may result from the rights issue
2. To authorise Directors, subject to applicable rules, to determine the modalities of the renounceable rights issue and any other capital raising methods that may be used in the event of a shortfall arising from the rights issue

NOTE:

A Member who is unable to attend a General Meeting is entitled to appoint a proxy to attend and vote on his/her behalf. A proxy need not be a member.

A proxy form is attached herewith to enable you exercise your vote if you cannot attend. The form should be completed and deposited at the Company's Registrars, Central Securities Depository at Cedi House, Liberia Road, Accra, or at the Company's Registered Office at Accra Financial Centre, 3rd Ambassadorial Development Area, Ridge-Accra.

Proxies may be deposited at the addresses indicated herein at any time prior to the commencement of the meeting in accordance with the Company's Regulations.

All relevant documents in connection with the meeting are available to shareholders from the date of this notice on the Company's website (www.adb.com.gh) and at the Company's Registered Office aforesaid.

Dated this 21st day of June 2018

COMPANY SECRETARY

BY ORDER OF THE BOARD

THIS NOTICE SUPERSEDES THE ONE CARRIED IN THE TUESDAY 19TH JUNE, 2018 EDITION OF THE DAILY GRAPHIC.

Contents

Corporate Information

Board of Directors

Mr. Alex Bernasko - Chairman *(Appointed: 01/08/2017)*
Nana Soglo Alloh IV - Chairman *(Resigned:31/07/2017)*
Mr. Patrick Kingsley-Nyinah - Vice Chairman *(Appointed: 1/08/2017)*
Dr. John Kofi Mensah - Managing Director *(Appointed: 1/08/2017)*
Mr. Daniel Asiedu - Managing Director *(Resigned: 31/07/2017)*
Mr. Kwabena Dapaah-Siakwan - *(Appointed: 1/08/2017)*
Nana Ama Serwaa Bonsu - *(Appointed: 1/08/2017)*
Dr. Adu Anane Antwi - *(Appointed: 1/08/2017)*
Mr. Frank Kwame Osei - *(Appointed: 1/08/2017)*
Prof. David Abdulai - *(Appointed: 1/08/2017)*
Mr. George Kwabena Abankwah Yeboah - *(Appointed: 15/09/2017)*
Ms. Nancy Ampofo - *(Resigned:31/07/2017)*
Major M.S. Tara - *(Resigned:31/07/2017)*
Mr. Maurice Abisa Seidu - *(Resigned:31/07/2017)*
Mrs. Caroline Otoo - *(Resigned:31/07/2017)*
Mr. Solomons Djaba-Mensah - *(Resigned:31/07/2017)*
Mr. Joseph Chognuru - *(Resigned:31/07/2017)*

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

Corporate Governance

Profile of Board of Directors

Executive	Qualification	Outside board and management position
Dr. John Kofi Mensah	Managing Director	Ghana International Bank plc Enyan Denkyira Rural Bank Ghana Technology University , GET Fund, Venture Capital Trust Fund
Non-executive		
Mr. Alex Bernasko	Chairman	
Patrick Anthony Kingsley-Nyinah	Member	Deputy MD, Belstar Capital Ltd Cassell Energy Ltd.
Mr. Kwabena Dapaah-Siakwan	Member	Executive Chairman, XF Petroleum & Engineering Company Ltd, Morgan International Community School, Keyport Real Estate Ltd, Entrepreneurial Training Institute
Nana Ama Serwaa Bonsu	Member	Baribon Company Ltd. Taurus Logistics Limited
Dr. Adu Anane Antwi	Member	Managing Counsel-Finlaw Consult GN Insurance Ltd, Apex Health Ltd
Mr. Frank Kwame Osei	Member	Nationwide Technologies Ltd, Nationwide Systems Ltd, Investpro Ghana Limited
Prof. David Abdulai	Member	Founding President and Chief Executive Officer - African Graduate School of Management and Leadership
Mr. George Kwabena Abankwah-Yeboah	Member	CEO-Sharp Pharmaceuticals Ltd Director- United Perfumery and Pharmaceuticals Co. Ltd. Member- Accra Technical University Council, Member Pharmaceutical Manufacturers Association of Ghana Member- Pharmaceutical Society of Ghana Chairman - Gulf Consolidated Limited

Profile of Board Directors

Mr. Alex Bernasko (65 years old) – Chairman

Mr. Alex Bernasko is a Legal Practitioner and Notary Public. He had a long and successful career in Central Banking, rising to become the Secretary to the Bank of Ghana and then Advisor and member of the Bank's top management, positions he held till his retirement. He has served on several Boards of Directors including the Export Development and Investment Fund (EDIF), Ghana Tourist Development Company and Agricultural Development Bank (1998 – 2000). He has the following qualifications, B.A. Hons Social Sciences (KNUST), QCL (University of Ghana, Legon) and Barrister-at-Law, Ghana School of Law. He also holds certificates for courses attended in several institutions including the Royal Institute of Public Administration U.K. and the International Monetary Fund, U.S.A.

He comes to the Board with a wealth of knowledge and experience in management, banking and finance and financial law. He is a member of the Ghana Bar Association, International Bar Association and the Institute of Directors.

Mr. Patrick Kingsley-Nyinah (49): Non-Executive Vice-Chairman

Mr. Patrick Kingsley-Nyinah is the Deputy Managing Director of Belstar Capital Ltd, one of the major shareholders of the Bank. He brings to the board several years of rich Investment Banking experience, which has seen him champion developments in the industry including Stock Exchange regulations and market development initiatives like the listing of the First Exchange Traded Fund on the Ghana Stock Exchange and the successful execution of the first fully underwritten capital raising offer under the bought deal model in Ghana. He previously served on the board of the Ghana Stock Exchange. Patrick holds a BA degree in Social Studies from the University of Cape Coast, an MA degree in International Affairs from the University of Ghana, and a Postgraduate Degree in Finance and Management from the University of Paris-Sorbonne, France.

Dr. John Kofi Mensah (56): Managing Director

Dr. John Kofi Mensah was appointed Managing Director of the Agricultural Development Bank (ADB) Limited on August 1, 2017. Dr. Mensah is a renowned Economist and Banker with 25 years of experience in different sectors of Banking ranging from start -up and delinquent banks operations, credit and foreign/Treasury management of Universal Banks. He has worked previously at the International Commercial Bank (now FBN Bank) in various capacities including that of General Manager/Deputy CEO of the Bank. He has also previously worked at UniBank as General Manager, and later Deputy Managing Director, and as Chief Executive Officer at First Capital Plus Savings & Loans from April 2011 till July 2015. He currently serves on the board of Ghana International Bank Plc, UK. Dr. Mensah has previously served as chairman of Family Fountain Assets & Securities Limited, as a director of Enyan Denkyira Rural Bank, and a director of Cocoa Processing Company Limited. He holds a Doctorate in Business Administration (Finance) from SMC University of Zurich, Switzerland, an MSc (Banking and Finance), Cum Laude from Finafrica in Milan, Italy and a BA (Economics & Statistics) from the University of Ghana. He is also a fellow of the Institute of Professional Financial Managers (FIPFM), UK.

Corporate Governance

Profile of Board Directors

Mr. Kwabena Dapaah-Siakwan (64): Non-Executive Director

Mr. Kwabena Dapaah-Siakwan is a Chartered Accountant and a former Banker. He was the Deputy Managing Director (Finance & Administration) of the Ghana Commercial Bank (now GCB Bank from 1999 – 2003. He is also a former Director of Finance and Administration of Trasacco Estates Development Limited, and a former Managing Director of Vanguard Properties Development Company. He currently serves on the boards of the following companies: Best Western Premiere Hotel; Airside Hotel; Morgan International Community Schools; Entrepreneurial Training Institute; Tesano Baptist Church Co-operative Credit Union; Keypot Realty Company Limited and Cromwell Property Developers Ltd. He has previously served on a number of boards including Shell Ghana Limited, Ghana Water Company, National Petroleum Tender Board, Adehyeman Savings and Loans Company Limited, and Gratis Foundation. Mr. Dapaah-Siakwan holds an Executive Master of Business Administration (Finance) from the University of Ghana. He is a fellow of the Association of Certified Chartered Accountants, UK and a member of the Institute of Chartered Accountants (Ghana).

Nana Ama Serwaa Bonsu (47): Non-Executive Director

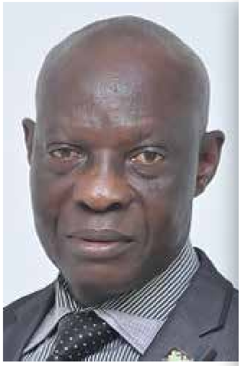
Nana Ama Serwaa Bonsu is a Sales, Marketing and Business Development Executive. Since 2006, she has made her expertise available to companies like Cirrus Oil, which operates in the Oil and Gas Exploration Industry and Trojan Power, which is an Independent Power Producer making major strides in the power industry. She brings to the Board her rich experience in these industries. Nana holds a Certificate in Data Processing from the Northern Virginia Community College, USA, a Certificate in Health Care and Medication from the Massachusetts Bay Community College, USA and a Certificate in Sales and Marketing from Montgomery College Silver Spring, USA.

Frank Kwame Osei (57): Non-Executive Director

Mr. Frank Kwame Osei is the Executive Chairman of Nationwide Group consisting of various companies locally and foreign. Between 1987 and 1990, he was a Contracts Manager for Initial Hygiene Supplies London, managing 20 contracts with various companies and institutions. In 1995, he was appointed Managing Director of Nationwide Group consisting of: Nationwide Contracts Services Limited, London; Nationwide Vehicle Pre delivery Inspection Limited, London; Nationwide International Procurement (UK), London; Nationwide Tavern Limited, London; Nationwide International Procurement (Ghana) Limited; Nationwide Environmental & Sanitation Limited, Ghana; Nationwide Traffic Management & Enforcement Limited, Ghana; Nationwide Systems Limited, Ghana and

Nationwide Technologies Limited, Ghana. Mr. Osei holds a Diploma in Management Studies from the Waltham Forest College, London.

Profile of Board Directors



Dr. Adu Anane Antwi (61): Non-Executive Director

Dr. Adu A. Antwi is a chartered accountant and a lawyer by profession. He is the Managing Counsel of Finlaw Consult, a law firm. He was until December 2016 when he retired, the Director-General of the Securities and Exchange Commission. He has previously worked as the Director of Investment & Fund Management at the National Health Insurance Authority, Director of Corporate Finance & Investment Management at the Securities and Exchange Commission, and Chief Accountant/Ag. Director of Finance at the Ghana National Procurement Agency (now GNPA Limited). He currently serves on the boards of: GN Insurance Limited, APEX Health Insurance Limited and e-Crime Bureau Limited. He has previously served on various boards/councils including the National Pensions Regulatory Authority, Graphic Communications Group, Institute of Chartered Accountants (Ghana), State Enterprises Audit Corporation, Christian Heritage University College, Gpak Limited, University College of Management Studies, SAS Fortune Fund Limited, Ghana Institute of Management and JCS Investments Limited. He has also served on a number of local and international financial market committees including the Financial Stability Board Regional Consultative Group for Sub-Saharan Africa, West African Capital Markets Integration Council, National Bond Market Committee, Long Term Savings Committee, and Financial Sector Consultative Committee. Dr. Antwi holds a Doctor of Business Administration degree from PSB Paris School of Business, France, as well as an MBA degree and a BSc. Administration degree from the University of Ghana. He qualified as a chartered accountant from the Institute of Chartered Accountants (Ghana) and as a lawyer from the Ghana School of Law.

Mr. George Kwabena Abankwah-Yeboah (57): Non-Executive Director

Mr. Kwabena Abankwah-Yeboah is a pharmacist in good standing for the past 31 years. He is the Chief Executive Officer of Sharp Pharmaceuticals Limited.

He is currently a director of United Perfumery and Pharmaceuticals Limited, Accra Technical University, Gulf Construction Limited, as well as a member of the Advisory Board – Ghana Education Service, and Technical Examination Unit - Ghana Education Service. He is a member of the Pharmaceutical Society of Ghana, Pharmaceutical Manufacturers Association of Ghana, International Pharmaceutical Federation, and Association of Ghana Industries. He has previously served on several boards including CSRI STEPRI, Koforidua Technical University, and Association of Ghana Industries. He holds a Bachelor of Pharmacy (Hons) degree from the Kwame Nkrumah University of Science and Technology, Master in Business Administration (Finance) degree from the University of Ghana, and an LLB (Hons) degree from the University of Ghana.

Corporate Governance

Profile of Board Directors

Professor David Abdulai (60): Non-Executive Director

Prof. Abdulai is the Founding President and Chief Executive Officer of African Graduate School of Management and Leadership in Accra. He previously worked as the CEO and Executive Director of University of South Africa's Graduate School of Business Leadership in Midrand, South Africa, and as the Dean of the Faculty of Business and Law at Multimedia University, Kuala Lumpur, Malaysia. He has also worked previously as a Senior Officer at the Bank for International Settlements in Basel, Switzerland, and also with Morgan Stanley-Dean Witter, CBS News Washington Bureau, Voice of America (Africa Field Service), and Africare International. He has consulted for various institutions including the World Bank, Spring Institute for International Studies, United Nations Economic Commission for Africa, African Development Bank, United Nations Development Programme, Africa Peer Review Mechanism, United Nations Global Compact, and United Nations Population Fund. He is an accomplished poet, philosopher, a prolific writer of numerous books and speaks more than fifteen languages. Prof. Abdulai holds a Ph.D. (Distinction) in International Economics and Technology Analysis and Management from the Graduate School of International Studies, University of Denver in Colorado, USA. He also holds an MA in International Development from the School of International Service at American University in Washington, D.C., as well as a BA in Political Science and Journalism from Howard University in Washington, D.C. USA. He also holds a Post-Graduate Certificate in Technology Analysis and Management from the Graduate School of International Studies, University of Denver, and is a graduate of Harvard Business Schools' Programme in Leadership Development, Boston, Massachusetts, USA.

Five Year Financial Highlights

	2017	2016	2015	2014	2013
	GH¢'000	GH¢'000	GH¢'000	GH¢'000	GH¢'000
Total assets	3,545,143	3,035,493	2,134,147	2,156,741	1,621,761
Loans and advances to customers (net)	1,139,356	1,005,302	1,088,071	1,124,139	914,350
Deposits from customers	2,541,010	2,147,450	1,513,509	1,462,139	1,061,102
Shareholders' equity	479,013	454,778	332,893	343,815	281,995
Profit/(Loss)before tax	47,339	(105,714)	(100,197)	34,669	83,928
Profit/(Loss) after tax	26,510	(70,026)	(78,975)	47,864	80,629
Dividend per share (Ghana pesewas)	-	-	-	-	-
Earnings per share (Ghana pesewas):					
Basic	11	(166)	(316)	191	323
Diluted	11	(166)	(316)	191	323
Return on equity (%)	5.53	(17.78)	(23.34)	15.32	33.72
Return on assets (%)	0.75	(2.71)	(3.68)	2.53	5.26
Number of staff	1,179	1,197	1,235	1,196	1,244
Number of branches	78	78	78	78	77

Strategic Report

Chairman's Statement

I would like to warmly welcome all our shareholders to our first AGM after the successful listing of ADB on the Ghana Stock Exchange. I wish to first give you this brief overview of the Global Economic Environment and our Domestic Economy.

Global Economic Environment

The global economic rebound witnessed over the last years is expected to be sustained over the short to medium term. This trend is anchored by strong growth recovery in advanced economies arising from manufacturing activities and trade as well as increased investments. Economic recovery in other emerging markets and developing countries continues to pick up in 2018 driven mainly by the recovery in commodity prices. The forecasts from the IMF World Economic Outlook January 2018 update reflects expectations that favourable financing conditions will help maintain the recent acceleration in demand, especially in investments with a noticeable impact on growth in economies with large exports. In Sub-Saharan Africa (SSA), a modest growth is underway driven by improvements in macroeconomic imbalances, particularly in Nigeria and South Africa. The region saw a modest recovery in 2017, supported by a rebound in commodity prices, favourable global financing conditions, and rising household demand due to slowing inflation in the largest economies of Nigeria, South Africa and Angola.

Domestic economy

According to the BoG Monetary Policy Summary January 2018, the local currency remained relatively stable against the major trading currencies through 2017. Cumulatively, the Ghana cedi depreciated against the US dollar by 4.9 percent year-on-year, compared with 9.7 percent in 2016—the strongest performance of the cedi against the US dollar since 2011. The stability of the Ghana cedi against the US dollar, in particular in 2017 reflected improvement in the macroeconomic fundamentals and foreign exchange inflows during the year.

GDP growth momentum was maintained throughout 2017. According to the Ghana Statistical Service (GSS) the economy recorded a GDP growth of 8.5 percent in 2017.

Consumer price inflation broadly trended downwards in 2017 declining from 15.4 percent in December 2016 to 11.8 percent in December 2017. Furthermore in line with declining monetary policy rate and improved macroeconomic conditions, interest rates on treasury securities broadly declined in 2017, especially at the short-end of the market. Interbank rates declined to 19.3 percent in December 2017 against 25.4 percent in December 2016.

Developments in ADB

In August 2017, when I was appointed as the Chair of the Board of ADB, our immediate assignment as a Board was to return the bank to profitability, a feat which required a change in strategy and hard work. With the commitment of the Board to make immediate impact, a Board retreat with a session for management was convened. A number of sub committees were formed, a new five year strategic plan developed as well changes in the executive management team. The five year strategic plan focused on five key areas of performance that are very critical for ADB to achieve growth within the planning period. The areas of focus are Financial Growth, Increase Market Share, Human Capital Development, Prudential Information and Risk Management and Market Development. Of immense importance was how we serve our customers hence the underlying theme of "Quality Service All The Time". This responsibility started at the top, with the Board of Directors and the Executive Management setting the tone, and extended to every staff of ADB.

Corporate Governance

Corporate governance continued to be an area of focus for the new Board. Ensuring appropriate controls and processes are in place is an important role of the Board. By continuing to place a high priority on robust corporate governance practices, ADB ensures our shareholders are well served through the Board's counsel on matters that include risk management, strategy and talent. We are committed to integrating sound governance practices into the bank's day-to-day business activities. The Human Resource & Governance Committee of the Board is responsible for reviewing the bank's corporate governance framework and policies and makes recommendations to the Board in relation to governance improvements. As part of its process of continual improvement, the Bank is reviewing of all of its corporate governance policies to be in compliance with the BoG's Corporate Governance Directive 2018 and where necessary, refine our code, policies and charters. The Board will continue to ensure that ethical leadership permeates through the bank as part of its culture.

Financial Performance

The Board has made good progress towards our ultimate aim of making ADB safer and more valuable for all our stakeholders. The bank recorded a profit before tax of Ghc47m after two consecutive years of losses. We believe that the strategies put in place has set the

CHAIRMAN'S STATEMENT continued

foundations for sustainable growth going forward. Total assets grew by 16.7 percent with deposits funding 72 percent of that growth. Furthermore the bank recorded a 5.33 percent growth in shareholders' funds and a return on equity of 5.5 percent.

The impairment charge reduced by 52 percent to Ghc 49m for the period ended December 31,2017 and we intend to continue our recovery exercise in 2018. With our NPLs still above the industry average we have put in place measures to enhance our risk control frameworks and the Board Credit and Risk Sub Committee is leading that charge..

Regulatory Changes

With the implementation of IFRS 9 effective January 1,2018 and the subsequent implementation of Basel II/III later in 2018, adequate capital has become a major going concern issue for banks. For us in ADB, discussions are ongoing among the shareholders and we are confident of meeting the minimum capital of Ghc400m before the end of the year. In view of the impending increase in capital, the Board will like to recommend that no dividends are paid to shareholders for the year 2017.

Outlook and Conclusion

Looking ahead, we expect to continue to sustain the growth in shareholder value by pursuing our strategic plan which is hinged on excellent customer service, a strong liquidity and diversified funding position.

I would particularly like to acknowledge the immediate past board for their service to the bank and wish them the best for the future. I am confident in our leadership as a Board as well as that of the new Managing Director , Dr. John Kofi Mensah and his team that together we will achieve the strategic objectives of the bank.

Finally, I would like to recognize the efforts of all staff in returning the bank to profitability and urge them to work even harder to sustain and grow the bank.

On behalf of the board, I thank our shareholders for their ongoing support.

Thank you.

Strategic Report

Profile of Executive Management

Dr. John Kofi Mensah - Managing Director

Dr. John Kofi Mensah was appointed Managing Director of the Agricultural Development Bank (ADB) Limited on August 1, 2017. Dr. Mensah is a renowned Economist and Banker with 25 years of experience in different sectors of Banking ranging from start -up and delinquent banks operations, credit and foreign/Treasury management of Universal Banks. He began his career at the erstwhile Bank for Housing and Construction in 1989 as an Economics and Research Officer and later Treasury Officer until 1995 when he joined Securities Discount Company (SDC) as a Deputy Chief Money Market Dealer.

In 1996, he joined International Commercial Bank (Now FBN Bank) as a pioneer and Manager of Treasury/Foreign Operations and was elevated to the position of General Manager/Deputy CEO of the Bank by 2007. In November 2007 he moved to UniBank as the General Manager Client Services and was later promoted to Deputy Managing Director, till his departure to join First Capital Plus Savings & Loans (FCPSL) in April 2011, to push the young institution to achieve Universal Bank status.

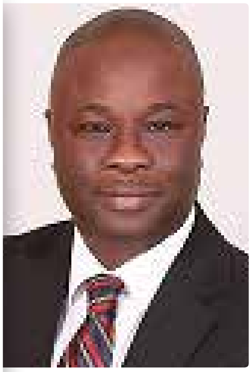
In July 2012, Dr. Mensah successfully assisted the Board of FCPSL (Now Capital Bank) obtain a provisional Universal Banking License and subsequently a Universal Bank Status in August, 2013. He was the Chief Executive Officer (COO/CEO) of FCPSL from April 2011 till July 2015.

Dr. Mensah is a member of the Board of Directors at Enyan Denkyira Rural Bank. He was the Board Chairman of Family Fountain Assets & Securities Limited and has served as an Independent Non-Executive Director at Cocoa Processing Company (CPC.)

He holds a Doctorate in Business Administration (Finance) with SMC University of Zurich, Switzerland. He holds an MSc (Banking and Finance), Cum Laude from Finafrica in Milan, Italy and a BA (Economics & Statistics) from the University of Ghana-Legon. He did his Advanced Level Certificate at the St. Peters Secondary School and his Ordinary Level Certificate at the Breman Asikuma Secondary School.

Dr. Mensah has attended various capacity building programs, seminars and courses in Europe and Asia. He is also a fellow of the Institute of Professional Financial Managers (FIPFM), UK. He is a devout Christian and married with five children.

Alhassan Yakubu-Tali - Deputy Managing Director



Alhassan Yakubu-Tali was appointed Deputy Managing Director of the Agricultural Development Bank (ADB) Limited on August 15, 2017

He is a seasoned investment banker with 15 years of international experience spanning many multinational banks including, HSBC, Lehman Brothers Investment Bank, Bank of Tokyo and Fimat International Bank.

He holds an MBA (Marketing) from the City University, Bellevue, USA (Frankfurt Campus); B.S. (Business Administration), also from the City University, Bellevue, USA (Frankfurt Campus); Diploma 2 (Business Administration) from West London College, London and Diploma 1 (Business Administration) from West London College, London.

A married man, Alhassan is a polyglot and is fluent in German, English, Hausa and Dagbani.

Profile of Executive Management

Edward Ian Armah-Mensah - Group Head - Corporate Banking

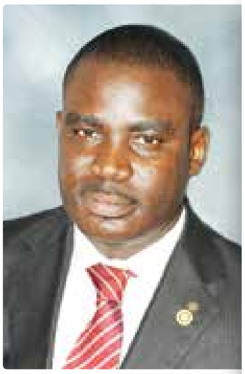
Edward holds an Executive Master's in Business Administration (Finance Option) and a Bachelor of Science in Business Administration. He has an extensive experience in corporate finance with specialty in deal origination, debt restructuring, trade syndication, cash management and asset finance. He has cross industry experience with Stanbic Bank (Ghana) Limited, Barclays Bank (Ghana) Limited, NDK Financial Services and Agricultural Development Bank (ADB) Limited.

Edward joined ADB as Executive Head, Corporate Banking in 2010. He has also served as Chief Commercial Officer of the Bank and is currently the Group Head, Corporate Banking. He has 17 years' experience and has successfully set up Corporate Banking and non-bank structures from greenfields.

Eva Richter-Addo - Group Head, Corporate Services

She holds an LLB. (Hons) from the University of Ghana and an EMBA (HR option) from the University of Ghana Business School. She is an affiliate member of the Chartered Institute of Personnel Development – (CIPD – UK) and a member of the Institute of Human Resource Management Practitioners, Ghana.

Eva has to her credit a rich experience spanning twenty (20) plus years in Human Resources Management & Development having spent ten (10) years as a Business Unit Head (HR) at one of the Big Four firms – KPMG Ghana with a proven track record in strategic human resource planning & management with a sound awareness of team dynamism and strategic decision making. She joined ADB in June 2016 from Zenith Bank as the Head of Corporate Services where she has oversight responsibility for Human Resources, E-Business & Card Services, Service Quality and Corporate Communications.



Bernard Appiah Gyebi - Chief Risk and Compliance Officer

Bernard has over 12 years of executive management experience in banking. He joined ADB in 2010 from Stanbic Bank Ghana Limited, where he was the Head of Credit. His banking career started in 1999, when he joined Barclays Bank through the bank's Business Leadership Program, a prestigious management trainee program designed to groom identified high-fliers into specialist roles.

While at Barclays, he served in various capacities as Corporate Credit Manager, Compliance Officer/ Executive Assistant to the Managing Director and Head of Corporate Credit. His banking career has spanned all the core areas of banking, namely operations, relationship management, treasury, credit risk, operational risk and compliance, with stints in South Africa, Swaziland and the United Kingdom.

He had previously held various roles at the Social Security & National Insurance Trust and Harley Reed Consultancy, an Accra-based development planning and management consulting firm.

He holds an MBA from the Imperial College, London, a Post-Graduate Degree from the Universite Paris Pantheon Sorbonne and a bachelor's degree in Planning from the University of Science & Technology, Kumasi, Ghana.

Profile of Executive Management

Joseph Nii Adjei - Chief Finance Officer

Nii Adjei started his career with PwC in 2002 as an Audit Associate rising to a Senior Associate in 2004. He joined Zenith Bank in September 2005 and by dint of hard work and commitment rose within a relatively short time to the position as of Chief Finance Officer. This is a role he handled excellently until June 2016 when he joined the ADB family as CFO. He holds a Bachelor of Science degree in Computer Science from KNUST, MBA from Edinburgh Business School. He is a Chartered Accountant (ACCA).

Mr. Maxwell Amoakohene - General Counsel

He 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.

James K. Agbedor - Board Secretary

He 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 was the General Counsel of the Bank. He was appointed Secretary to the Board in 2006. He also acted as Managing Director between January and March 2016.

Samuel Dako - Chief Audit Executive

Samuel Dako is the Chief Audit Executive. He has over twenty-two years managerial experience in the Banking Sector. He joined the Bank as a Finance Officer and has served in various capacities including Financial Controller, Head of Financial Reporting and Strategy, Manager Research and Corporate Planning. He also has relevant managerial experience in Branch Banking, Risk Management and Audit & Assurance.

He is a Chartered Accountant and a member of the Institute of Chartered Accountants Ghana, Merit Award, holds MBA Finance from the University of Leicester UK, LLB from GIMPA, BL (Cand) and Post Graduate Diploma in Management Information Systems, GIMPA.

Strategic Report

Message from the Managing Director

Introduction

The government of Ghana undertook several ground-breaking economic reforms in the 2017 fiscal year with the aim of driving sustainable growth in the coming years. The government's focus of increasing financial inclusion through channels such as mobile money and other digital platforms enabled banks deploy innovative products that maximized opportunities for enhanced productivity.

The Bank of Ghana (BoG) instituted major reforms during the year in a bid to strengthen and stabilize the sector. Among the key reforms are the upward review of the minimum capital requirement for existing banks and new entrants to GH¢400.0 million by the end of 2018, the upcoming introduction of a risk-based capital requirement under Basel II and Basel III frameworks. Preparations towards all Banks to be IFRS 9 compliant effective January, 2018. Economic activities were generally modest throughout 2017.

Performance Review

Highlights of the performance of the Bank during the year are shared below:

The bank made a net profit of GH¢26.0m after two successive years of losses. It is noteworthy that 2016 set the tone for performance in 2017 after a successful listing on the Ghana Stock Exchange. The profit was driven by the prudent utilization of excess liquidity as well as the mobilization of relatively cheaper deposits culminating in a growth of 60 percent in net interest income. Whilst growth in the top line was significant, non-interest income grew marginally by 4 percent. The bank has launched a bouquet of products through it mobile and online channels to present numerous opportunities aimed at enhancing accessibility and convenience for our customers.

The bank intends to further increase corresponding banking relationships to widen the scope of choices available to our ever growing trade customers. We intend to drive active users on the bank's mobile app to include all our customers. Efficiency ratio improved from 101 percent to 76 percent in 2017 supported by the numerous cost cutting measures pursued by the management of the bank. Although net loans grew by 13 percent, the bank recorded a decline in impairment charge from Ghc 104m to Ghc50 m in 2017. In terms of the balance sheet structure, earning assets was 78 percent of total assets whilst deposits which grew by 18 percent funded 72 percent of total assets. Total assets witnessed a growth of 17 percent in 2017. Strengthening the bank's capital base remains a top priority for ADB in 2018. The bank is poised on meeting the minimum unimpaired capital of Ghc400m as required by Bank of Ghana before the end of the year 2018.

Technology Drive

The Bank upgraded its Information Technology (IT) infrastructure aimed at making it convenient for our customers while improving efficiency. The upgrade is supported by leading cutting-edge technology with excess capacity to deliver the very best banking experience to our customers. The technology has the capacity to immensely reduce transaction times across all service channels.

In addition, the security architecture of the bank's systems and applications have also been bolstered with world-class firewalls to provide the most secure transactional environment for our customers. The user experience on the new platform is very friendly, less cumbersome and more efficient in performing transactions as compared to the former.

The successful completion of the upgrade has seen the introduction of additional functionality to perform some advanced transactions. This include mobile and internet banking platforms that had become more responsive, supported by a more visually appealing user interface to deliver more flexibility, speed and value to our customers.

Corporate Social Responsibility

The Bank in the 2017 fiscal year, continued to support many social causes as part of its Corporate Social Responsibilities. Highlights in this category are the presentation of a three-bedroom fully furnished residential facility to the 2016 National Best Farmer. Constructing the facility for the National Best Farmer in his home town at Apra in the Central Region to us means bringing development to this rural district. The total cost of the house was the equivalent of US$100,000.00.

The Bank also supported key educational projects including support for the University of Allied Sciences, Ho; the Ghana National Association of Teachers and the College of Health and Allied Sciences, University of Cape Coast. The supports to the various educational institutions and association is aimed at improving academic work.

MESSAGE FROM THE MANAGING DIRECTOR continued

New 5-Year Strategic Direction (2018 – 2022)

ADB is a Ghanaian universal bank with strong roots in the agricultural sector. To adapt to the changes in the market, the bank has adopted a five-year strategic plan spanning 2018 to 2022. The strategic plan is expected to offer the bank numerous opportunities to strengthen its relations with its customers and stay competitive. The Bank's strategic priorities are anchored by five broad themes, thus;

- Financial Growth
- Increase Market Share
- Human Capital Development
- Prudential Information and Risk Management
- Market Development

In the year 2018, the bank will continue to build on the successes chalked in 2017 by driving profitability and growth. One key driver of the new strategic plan is quality service and it will immensely benefit our customers. We will want to reward the loyalty of those who have made ADB their preferred bank throughout all these years whilst at the same time giving new customers a reason to bank with us.

Conclusion

The driving force behind our accomplishments in the year 2017 is our incredible team of 1179 staff members spread throughout our 78 branches. The bank will continue to focus on creating a unique and all inclusive employee culture to enable the bank attract, retain and engage the best. I am very optimistic that our business model coupled with the guidance of the board as well as capacity of the management team and commitment of our employees will see the bank achieve its strategic objectives. All these will be anchored by the continuous support of you our shareholders as we seek to create value.

Thank you.

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	

Financial Statements

Report of the Directors
to the Members of Agricultural Development Bank Limited

Directors' responsibility statement

The directors are responsible for the preparation of financial statements that give a true and fair view of Agricultural Development Bank Limited (ADB), comprising the statement of financial position at 31 December 2017, and the statements of 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, 1963 (Act 179) and the Banks and Specialised Deposit–Taking Institutions Act, 2016 (Act 930). In addition, the directors are responsible for the preparation of the report of the directors.

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

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.

Financial statements review

The financial results of the Bank for the year ended 31 December 2017 are set out in the attached financial results, highlights of which are as follows:

	2017	2016
	GH¢'000	GH¢'000
Profit/ (Loss) after tax (attributable to equity holders)	26,510	(70,026)
to which is added the balance brought forward		
on income surplus account	(188,778)	(35,386)
	(162,268)	(105,412)
out of which is transferred to the statutory reserve		
fund an amount of		
	(13,255)	-
transfers into credit risk reserve of	(13,906)	(68,181)
transactional costs related to issue of shares	-	(15,185)
	(27,161)	(83,366)
leaving a balance to be carried forward of	**(189,429)**	(188,778)

REPORT OF THE DIRECTORS TO THE MEMBERS OF AGRICULTURAL DEVELOPMENT BANK LIMITED CONT'D

The Bank recorded profit after tax of GH¢26,510,000 for the year under review and as a result transferred GH¢13,255,000 to the Statutory Reserve from Income Surplus during the year (2016: Nil). The cumulative balance on the Statutory Reserve Fund at the year end was GH¢98,146,000 (2016: GH¢84,891,000).

The directors do not recommend the payment of dividend.

The directors consider the state of the Bank's affairs to be satisfactory.

Nature of business

The Bank is registered to carry on the business of Universal Banking. The Bank's principal activities comprise corporate banking, investment banking and retail banking. There was no change in the nature of business of the company during the year.

The objectives of the company is to provide unique Universal Banking products and services with emphasis on agriculture to both the local and international clients.

Shareholding

The Bank is listed on the Ghana Stock Exchange. The Bank's shareholding structure at the end of the year was as follows:

SHAREHOLDER	SHAREHOLDING
Government of Ghana	32.30%
Belstar Capital Limited	24.00%
Starmount Development Company Limited	11.00%
SICF, SIC Brokerage Limited	10.00%
Financial Investment Trust	9.50%
EDC Investments Limited	6.00%
Employee Share Ownership Plan	5 .00%
Others	2.20%
Total	**100%**

Associate

The Bank holds 20% interest in Activity Venture Finance Company, a company incorporated in Ghana, which provides credit and equity financing to eligible small and medium scale enterprises (SMEs).

Related party transactions

Information regarding directors' interests in ordinary shares of the Bank and remuneration is disclosed in Note 36 to the financial statements as well as those related to associated company. Other than their contracts as directors, no director had a material interest in any contract to which the Bank was a party during the year. Related party transactions and balances are also disclosed in Note 36 to the financial statements. Related party transactions which are credit related starts with the Credit Committee. On presentation to the Board, the affected directors disclose their interest and recluse themselves for the deliberations. The approval is subsequently given and balances are also disclosed in Note 36 to the financial statements.

Auditor

The auditor, KPMG, will not continue in office in accordance with Sections 81(4) and 81(5) of the Banks and Specialised Deposit-Taking Institutions Act, 2016 (Act 930) with effect from April 2018 after seven (7) years of service as auditor.

Role of the Board

The Directors are responsible for the long term success of the Bank, determine the strategic direction of the Bank and reviews operating, financial and risk performance. There is a formal schedule of matters reserved for the board of Directors, including approval of the Bank's annual business plan, the Bank's strategy, acquisitions, disposals and capital expenditure projects above certain thresholds, all guarantees, treasury policies, the financial statements, the Bank's dividend policy, transactions involving the issue or purchase of Bank shares, borrowing powers, appointments to the Board, alterations to the memorandum and articles of association, legal actions brought by or against the Bank, and the scope of delegations to Board committees, subsidiary boards and the management committee. Responsibility for the development of policy and strategy and operational management is delegated to the executive Director and a management committee.

Internal control systems

The directors have overall responsibility for the company's internal control systems and annually reviews their effectiveness, including a review of financial, operational, compliance and risk management controls. The implementation and maintenance of the risk management and internal control systems are the responsibility of the executive directors and other senior management. The systems are designed to manage rather than eliminate the risk of failure to achieve business objectives and to provide reasonable, but not absolute, assurance against material misstatement or loss. The directors have reviewed the effectiveness of the internal control systems, including controls related to financial, operational and reputational risks identified by the company as at the reporting date and no significant failings or weaknesses were identified during this review.

Directors' performance evaluation

A formal evaluation of the performance and effectiveness of the Board of Directors ("the Board), its committees and individual directors is yet to be conducted. The evaluation will be conducted by the completion of detailed and comprehensive written survey questionnaires administered by a consulting firm. The results of the evaluation will be shared with all members of the Board.

REPORT OF THE DIRECTORS TO THE MEMBERS OF AGRICULTURAL DEVELOPMENT BANK LIMITED CONT'D

Professional development and training

On appointment to the Board, directors are provided with a full, formal and tailored programme of induction, to familiarise them with the Bank's business, the risks and strategic challenges it faces, and the economic, competitive, legal and regulatory environment in which the company operates. A programme of strategic and other reviews, together with the other training provided during the year, ensured that directors continually updated their skills, their knowledge and familiarity with the company's businesses, and their awareness of sector, risk, regulatory, legal, financial and other developments to enable them to fulfil effectively their role on the Board and committees of the Board Conflicts of interest

The Bank has established appropriate conflicts authorization procedures, whereby actual or potential conflicts are regularly reviewed and authorizations sought as appropriate. During the year, no such conflicts arose and no such authorizations were sought.

Board balance and independence

The composition of the board of directors and its Committees is regularly reviewed to ensure that the balance and mix of skills, independence, knowledge and experience is maintained. The Board considers that the Chairman is independent on appointment and all non-Executive Directors are independent as it pertains to the management of the Bank. The continuing independent and objective judgement of the non-Executive Directors has been confirmed by the Board of Directors.

Code of Conduct

Management has communicated the 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 and Anti-Terrorism

The Bank also has an established anti-money laundering and anti-terrorism system in place in compliance with requirements of Ghana's Anti-Money Laundering Act 2008 and Anti-Terrorism Act 2008, Act 762. 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.

Approval of the financial statements

The financial statements of Agricultural Development Bank Limited, as identified in the first paragraph, were approved by the board of directors on March 28, 2018 and signed on their behalf by:

Chairman

Director

Corporate Governance

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

i. Good corporate governance enhances shareholder value

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

iii. The Board of Directors should have majority membership of independent directors, defined broadly as directors who are not employed by the Bank, or who are not affiliated with organizations with significant financial dealings with the Bank. These principles have been articulated in a number of corporate documents, including the Bank's regulations, rules of procedures for Boards and rules of business ethics for staff.

iv. There is a Board Charter which spells out the functions and powers of the board. There are also various policies which define the role of the board and the Managing Director with regard to certain specific matters including staff hiring and discipline

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 2017, the Board of Directors of Agricultural Development Bank Limited consisted of nine (9) members made up of an independent Non-executive Chairman, seven (7) 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 has delegated various aspects of its work to the Audit, Risk and Credit and Human Resource and Governance Committees.

Board Risk and Credit Committee

The role of the committee includes:

i. Assisting management in the recognition of risks and also to ensure that the Board is made aware of changes 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.

ii. 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.

iii. 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.

iv. 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.

v. 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

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

CORPORATE GOVERNANCE CONT'D

The composition of the Committee is as follows:

Name of Director	Position
Mr. Patrick Kingsley-Nyinah	Chairman
Nana Ama Serwaa Bonsu	Member
Mr. Kwabena Dapaah-Siakwan	Member
Mr. George Kwabena Abankwah Yeboah	Member

Board Audit Committee

The role of the committee includes:

i. 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.

ii. 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.

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

iv. 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.

The composition of the Committee is as follows:

Name of Director	Position
Dr. Adu Anane Antwi	Chairman
Mr. Kwabena Dapaah-Siakwan	Member
Mr. Patrick Kingsley-Nyinah	Member
Mr. Frank Kwame Osei	Member

Board Human Resource and Governance 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.

The composition of the Committee is as follows:

Name of Director	Position
Prof. David Abdulai	Chairman
Mr. Patrick Kingsley-Nyinah	Member
Nana Ama Serwaa Bonsu	Member
Dr. Adu Anane Antwi	Member

Board IT, Research and Strategy Committee

The committee advises and supports management on IT and related issues and the development of policies that will guide the Bank in the IT function. The Committee also supports management in the development and implementation of strategies and the research function.

The composition of the Committee is as follows:

Name of Director	Position
Mr. Kwabena Dapaah-Siakwan	Chairman
Prof. David Abdulai	Member
Nana Ama Serwaa Bonsu	Member
Mr. George Kwabena Abankwah Yeboah	Member

Schedule of attendance at Board and Committee Meetings

The Board met seven times during the year and the board committees met eighteen times.

Below is the schedule of attendance at Board and Committee meetings during the year.

Director	B
Mr. Alex Bernasko	7/7
Mr. Patrick Kingsley-Nyinah	7/7
Dr. John Kofi Mensah	7/7
Mr. Kwabena Dapaah-Siakwan	7/7
Nana Ama Serwaa Bonsu	7/7
Dr. Adu Anane Antwi	7/7
Mr. Frank Kwame Osei	6/7
Prof. David Abdulai	7/7
Mr. George Kwabena Abankwah Yeboah	5/7

Financial Statements

Independent Auditor's Report
to the Members of Agricultural Development Bank Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Agricultural Development Bank Limited ("the Bank"), which comprise the statements of financial position at 31 December 2017, and the statements of 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 21 to 105.

In our opinion, these financial statements give a true and fair view of the financial position of Agricultural Development Bank Limited at 31 December 2017, and of its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) and in the manner required by the Companies Act, 1963 (Act 179), and the Banks and Specialised Deposit–Taking Institutions Act, 2016 (Act 930).

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Impairment allowance of loans and advances to customers (GH¢351million)

Refer to Note 19 (b) to the financial statements

The key audit matter	How the matter was addressed in our audit
Impairment of loans and advances to customers is a key audit matter because of the complexity and subjectivity involved in estimating the timing and amount of cash flow used in the computation. Loans for which there is objective evidence that an impairment event has occurred are assessed individually for impairment. If there is deemed to be no evidence that an impairment exists on an individual basis, loans are assessed collectively for impairment.	Our procedures to address this key audit matter included: • Assessing and testing the design, implementation and operating effectiveness of key controls over the capture, monitoring and reporting of loans and advances to customers; • Assessing and testing the design and operating effectiveness of controls over the Bank's loan impairment process regarding management review process over impairment calculations;

Independent Auditor's Report to the Members of Agricultural Development Bank Limited continued

The key audit matter	How the matter was addressed in our audit
Assessing impairment allowances on loans and advances to customers requires management to make assumptions about financial conditions and the timing of expected future cash flows. Cash flows are determined from collateral values and/ or promise to pay cash flows which are supported with appropriate documents. Management assumes that the force sale value of collaterals will be fully realised through sale in the event of default on loans and advances. The collective impairment loss allowance relates to losses incurred but not yet identified (IBNR loss allowances) on other loans and advances. The two key judgments in the collective impairment assessment are the likelihood of default and the emergence period. The impairment assessment requires the application of significant judgement by management including the application of industry knowledge, prevailing economic conditions and historical data to determine the level of impairment allowance required.	• Substantively testing the year end impairment models for collective and individual provisioning by re-performing calculations and agreeing a sample of data inputs to source documentation. We also assessed whether the data used in the models included all the relevant information through testing a sample of relevant data fields and their aggregate amounts against data in the source systems; • Critically assessing and challenging the assumptions used by the Bank in their impairment models using our understanding of the Bank, the historical accuracy of its estimates, current and past performance of the Bank's loans and our knowledge of the industry in respect of similar loan types; • Undertaking a detailed assessment of a sample of exposures for individual impairment on corporate portfolio, taking a risk based approach to focus on those with the greatest potential impact on the financial statements. Our assessment specifically challenged the Bank's assumptions of expected future cash flows including the valuation of realisable collateral through inquiry and inspecting correspondence and independent valuation reports; • Critically assessing and analyzing the assumptions and data used by the Bank in determining the likelihood of default and emergence period for collective impairment assessment; • Examining a sample of performing loans to evaluate if any indicators of impairment existed and that individual impairment provisions have been recorded; and Considering the adequacy of the Bank's disclosures in relation to impairment about the changes in estimate occurring during the period and the sensitivity to the key assumptions.

Other Information

The Directors are responsible for the other information. The other information comprises the information included in the Annual Report and the Directors' Report as required by the Companies Act, 1963 (Act 179), and the Banks and Specialised Deposit–Taking Institutions Act, 2016 (Act 930) but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

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

Responsibilities of the Directors for the Financial Statements

The Directors are responsible for the preparation of the 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 Banks and Specialised Deposit–Taking Institutions Act, 2016 (Act 930) and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Bank's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Bank or to cease operations, or have no realistic alternative but to do so.

The Directors are responsible for overseeing the Bank's financial reporting process.

Independent Auditor's Report to the Members of Agricultural Development Bank Limited continued

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Bank's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Bank's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Bank to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on Other Legal and Regulatory Requirements

Compliance with the requirements of Section 133 of the Companies Act, 1963 (Act 179) and Section 85 of the the Banks and Specialised Deposit–Taking Institutions Act, 2016 (Act 930).

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

Compliance with the requirements of Section 133 of the Companies Act, 1963 (Act 179) and Section 85 of the Banks and Specialised Deposit–Taking Institutions Act, 2016 (Act 930). (cont'd)

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

The Bank's transactions were within its powers and except as indicated in Note 46, the Bank generally complied with the relevant provisions of the Banks and Specialised Deposit–Taking Institutions Act, 2016 (Act 930).

The Bank has generally complied with the provisions of the Anti-Money Laundering Act, 2008 (Act 749), as amended by Anti-Money Laundering Amendments Act, 2014 (Act 874), the Anti-Terrorism Act, 2008 (Act 762) and the Regulations governing the Acts.

The engagement partner on the audit resulting in this independent auditor's report is Nathaniel D. Harlley (ICAG/P/1056).

KPMG

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FOR AND ON BEHALF OF:

KPMG: (ICAG/F/2018/038)

CHARTERED ACCOUNTANTS

13 YIYIWA DRIVE, ABELENKPE

P O BOX GP 242

ACCRA

March 28, 2018

Financial Statements

STATEMENT OF FINANCIAL POSITION

At 31 December 2017

	Note	2017 GH¢'000	2016 GH¢'000
Assets			
Cash and cash equivalents	17	951,675	610,563
Investment securities	18	1,099,177	1,085,752
Loans and advances to customers	19	1,139,356	1,005,302
Investment (other than securities)	20	91,832	94,299
Investment in associate companies	21	357	538
Deferred tax assets	22	33,773	44,519
Current tax assets	22	5,679	16,653
Intangible assets	24	35,861	29,858
Other assets	25	82,316	42,994
Property and equipment	23	105,117	105,015
Total Assets		3,545,143	3,035,493
Liabilities			
Borrowed funds	26	458,551	381,025
Deposits from customers	27	2,541,010	2,147,450
Other liabilities	28	66,569	52,240
		3,066,130	2,580,715
Equity			
Stated capital	29	275,100	275,100
Income surplus	34	(189,429)	(188,778)
Revaluation reserve	33	57,531	57,531
Statutory reserve	30	98,146	84,891
Credit risk reserve	31	185,323	171,417
Available for sale reserve	32	52,342	54,617
Shareholders' funds		479,013	454,778
Total liabilities and Shareholders' Funds		3,545,143	3,035,493

These financial statements were approved by the Board of Directors on March 28, 2018 and signed on its behalf by:

CHAIRMAN

DIRECTOR

The notes on pages 28 to 105 form an integral part of these financial statements.

Financial Statements

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2017

	Note	2017	2016
		GH¢'000	GH¢'000
Interest income	8	520,862	361,066
Interest expense	9	(211,251)	(166,752)
Net interest income		309,611	194,314
Fees and commission income	10	72,947	64,391
Fees and commission expense	10	(8,593)	(6,480)
Net fees and commission income		64,354	57,911
Net trading income	11	28,328	18,251
Other operating income	12	4,611	7,771
Operating Income		406,904	278,247
Impairment loss on financial assets	19	(49,823)	(104,022)
Personnel expenses	13	(167,052)	(136,848)
Depreciation and amortization	23, 24	(18,365)	(15,813)
Other operating expenses	14	(124,325)	(127,278)
Profit/ (Loss) before tax		47,339	(105,714)
Income tax	22	(20,829)	35,688
Profit/ (Loss) after tax		26,510	(70,026)

The notes on pages 28 to 108 form an integral part of these financial statements.

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2017 - (CONT'D)

	Note	2017	2016
	Note	GH¢'000	GH¢'000
Profit/(Loss) after tax		26,510	(70,026)
Other comprehensive income, net of tax			
Items that are or may be reclassified to profit or loss			
Net change in value of available for sale financial assets	32	(2,275)	6,996
Other comprehensive income for the year		(2,275)	6,996
Total comprehensive income for the year		24,235	(63,030)
Profit/(Loss)attributable to:			
Equity holders of the Bank		26,510	(70,026)
Total comprehensive income			
attributable to:			
Equity holders of the Bank		24,235	(63,030)
Earnings per share			
Basic earnings per share (in Ghana pesewas)	16	11	(166)
Diluted earnings per share (in Ghana pesewas)	16	11	(166)

The notes on pages 28 to 105 form an integral part of these financial statements.

Financial Statements

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2017

	Stated Capital	Credit risk Reserve	Statutory Reserve	Revaluation Reserve	Available for Sale Reserve	Income Surplus	Total
	GH¢'000	GH¢'000	GH¢'000	GH¢'000	GH¢'000	GH¢'000	GH¢'000
Balance at 1 January 2017	275,100	171,417	84,891	57,531	54,617	(188,778)	454,778
Total Comprehensive income, net of income tax							
Profit	-	-	-	-	-	26,510	26,510
Other Comprehensive income, net of income tax	-	-	-				
Net change in fair value	-	-	-	-	(2,275)	-	(2,275)
Total Other Comprehensive income	**-**	**-**	**-**	**-**	**(2,275)**	**-**	**(2,275)**
Transfers from income surplus to reserves							
And transactions with owners, recorded directly							
in equity							
Transfer to/(from) credit risk reserve	-	13,906	-	-	-	(13,906)	-
Transfer to/ (from) statutory reserve	-	-	13,255	-	-	(13,255)	-
Total transfers and transactions with owners	**-**	**13,906**	**13,255**	**-**	**-**	**(27,161)**	**-**
Balance at 31 December 2017	**275,100**	**185,323**	**98,146**	**57,531**	**52,342**	**(189,429)**	**479,013**

The notes on pages 28 to 105 form an integral part of these financial statements.

Financial Statements

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2017 - (CONT'D)

	Stated Capital	Credit risk Reserve	Statutory Reserve	Revaluation Reserve	Available for Sale Reserve	Income Surplus	Total
	GH¢'000	GH¢'000	GH¢'000	GH¢'000	GH¢'000	GH¢'000	GH¢'000
Balance at 1 January 2016	75,000	103,236	84,891	57,531	47,621	(35,386)	332,893
Total Comprehensive income, net of income tax							
Loss	-	-	-	-	-	(70,026)	(70,026)
Other Comprehensive income, net of income tax							
Net change in fair value	-	-	-	-	6,996	-	6,996
Total Other Comprehensive income	-	-	-	-	6,996	-	6,996
Transfers from income surplus to reserves							
And transactions with owners, recorded directly							
in equity							
Issue of ordinary shares	200,100	-	-	-	-	-	200,100
Transactional costs related to issue of shares	-	-	-	-	-	(15,185)	(15,185)
Transfer to credit risk reserve	-	68,181	-	-	-	(68,181)	-
Total transfers and transactions with owners	200,100	68,181	-	-	-	(83,366)	184,915
Balance at 31 December 2016	275,100	171,417	84,891	57,531	54,617	(188,778)	454,778

The notes on pages 28 to 105 form an integral part of these financial statements.

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2017

	Note	2017 GH¢'000	2016 GH¢'000
Cash flows from operating activities			
Profit/(Loss) after tax		26,510	(70,026)
Adjustments for:			
Depreciation and Amortization	23, 24	18,365	15,813
Unrealised exchange difference	1,434	(2,869)	
Impairment on financial assets	19, 20	49,823	104,022
Loss on disposal of property			
and equipment	23	4	210
Dividend received		(2,921)	(2,996)
Net Interest income		(309,611)	(194,314)
Tax expense	22	20,829	(35,688)
Loss before working capital changes		**(195,567)**	**(185,848)**
Changes in:			
Loans and advances	19	(175,159)	(37,149)
Other assets	25	(39,322)	2,296
Deposits from customers	27	391,066	637,974
Other liabilities	28	14,329	9,150
		(4,653)	**426,423**
Interest Income received		512,144	376,965
Interest expense paid		(202,463)	(169,167)
Dividend received		2,921	2,996
Taxes paid (NFSL)		(2,378)	-
Income tax paid		(6,442)	-
Tax refund		10,470	-
Net cash generated from operating activities		**309,599**	**637,217**
Cash flows from investing activities			
Purchase of property and equipment	23	(12,989)	(9,419)
Proceeds from the sale of property and equipment	23	-	176
Purchase of intangible assets	24	(11,485)	(28,055)
Purchase/Redemption of			
Medium and long term government securities	18	(118,732)	(22,766)
Proceeds from disposal of associated company	181	-	
Net cash used in investing activities		**(143,025)**	**(60,064)**

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2017 – (CONT'D)

	Note	2017 GH¢'000	2016 GH¢'000
Cash flows from financing activities			
Net receipts/ (payments) of borrowed funds		71,232	134,753
Proceeds from issue of ordinary shares	-	200,100	
Transaction costs related to issue of ordinary shares	-	(15,185)	
Net cash generated from financing activities		71,232	**319,668**
Net increase in cash and cash equivalents		237,806	896,821
Cash and cash equivalent at 1 January		1,532,555	632,865
Effect of exchange rate fluctuations on cash held		(1,434)	2,869
Cash and cash equivalents at 31 December	17	1,768,927	**1,532,555**

The notes on pages 28 to 105 form an integral part of these financial statements.


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Accountability
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Notes to the Financial Statements
for the year ended 31 December 2017

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.

For Companies Act, 1963 (Act 179) reporting purposes, the balance sheet is represented by the statement of financial position and the profit and loss account by part of the statement of profit or loss and other comprehensive income, in these financial statements.

The Bank is listed on the Ghana Stock Exchange.

2. BASIS OF ACCOUNTING

Statement of compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and in the manner required by the Companies Act 1963, (Act 179), and the Banks and Specialised Deposit–Taking Institutions Act, 2016 (Act 930).

Details of the Bank's accounting policies are included in Note 45.

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 2017 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 22	–	recognition of deferred tax assets: availability of future taxable profit against which carry-forward tax losses can be used; and
Note 36	–	recognition and measurement of provisions and contingencies: key assumptions about the likelihood and magnitude of an outflow of resources.

i) Impairment of financial instruments

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

The individual component of the total allowance for impairment applies to financial assets evaluated individually for impairment and is based on management's best estimate of the present value of the cash flows that are expected to be received. In estimating these cash flows, management makes judgments about a debtor's financial situation and the net realisable value of any underlying collateral. Each impaired asset is assessed on its merits, and the workout strategy and estimate of cash flows considered recoverable are independently approved by the Credit Risk function.

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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2017 – (CONT'D)

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 45.

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 44.

(a) Credit risk

i. Analysis of credit quality

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

iii. Offsetting financial assets and financial liabilities

iv. Concentration of credit risk

v. Impaired loans and advances

(b) Liquidity risk

(c) Market risk - includes currency, interest rate and other price risk

(d) Capital management

(a) Credit risk

For the definition of credit risk and information on how credit risk is managed by the Bank, See Note 44.

(i) Analysis of credit quality

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017 – (CONT'D)

5. FINANCIAL RISK REVIEW - Cont'd

Maximum exposure to credit risk

	Loans & advances to customers		Investment securities		Cash and cash equivalents		Commitments & financial guarantees	
	2017	2016	2017	2016	2017	2016	2017	2016
	GH¢'000	GH¢'000	GH¢'000	GH¢'000	GH¢'000	GH¢'000	GH¢'000	GH¢'000
Gross amount	1,490,879	1,307,002	1,099,177	1,085,752	951,675	610,563	275,076	275,355
Allowance for impairment	(351,523)	(301,700)	-	-	-	-	-	-
	1,139,356	1,005,302	1,099,177	1,085,752	951,675	610,563	275,076	275,355

	Loans & advances to customers		Investment securities		Cash and cash equivalents		Commitments & financial guarantees	
	2017	2016	2017	2016	2017	2016	2017	2016
	GH¢'000	GH¢'000	GH¢'000	GH¢'000	GH¢'000	GH¢'000	GH¢'000	GH¢'000
At amortised cost								
Grade 1-3: low fair risk –								
current	844,524	707,544	1,099,177	1,085,752	951,674	610,563	-	-
Grade 4-5: watch list –								
OLEM	48,160	57,636	-	-	-	-	-	-
Grade 6: substandard	87,370	70,386	-	-	-	-	-	-
Grade 7: doubtful	22,633	62,512	-	-	-	-	-	-
Grade 8: loss	488,192	408,924	-	-	-	-	-	-
Total gross amount	1,490,879	1,307,002	1,099,177	1,085,752	951,674	610,563	-	-
Allowance for impairment	(351,523)	(301,700)	-	-	-	-	-	-
Net carrying amount	1,139,356	1,005,302	1,099,177	1,085,752	951,674	610,563	-	-
Loans with renegotiated terms								
Gross carrying amount	397,561	430,246	-	-	-	-	-	-
Allowance for impairment	(140,174)	(155,225)	-	-	-	-	-	-
Net carrying amount	257,387	275,021	-	-	-	-	-	-

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2017 – (CONT'D)

5. FINANCIAL RISK REVIEW - Cont'd

Maximum exposure to credit risk - (cont'd)

	Loans & advances to customers		Investment securities		Cash and cash equivalents		Commitments & financial guarantees	
	2017	2016	2017	2016	2017	2016	2017	2016
	GH¢'000	GH¢'000	GH¢'000	GH¢'000	GH¢'000	GH¢'000	GH¢'000	GH¢'000
Off balance sheet maximum exposure								
Letters of credit								
Grade 1-3: low-fair risk	-	-	-	-	-	-	123,956	83,070
Guarantees and indemnities								
Grade 1-3: low-fair risk	-	-	-	-	-	-	151,120	192,285
Total exposure	-	-	-	-	-	-	275,076	275,355
Neither past due nor impaired								
Grade 1-3: Low-fair risk	844,524	707,544	-	-	-	-	-	-
Grade 4–5: Watch list	48,160	57,636	-	-	-	-	-	-
	892,684	765,180	-	-	-	-	-	-
Allowance for impairment	(10,607)	(5,113)	-	-	-	-	-	-
Carrying Amount	882,077	760,067	-	-	-	-	-	-
*Past due but not impaired								
Grade 6: Substandard	66,265	51,414	-	-	-	-	-	-
Grade 7: Doubtful	4,496	1,373	-	-	-	-	-	-
Grade 8: Loss	49,906	33,949	-	-	-	-	-	-
	120,667	86,736	-	-	-	-	-	-
Allowance for impairment	(1,377)	(377)	-	-	-	-	-	-
Carrying Amount	119,290	86,359	-	-	-	-	-	-

*Past due but not impaired

These are loans and advances that are past due and have been assessed for impairment. However, these loans and advances are supported by significant collaterals and cash flows extracted from agreed repayment terms. The present values of these estimated cash flows exceed the carrying amounts of the loans and advances.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2017 – (CONT'D)

5. FINANCIAL RISK REVIEW - Cont'd

Maximum exposure to credit risk

	Loans & advances to customers		Investment securities		Cash and cash equivalents		Commitments & financial guarantees	
	2017	2016	2017	2016	2017	2016	2017	2016
	GH¢'000	GH¢'000	GH¢'000	GH¢'000	GH¢'000	GH¢'000	GH¢'000	GH¢'000
Individually impaired								
Grade 6: Substandard	18,656	16,448	-	-	-	-	-	-
Grade 7: Doubtful	9,698	55,253	-	-	-	-	-	-
Grade 8: Loss	449,174	383,386	-	-	-	-	-	-
	477,528	455,087	-	-	-	-	-	-
Allowance for impairment	(339,539)	(296,211)	-	-	-	-	-	-
Carrying Amount	137,989	158,876	-	-	-	-	-	-
Total Carrying Amount	1,139,356	1,005,302	-	-	-	-	-	-
Deposits due from financial institutions								
Grade 1-3: Low-fair risk (Local)	-	-	-	-	529,808	188,724	-	-
Grace 1-3: Low-fair risk (Foreign)	-	-	-	-	68,582	102,754	-	-
	-	-	-	-	598,660	291,478	-	-

Impaired loans

See accounting policy in Note 45(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 6 to 8 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.

Financial assets neither past due nor impaired

Loans and advances to customers

The credit quality of the portfolio of loans and advances to customers that were neither past due nor impaired is assessed by reference to an internal rating system adopted by the Bank. Loans graded as current loans are considered as neither past due nor impaired.

Cash and cash equivalents

Included in the Bank's cash and cash equivalents are balances held with the Central Bank and other financial institutions. None of these balances were impaired at the year end and at 31 December 2016.

Investment securities

The Bank's investments comprise investment in government securities. None of these investments were impaired at the year end and at 31 December 2016.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2017 – (CONT'D)

5. FINANCIAL RISK REVIEW - Cont'd

Loans with renegotiated terms - See accounting policy in Notes 45 (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 45 (h).

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

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

For the purposes of disclosures in these financial statements, 'loans with renegotiated terms' are defined as loans that have been restructured due to a deterioration in the borrower's financial position, for which the Bank has made concessions by agreeing to terms and conditions that are more favourable for the borrower than the Bank had provided initially and that it would not otherwise consider. A loan continues to be presented as part of loans with renegotiated terms until maturity, earlier repayment or until it is written off.

Irrespective of whether loans with renegotiated terms have been derecognised or not, they remain disclosed as impaired until there is sufficient evidence to demonstrate a significant reduction in the risk of non-payment of future cash flows and there are no other indicators of impairment.

	Loans and advances to customers	
	2017	2016
	GH¢'000	GH¢'000
Continuing to be impaired after restructuring (included in non-performing loans)	354,957	430,246
Impairment	(139,618)	(155,225)
	215,339	275,021
Non-impaired after restructuring – would otherwise have been impaired	42,604	-

(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 held for interbank placements at 31 December 2017 are shown below. Collateral usually is not held against investment securities, and no such collateral was held at 31 December 2017. An estimate of the fair value of collateral and other security enhancements held against loans and advances to customers is shown below:

	Loans and advances to customers	
	2017	2016
	GH¢'000	GH¢'000
Against individually impaired		
Property	679,347	583,527
Others	14,570	412
Against neither past due nor impaired		
Property	482,624	1,259,652
Total	1,176,541	1,843,591
Against placements of other banks		
Property	118,000	-
Others	160,710	133,400

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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2017 – (CONT'D)

5. FINANCIAL RISK REVIEW - Cont'd

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

Repossessed items are not recognized in the bank's books. Proceeds from their sale are used to reduce related outstanding indebtedness. The Bank has in its possession assets resulting from taking possession of collateral held as security against loans and advances at the reporting date GH¢1,022,063 (2016: GH¢1,618,000). The carrying amount of the property are based on court judgments and the vehicles are at fair values.

	Loans and advances to customers	
	2017	2016
	GH¢'000	GH¢'000
Against individually impaired		
Property	970	1,618
Vehicles	52	-
	1,022	1,618

(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.

Loans and Advances to customers

	2017		2016	
	GH¢'000	%	GH¢'000	%
Gross amount				
Concentration by industry:				
Agriculture	466,384	31.3	419,072	32
Manufacturing	42,580	2.9	43,764	3
Commerce and Finance	277,597	18.6	163,355	12
Transport and Communication	16,935	1.1	16,313	1
Mining and Quarrying	9,888	0.6	8,223	1
Building and Construction	123,926	8.3	211,922	16
Services	548,090	36.7	437,770	34
Others	5,479	0.5	6,583	1
	1,490,879	100.00	1,307,002	100

Concentration by product

	2017	2016
	GH¢'000	GH¢'000
a) Loans and advances to individual customers:		
Overdraft	40,723	54,350
Term loans	371,321	224,204
	412,044	278,554

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2017 – (CONT'D)

5. FINANCIAL RISK REVIEW - Cont'd

b) Loans to corporate entities:

	2017	2016
	GH¢'000	GH¢'000
Overdrafts	248,892	193,848
Terms loans	829,943	834,600
	1,078,835	1,028,448
Gross loans and advances	1,490,879	1,307,002

(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.

	2017	2016				
	Gross	Net	Gross	Net		
	Amount	Impairment	Amount	Amount	Impairment	Amount
	GH¢'000	GH¢'000	GH¢'000	GH¢'000	GH¢'000	GH¢'000
Loans and Advances to Customers						
Neither past due nor impaired	892,684	(10,607)	882,077	765,180	(5,113)	760,067
Past due but not impaired	120,667	(1,377)	119,290	86,736	(377)	86,359
Impaired	477,528	(339,539)	137,989	455,086	(296,210)	158,876
	1,490,879	(351,523)	1,139,356	1,307,002	(301,700)	1,005,302

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.

(a) Regulatory Provisions

An account is considered to be in default when payment is not received on due date. Accounts that are overdue by more than 90 days are considered delinquent. These accounts are closely monitored and subjected to a collection process. The process used for provisions is based on Bank of Ghana guidelines which recognize cash as a credit mitigant. Individual provisions are made for outstanding amounts depending on the number of days past due with full provisions made after 360 days. In certain situations such as bankruptcy, fraud and death, the loss recognition process is accelerated. Loans and advances less than 90 days past due are generally not considered delinquent unless other information is available to indicate otherwise.

The Bank of Ghana Guideline is as set out below:

Grade Description	Number of days	Provisions (%)
Current	Less than 30 days	1
Other Loans Exceptionally Mentioned (OLEM)	30 to less than 90 days	10
Substandard	90 to less than 180 days	25
Doubtful	180 to less than 360 days	50
Loss	360 days and above	100

(b) Liquidity risk

For the definition of liquidity risk and information on how liquidity risk is managed by the Bank, See Note: 44.

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. Details of the reported Bank's ratio of net liquid assets to deposits from customers at the reporting date and during the reporting period were as follows:

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017 – (CONT'D)

5. FINANCIAL RISK REVIEW - Cont'd

	2017	2016
	%	%
At 31 December	44.20	51.06
Maximum for the period	47.65	51.06
Minimum for the period	36.89	21.67
Average for the period	41.99	30.39

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 statement of financial position. The amounts disclosed in the table are the contractual undiscounted cash flows however, the Bank manages the liquidity risk based on a different basis not resulting in a significantly different analysis

As at 31 December 2017

	Carrying Amount	Gross nominal inflow/outflow	Up to 1 month	1-3 months	3-6 months	6 months - 1 year	1-5 years	Over 5 years
	GH¢'000	GH¢'000	GH¢'000	GH¢'000	GH¢'000	GH¢'000	GH¢'000	GH¢'000
Financial liabilities by type								
Non-derivative liabilities								
Deposits from customer	2,541,010	2,551,358	597,077	840,319	205,626	365,786	542,550	-
Borrowed Funds	458,551	543,973	167,723	49,609	66,435	35,780	12,726	211,700
Total financial liabilities	2,999,561	3,095,331	764,800	889,928	272,061	401,566	555,276	211,700
Financial assets by type								
Non-derivative assets								
Cash and cash equivalent	951,675	951,675	951,675	-	-	-	-	-
Investment securities	1,099,177	1,113,799	-	820,959	50,333	119,721	122,786	-
Investments (other than securities)	91,832	91,832	-	-	-	-	91,832	-
Loans and advances to customers	1,139,356	1,490,879	491,493	34,359	35,157	191,290	503,925	234,655
Assets held for managing								
liquidity risk	3,282,040	3,648,185	1,443,168	855,318	85,490	311,011	718,543	234,655
Net Liquidity gap	282,479	552,854	678,368	(34,611)	(186,571)	(90,555)	163,267	22,955

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017 – (CONT'D)

5. FINANCIAL RISK REVIEW - Cont'd

(b) Liquidity risk (cont'd)

As at 31 December 2016

	Carrying Amount	Gross nominal inflow/outflow	Up to 1 month	1-3 months	3-6 months	6 months - 1 year	1-5 years	Over 5 years
	GH¢'000	GH¢'000	GH¢'000	GH¢'000	GH¢'000	GH¢'000	GH¢'000	GH¢'000
Financial liabilities by type								
Non-derivative liabilities								
Deposits from customer	2,147,450	2,149,095	646,795	835,817	92,051	223,961	350,471	-
Borrowed Funds	381,025	475,382	34,186	5,229	21,000	195,270	31,151	188,546
Total financial liabilities	2,528,475	2,624,477	680,981	841,046	113,051	419,231	381,622	188,546
Financial assets by type								
Non-derivative assets								
Cash and cash equivalent	610,563	610,563	610,563	-	-	-	-	-
Investment securities	1,085,752	1,119,087	930,923	-	24,896	73,578	89,690	-
Investments (other than securities)	94,299	94,299	-	-	-	-	88,478	
Loans and advances to customers	1,005,302	1,307,002	-	200,188	269,153	221,149	461,976	154,536
Assets held for managing								
liquidity risk	2,795,916	3,130,951	1,541,486	200,188	294,049	294,727	640,144	154,536
Net Liquidity gap	267,440	506,474	860,505	(640,858)	181,004	(124,504)	258,522	(34,010)

(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.

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. Interest rate risk is managed principally through monitoring interest rate gaps and by having pre-approved limits for reprising bands. The ALCO is the monitoring body for compliance with these limits and is assisted by Risk Management in its day-to-day monitoring activities. A summary of the Bank's interest rate gap position on non-trading portfolios is as follows:

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017 – (CONT'D)

5. FINANCIAL RISK REVIEW - Cont'd

Interest rate risk and foreign currency risk (cont'd)

As at 31 December 2017	Up to 1 month GH¢'000	6 months - 1-3 months GH¢'000	3-6 months GH¢'000	Over 1 year GH¢'000	1 - 5 years GH¢'000	5 years GH¢'000	Total GH¢'000
Financial assets							
Cash and cash equivalent	890,119	-	-	-	-	-	890,119
Investment securities	-	817,253	50,222	108,916	122,786	-	1,099,177
Loans and advances to customers (net)	299,041	33,829	33,200	164,408	377,174	231,704	1,139,456
	1,189,160	851,082	83,422	273,324	499,960	231,704	3,128,752
Financial liabilities							
Deposits from customers	596,479	837,922	200,398	363,661	443,906	98,644	2,541,010
Borrowed funds	167,719	48,847	60,783	31,786	11,379	138,037	458,551
Total financial liabilities	764,198	886,769	261,181	395,447	455,285	236,681	2,999,561
Interest rate sensitivity gap	424,962	(35,687)	(177,759)	(122,123)	44,675	(4,977)	129,191

As at 31 December 2016	Up to 1 month GH¢'000	6 months - 1-3 months GH¢'000	3-6 months GH¢'000	Over 1 year GH¢'000	1 - 5 years GH¢'000	5 years GH¢'000	Total GH¢'000
Financial assets							
Cash and cash equivalent	552,214	-	-	-	-	-	552,214
Investment securities	921,992	-	22,440	61,860	79,460	-	1,085,752
Loans and advances to customers (net)	-	196,499	131,906	198,908	325,309	152,679	1,005,301
Total financial assets	1,474,2016	196,499	154,346	260,768	404,769	152,679	2,643,267
Financial liabilities							
Deposits from customers	645,150	835,817	92,051	223,961	350,471	-	2,147,450
Borrowed funds	34,186	5,229	21,000	195,270	31,151	94,189	381,025
Total financial liabilities	679,336	841,046	113,051	419,231	381,622	94,189	2,528,475
Interest rate sensitivity gap	853,219	(644,547)	41,295	(158,463)	23,147	58,490	114,792

Foreign exchange risk

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.

The table below summarises the Bank's exposure to foreign currency exchange rate risk at 31 December 2017. The amounts stated in the table below are the Ghana Cedi equivalent of the foreign currencies.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2017 – (CONT'D)

5. FINANCIAL RISK REVIEW - Cont'd

Foreign exchange risk (cont'd)

Assets	USD	GBP	EUR	Other	Total
	GH¢'000	GH¢'000	GH¢'000	GH¢'000	GH¢'000
Cash and cash equivalent	185,953	9,492	3,082	1,235	199,762
Loans and advances to customers (net)	107,112	-	131,306	-	238,418
Other assets	23,760	-	-	-	23,760
Total financial assets	316,825	9,492	134,388	1,235	461,940
Liabilities					
Deposits from customers	302,061	9,482	22,499	1	334,043
Borrowings	8,877	-	111,809	-	120,686
Other liabilities	5,038	18	22	-	5,078
Total financial liabilities	315,976	9,500	134,330	1	459,807
Net on balance sheet position	849	(8)	58	1,234	2,133
Contingent liabilities	97,758	-	2,272	-	100,030
As at 31 December 2016					
Total financial assets	269,213	9,497	111,624	-	390,334
Total financial liabilities	267,360	9,629	111,477	-	388,466
Net on balance sheet position	1,853	(132)	147	-	1,868
Contingent liabilities	76,311	624	3,710	-	80,645

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

	Average rate		Reporting rate	
	2017	2016	2017	2016
Cedis to				
USD 1	4.3495	3.9306	4.4157	4.2002
GBP 1	5.6480	5.2813	5.9669	5.1965
EUR 1	4.9389	4.3370	5.2964	4.4367

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 2017. (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 statement by the amounts shown below:

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2017 – (CONT'D)

5. FINANCIAL RISK REVIEW - Cont'd

Sensitivity Analysis on Currency Risks (cont'd)

		2017			2016	
	% Change	Income Statement/ Equity Impact Strengthening	Income Statement/ Equity Impact Weakening	% change	Income Statement/ Equity Impact Strengthening	Income Statement/ Equity Impact Weakening
In GH¢'000						
US$	+5%	42	(42)	+5%	93	(93)
£	+5%	(0.4)	0.4	+5%	(7)	7
€	+5%	3	(3)	+5%	7	(7)

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.

Exposure to market risk is formally managed in accordance with risk limits set by senior management by buying or selling instruments or entering into offsetting positions.

Cashflow sensitivity analysis for variable rate instruments

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

The analysis is performed on the same basis for 2017.

Effects in Cedis	100bp Increase GH¢'000	100bp Decrease GH¢'000
31 December 2017		
Average for the Period	3,906	(3,906)
Maximum for the Period	5,207	(5,207)
Minimum for the Period	2,113	(2,113)
31 December 2016		
Average for the Period	1,945	(1,945)
Maximum for the Period	3,613	(3,613)
Minimum for the Period	1,668	(1,668)

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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2017 – (CONT'D)

5. FINANCIAL RISK REVIEW - Cont'd

Cashflow sensitivity analysis for variable rate instruments (cont'd)

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

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¢120 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, income surplus, 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:

	2017	2016
	GH¢'000	GH¢'000
Tier 1 Capital		
Ordinary share capital	275,100	275,100
Income surplus	(189,429)	(188,778)
Statutory reserve	98,146	84,891
Other regulatory adjustment	(90,677)	(97,482)
Total	93,140	73,731

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2017 – (CONT'D)

5. FINANCIAL RISK REVIEW - Cont'd

Cashflow sensitivity analysis for variable rate instruments (cont'd)

Tier 2 Capital	2017	2016
	GH¢'000	GH¢'000
Available for sale reserve	52,342	54,617
Revaluation reserve	57,531	57,531
Subordinated debt	73,945	59,063
Total	183,818	171,211
Total regulatory capital	276,958	244,942
Risk weighted assets		
On-balance sheet items	1,487,120	1,256,733
Off-balance sheet items	209,925	188,008
Total risk weighted assets	1,697,045	1,444,741
Capital charge for operational and market risks:		
100% of 3 years annual gross income	319,482	293,128
50% of Net Open Position	2,216	1,460
Adjusted asset base	2,010,466	1,739,329
Capital adequacy	13.72%	14.08%

REVIEW OF CAPITAL ADEQUACY RATIO

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.

Basel II

Bank of Ghana (BoG), in its bid to ensure the stability of the Ghanaian Banking Sector and keep pace with global development and growth in risk management practices rolled out, in October 2017, a Capital Requirement Directive (CRD) which require banks to implement Pillar 1 principles of Basel II. BoG requires banks to commence the implementation of the directive from 1 January 2018 with an effective compliance date of 1 July 2018.

The Capital Requirement Directive has four main parts. The first part provides principles for capital management and the constituents of eligible regulatory capital. The second, third and fourth parts provide guidance on the role of the board in the management of credit, operational and market risk respectively. Guidelines for the computation of credit risk weighted asset, operational and market risk capital charges are also detailed in the CRD document.

It is expected that the implementation of Basel principles will have a significant impact on the overall risk culture of banks and will ultimately enhance the risk and capital management of banks.

In September 2017, the Bank of Ghana announced a new minimum capital requirement, as part of a holistic financial sector reform plan to further develop, strengthen, and modernize the financial sector to support the government's economic vision and transformational agenda.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017 – (CONT'D)

5. FINANCIAL RISK REVIEW - Cont'd

Minimum Capital Requirement

In line with the above, and in accordance with Section 28 (1) of the Banks and Specialised Deposit-Taking Institutions Act, 2016 (Act 930), the Bank of Ghana (BOG) increased the minimum capital requirement for commercial Banks from GHS 120 million to GHS 400 million.

The Directive required all Banks to comply with the new capital requirement by the end of December 2018. Non-compliance with the new minimum paid up capital requirement shall be dealt with in accordance with section 33 of the Banks and Specialised Deposit-Taking Institutions Act, 2016 (Act 930).

Banks are required to meet the new capital requirements using either of the following methods:

- Fresh capital injection;
- Capitalisation of income surplus; and
- A combination of fresh capital injection and capitalisation of income surplus.

The bank intends to meet the new capital requirement by December 2018 through the following means:

- Recovering 50% of the non-performing loans in 2018.
- Having a well-resourced and highly motivated marketing team of RMs and ROs aggressively pursuing business.
- Making quality service the bed rock of the bank. The slogan "Quality Service, all the time" to permeate every facet of the bank's culture.
- Form a formidable trade desk pushing trade volumes at very competitive prices.
- Increasing the number of correspondent banks and consequently securing more trade lines.
- Improving operational efficiency and productivity by deploying technology initiatives.
- Targeted non-interest revenue to cover 60 percent of operating expenses in 2018.
- The bank aims to achieve a PAT of Ghc495m in 2018, which is critical to meeting the new minimum capital of Ghc400m organically by December 31,2018.

Timelines

The goal of the bank is to meet the minimum stated capital organically. Consequently the bank will request its' auditors to conduct an audit of the half year financial statements and issue an opinion based on which 50 percent of the projected profit will be moved to the Statutory Reserve Fund which is currently below 50 percent of stated capital and the rest to reduce the deficit in the income surplus account. Based on the projections, the Statutory Reserve Fund should be above 50 percent of stated capital after the half year. Since it is only audited profit that can be capitalized, the balance in the income surplus account is projected to be a positive of Ghc144m at the end of December 31,2017. Upon certification by the bank's auditors, the Ghc125m needed to meet the new minimum stated capital of Ghc400m can be capitalized.

Contingency Plan

In the event that the majority of assumptions do not occur, a contingency plan to address additional capital requirements will be triggered. The management and board will monitor actual performance against budget on a monthly basis. The contingency plan will be triggered when after the end of the first quarter, the bank has achieved less than 85 percent of its targeted profit after tax. An audit of the half year will be done to give a clear indication of how much unimpaired capital will be needed by the bank. The Board will consider various actions at that point, including, but not limited to:

- Soliciting additional capital from the Bank's existing shareholder
- Setting in motion the issuing of more shares to the public
- Engaging potential investors to do private placement

Each or all of these actions will serve to increase capital; however, the Board's first action will be to focus on increasing capital from existing shareholders. It is recommended that no dividend will be paid in 2018.

6. FAIR VALUES OF FINANCIAL INSTRUMENTS

See accounting policy in Notes 45 (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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2017 – (CONT'D)

6. FAIR VALUES OF FINANCIAL INSTRUMENTS - Cont'd

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.

2017	Level 1 GH¢'000	carrying Level 2 GH¢'000	Level 3 GH¢'000	Total fair value GH¢'000	Total amount GH¢'000
Investment Securities					
-Available for sale	-	122,786	-	122,786	122,786
Investment (Other than Securities)	-	91,832	-	91,832	91,832
	-	**214,618**	**-**	**214,618**	**214,618**
2016					
Investment Securities					
- Available for sale	-	77,974	-	77,974	77,974
Investments (Other than Securities)	-	94,299	-	94,299	94,299
	-	**172,273**	**-**	**172,273**	**172,273**

(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.

2017	Level 1 GH¢'000	carrying Level 2 GH¢'000	Level 3 GH¢'000	Total fair value GH¢'000	Total amount GH¢'000
Financial Assets					
Cash and cash equivalents	-	942,435	-	942,435	951,675
Investment Securities- held to maturity	-	1,015,282	-	1,015,282	976,397
Loans and advances to customers (net)	-	1,117,568	-	1,117,568	1,139,356
	-	**3,075,285**	**-**	**3,075,285**	**3,067,468**

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2017 – (CONT'D)

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

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

2017	Level 1 GH¢'000	Level 2 GH¢'000	Level 3 GH¢'000	Total fair value GH¢'000	Total carrying amount GH¢'000
Financial Liabilities					
Deposits from customers	-	-	2,505,901	2,505,901	2,541,010
Borrowed funds	-	-	450,724	450,724	458,551
	-	-	2,956,625	2,956,625	2,999,561
2016					
Financial Assets					
Cash and cash equivalents	-	604,635	-	604,635	610,563
Investment Securities- held to maturity	-	993,593	-	993,593	1,007,778
Loans and advances to customers (net)	-	965,155	-	965,155	1,005,302
	-	2,563,383	-	2,563,383	2,623,643
Financial Liabilities					
Deposits from customers	-	-	2,208,533	2,208,533	2,147,450
Borrowed funds	-	-	382,522	382,522	381,025
	-	-	2,591,055	2,591,055	2,528,475

7. OPERATING SEGMENTS

Operating segments

Segment information is presented in respect of the Bank's business segments. The primary format, business segments, is based on the Bank's management and internal reporting structure.

Business segments pay and receive interest to and from the Central Treasury on an arm's length basis to reflect the borrowing from or placement into the pool of investments.

Segment capital expenditure is the total cost incurred during the period to acquire property and equipment and intangible assets other than goodwill.

Business segments

The Bank has the following main business segments:

- Corporate Banking: includes loans, deposits and other transactions and balances with corporate customers including the Agricultural sector.
- Retail Banking: includes loans, deposits and other transactions and balances with retail customers.
- Central Treasury: undertakes the Bank's funding and centralised risk management activities through borrowings, issues of debt securities, use of derivatives for risk management purposes and investing in liquid assets such as short-term placements and corporate and government debt securities.

The Bank also has a central Shared Services operation that provides support services to the above mentioned segments, manages the Bank's premises and certain corporate costs. Cost-sharing agreements are used to allocate central costs to business segments on a reasonable basis.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2017 – (CONT'D)

7. OPERATING SEGMENTS

Business segments - cont'd

	Banking GH¢'000	Banking GH¢'000	Treasury GH¢'000	Services GH¢'000	Unallocated GH¢'000	Consolidated GH¢'000
External Revenue						
Net interest income	16,902	22,545	270,164	-	-	309,611
Net fee and commission income	14,187	49,701 466	-	-	64,354	
Net trading income	-	-	28,328	-	-	28,328
Net income from other financial						
instruments carried at fair value						
Other operating income	1,537	1,109	1,969	-	4,615	-
Intersegment revenue	25,491	125,302	(150,793)	-	-	-
Total segment revenue	58,117	198,657	148,165	1,969	406,908	
Segment result						
Income tax expense	-	-	-	(20,829)	-	(20,829)
Profit/(Loss) for the period	44,117	14,362	140,032	(172,001)	-	26,510
Segment assets	606,241	533,299	2,050,852	213,801	140,950	3,545,143
Unallocated assets	-	-	-	-	-	-
Total assets	606,241	533,299	2,050,852	213,801	140,950	3,545,143
Segment liabilities	984,936	1,538,670	471,269	-	71,255	3,066,130
Unallocated liabilities	-	-	-	-	-	-
Total liabilities	984,936	1,538,670	471,269	-	71,255	3,066,130

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017 – (CONT'D)

7. OPERATING SEGMENTS

Business segments - cont'd

2017	Corporate Banking GH¢'000	Retail Banking GH¢'000	Central Treasury GH¢'000	Shared Services GH¢'000	Unallocated GH¢'000	Consolidated GH¢'000
Impairment losses on financial assets	(4,363)	(45,460)	-	-	-	(49,823)
Depreciation and amortization	(52)	(6,006)	(65)	(12,242)	-	(18,365)
Capital expenditure	(60)	(9,584)	(7)	(14,823)	-	(24,474)
2016						
External Revenue						
Net interest income	40,782	23,057	130,475	-	-	194,314
Net fee and commission income	15,819	41,935	157	-	-	57,911
Net trading income	-	-	18,251	-	-	18,251
Net income from other financial						
instruments carried at fair value	-	-	-	-	-	-
Other operating income	-	31	-	7,950	7,981	
Intersegment revenue	(20,828)	103,521	(82,693)	-	-	-
Total segment revenue	**35,773**	**168,544**	**66,190**	**7,950**	**-**	**278,457**
Segment result						
Income tax expense	-	-	-	35,688	-	35,688
(Loss)/Profit for the period	(29,936)	(7,568)	61,135	(93,658)	-	(70,027)
Segment assets	470,177	536,464	1,696,314	180,540	151,997	3,035,493
Unallocated assets	-	-	-	-	-	-
Total assets	**470,177**	**536,464**	**1,696,314**	**180,540**	**151,997**	**3,035,493**
Segment liabilities	881,950	1,241,893	392,801	-	64,071	2,580,715
Unallocated liabilities	-	-	-	-	-	-
Total liabilities	**881,950**	**1,241,893**	**392,801**	**-**	**64,071**	**2,580,715**

2016	Corporate Banking GH¢'000	Retail Banking GH¢'000	Central Treasury GH¢'000	Shared Services GH¢'000	Unallocated GH¢'000	Consolidated GH¢'000
Impairment losses on financial assets	(50,138)	(53,884)	-	-	-	(104,022)
Depreciation and amortization	(12)	(5,800)	(51)	(9,950)	-	(15,813)
Capital expenditure	78	6,132	-	31,263	-	37,473

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2017 – (CONT'D)

8. INTEREST INCOME

	2017	2016
	GH¢'000	GH¢'000
Loans and advances	197,666	197,209
Investment in Government securities	237,651	129,803
Interbank placement	81,164	22,746
Leases (including agric inputs)	4,381	11,308
	520,862	**361,066**

9. INTEREST EXPENSE

	2017	2016
(a) On deposits:		
Fixed/time deposits	43,604	47,853
Savings deposits	4,602	3,345
Demand & call deposits	113,141	91,773
	161,347	142,971
(b) On borrowed funds:		
Inter-Bank borrowing	1,074	2,579
Long-Term borrowings	48,830	21,202
	49,904	23,781
Total	**211,251**	**166,752**

10. NET FEE AND COMMISSION INCOME

	2017	2016
	GH¢'000	GH¢'000
Fee and commission Income		
Commission on Turnover	20,502	22,316
Fees and Charges	40,092	32,600
Sale of Cheque Book Charges	1,181	1,298
Loan Fee Incomes	9,873	6,449
Guarantees Charges and Commission	1,299	1,728
Total Fee and Commission Income	72,947	64,391
Fee and commission Expense		
Cost of Services	(8,593)	(6,480)
Total Fee and Commission Expense	(8,593)	(6,480)
Net Fee and Commission Income	64,354	57,911

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017 – (CONT'D)

11. NET TRADING INCOME

	2017	2016
	GH¢'000	GH¢'000
Foreign Exchange		
Translation gains less losses	8,418	9,090
Transaction gains less losses	19,910	9,161
	28,328	**18,251**

12. OTHER OPERATING INCOME

	2017	2016
Bad debts recovered	992	2,573
Dividends from investments	2,921	2,996
(Loss)/Profit on disposal of assets (Note 23)	(4)	(210)
Other income	702	2,412
	4,611	**7,771**

13. PERSONNEL EXPENSES

	2017	2016
Salaries and wages	77,769	68,888
Pension costs - (Defined contribution scheme to SSNIT)	8,623	7,820
Staff Provident Fund (Defined Contribution Scheme)	9,820	8,910
Staff fuel expenses	19,593	17,485
Medical expenses	4,644	4,270
Canteen expenses	4,071	3,723
Occupancy cost	14,166	12,578
Training expenses	1,478	1,176
Other staff related costs	26,888	11,998
	167,052	**136,848**

The number of persons employed by the Bank at the year-end was 1,179 (2016: 1,197).

14. OTHER OPERATING EXPENSES

	2017	2016
	GH¢'000	GH¢'000
Occupancy Cost	51,321	47,093
Auditors Remuneration	460	400
Donations and Social Responsibility	1,451	883
Motor Vehicle Running Expenses	9,616	6,364
General and Administrative Expenses	23,612	21,931
Others	37,865	50,607
	124,325	127,278

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017 – (CONT'D)

15. FINANCIAL ASSETS AND LIABILITIES

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

2017	Loans and	Other amortised	Total carrying		
	Trading	Receivables	Available for sale	cost	amount
	GH¢'000	GH¢'000	GH¢'000	GH¢'000	GH¢'000
Cash and cash equivalents	-	-	-	951,675	951,675
Investment in Government securities	-	-	(83)	1,099,260	1,099,177
Investment in other Securities	-	-	91,832	-	91,832
Loans and advances to customers (net)	-	1,139,356	-	-	1,139,356
	1,139,356	**91,748**	**2,050,935**	**3,282,039**	
Deposits from customers	-	-	-	2,541,010	2,541,010
Borrowings	-	-	-	458,551	458,551
Other liabilities	-	-	-	66,569	66,569
	-	**-**	**-**	**3,066,130**	**3,066,130**
2016					
Cash and cash equivalents	-	-	-	610,563	610,563
Investment in Government securities	-	-	77,974	1,007,778	1,085,752
Investment in other Securities	-	-	94,299	-	94,299
Loans and advances to customers (net)	-	1,005,302	-	-	1,005,302
	1,005,302	**172,273**	**1,618,341**	**2,795,916**	
Deposits from customers	-	-	-	2,147,450	2,147,450
Borrowings	-	-	-	381,025	381,025
Other liabilities	-	-	-	51,193	51,193
	-	**-**	**-**	**2,579,668**	**2,579,668**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017 – (CONT'D)

16. EARNINGS PER SHARE

Earnings per share is calculated by dividing the net profit attributable to equity holders of the Bank by the weighted average number of ordinary shares in issue during the year.

	2017	2016
	GH¢'000	GH¢'000
Profit/(Loss)	26,510	(70,026)
Profit attributable to equity holders	**26,510**	**(70,026)**
Number of ordinary shares	230,923	230,923
Weighted average number of shares	42,160	42,160
Earnings per share:		
Basic (GH¢)	**0.115**	**(1.661)**
Diluted (GH¢)	**0.115**	**(1.661)**

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

17. CASH AND CASH EQUIVALENTS

	2017	2016
	GH¢'000	GH¢'000
(i) Cash on hand	61,557	58,348
Balances with Bank of Ghana	260,821	245,107
Deposits and balances due from banking institution (Note 17 (ii))	629,297	307,108
Cash and cash equivalent in statement of financial position	951,675	610,563
14-Day/91-Day Treasury Bill	817,252	921,992
Cash and cash equivalent in statement of cash flows	**1,768,927**	**1,532,555**

Included in balances with Bank of Ghana above is an amount of GH¢257,730,655 (2016: GH¢214,745,000) mandatory reserve deposits representing 10% of the Bank's total deposits.

(ii) Deposits and Balances Due from Banking Institutions

	2017	2016
	GH¢'000	GH¢'000
Items in course of collection	30,637	15,630
Nostro account balances	68,852	102,754
Placements with other banks	529,808	188,724
	629,297	**307,108**

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017 – (CONT'D)

18. INVESTMENT SECURITIES

	2017	2016
	GH¢'000	GH¢'000
Treasury bills		
14 Day Treasury Bills	817,252	921,992
182 Day Treasury Bills	50,222	22,440
Treasury Notes	108,917	63,346
	976,391	**1,007,778**
Government bonds		
2-5 year fixed rate note	119,456	74,098
Fair value movements	3,330	3,896
	122,786	**77,974**
Maturing within 90 days of date of acquisition	817,252	921,992
Maturing between 90 days – 1 year of date of acquisition	159,139	85,786
Maturing within 1-3 years of date of acquisition	122,786	77,974
	1,099,177	**1,085,752**

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 2017 was 14.10% (2016: 21.68%) and the rate for treasury bonds at 31 December 2017 was 17.5% (2016: 22%).

The 14-day treasury bills of GH¢817,252,000 (2016: GH¢921,992,000) has been classified as cash and cash equivalent under note 17 for statement of cash flows purposes.

19. LOANS AND ADVANCES TO CUSTOMERS

	2017	2016
	GH¢'000	GH¢'000
Overdrafts	354,039	249,392
Loans	1,092,182	1,001,081
Lease receivable	44,658	56,529
Gross loans and advances	1,490,879	1,307,002
Provision for impaired loans and advances		
- Specific	(339,539)	(296,211)
- Collective	(11,984)	(5,489)
	1,139,356	**1,005,302**

The above constitute loans and advances to customers and staff. Staff loans amounted to GH¢ 46,344,476 (2016: GH¢55,821,730)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2017 – (CONT'D)

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

The investment in lease receivables is analysed as follows:

	2017	2016
	GH¢'000	GH¢'000
Less than 1 year	28,314	37,828
Between 1 year and 5 years	18,305	18,701
	46,619	**56,529**

Key ratios on loans and advances

The total impairment for the year represents 23.58% of gross loans at the year-end (2016: 23.08%)

Loan loss provision ratio is 35.41% of gross advances (2016: 33.83%)

Gross Non-performing loans ratio per Bank of Ghana requirement is 42.87% (2016: 43.94%)

Fifty (50) largest exposures (gross funded and non-funded) to total exposures is 65.08% (2016: 59.70%)

	2017	2016
	GH¢'000	GH¢'000
a) Analysis By maturity		
Maturing:		
Within one year	752,299	690,490
Between one to five years	503,925	461,976
More than five years	234,655	154,536
	1,490,879	**1,307,002**
b) Impairment of loans and advances		
At 1 January	301,700	197,678
Additional impairment charge during the year	49,823	104,022
31 December	**351,523**	**301,700**
c) Impairment of loans and advances		
Impairment charge	**49,823**	**104,022**

20. INVESTMENT (OTHER THAN SECURITIES): AVAILABLE FOR SALE

	2017	2016
	GH¢'000	GH¢'000
At 1 January	94,299	88,478
Fair value adjustments	(2,467)	5,821
At 31 December	**91,832**	**94,299**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017 – (CONT'D)

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. During the year, the bank received GH¢180,586 from Activity Venture Finance Company being sale of stake in Vestor Oil Mills through AVF.

	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% (2016: 20%)
Fair value of ownership interest (if listed)	N/A

	2017	2016
	GH¢'000	GH¢'000
At 1 January	538	538
Disposal of investment	(181)	-
At 31 December	357	538

22. INCOME TAX

See accounting policy in Note 47(g)

Amounts recognized in profit or loss

Current year income tax – See Note 47(g) below	9,324	-
Deferred tax	11,505	35,688
	20,829	35,688

See accounting policy in Note 47 (g)	Balance at 1 January	Payments during the year	Charge for the year	Balance 31 December
	GH¢'000	GH¢'000	GH¢'000	GH¢'000
Income tax				
2014	1,646	-	-	1,646
2015-2016	(15,871)	-	-	(15,871)
2017	-	(6,442)	6,957	515
	(14,225)	(6,442)	6,957	(13,710)
2017 Tax refund	10,470			
	(3,240)			
National Stabilization Levy	(2,428)	(2,378)	2,367	(2,439)
Total	(16,653)	(8,820)	9,324	(5,679)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017 – (CONT'D)

Reconciliation of effective tax rate

	2017	2016
	GH¢'000	GH¢'000
Profit/Loss before tax	47,342	(105,714)
Income tax using domestic tax rate (25%)	11,836	(26,428)
Non-deductible expenses	18,616	56,578
Tax on exempt income	(15,630)	(749)
Income subjected to tax at a different rate	3,640	6,287
National fiscal stabilization levy	2,367	-
	20,829	35,688
DEFERRED TAX ASSET		
Balance at 1 January	(44,519)	(11,532)
Deferred tax due to property and equipment	(47)	(421)
Deferred tax on available for sale securities	(759)	2,700
Deferred tax on allowances for loan losses	(7,510)	(16,204)
Deferred tax on tax loss carry forward	19,062	(19,062)
Deferred tax on revaluation gains	-	-
Balance 31 December	(33,773)	(44,519)

Movement in deferred tax balances					Deferred	Deferred
	Net at	Recognised	Recognised	Net at	tax	tax
2017	1/1	in profit	in OCI	31/12	assets	liabilities
	GH¢	GH¢	GH¢	GH¢	GH¢	GH¢
Property and Equipment	748	(47)	-	701	-	701
Available for sale securities	18,206	-	(759)	17,447	-	17,447
Allowances for loan losses	(63,005)	(7,510)	-	(70,515)	(70,515)	-
Tax loss carry forward	(19,062)	19,062	-	-	-	-
Revaluation gains of Properties	18,594	-	-	18,594	-	18,594
Net tax (asset)/ liabilities	**(44,519)**	**11,505**	**(759)**	**(33,773)**	**(70,515)**	**36,742**
2016						
Property and Equipment	1,169	(421)	-	748	-	748
Available for sale securities	15,506	-	2,700	18,206	-	18,206
Allowances for loan losses	(46,801)	(16,205)	-	(63,005)	(61,998)	-
Tax loss carry forward	-	(19,062)	-	(19,062)	(19,126)	-
Revaluation gains of Properties	18,594	-	-	18,594	-	18,594
Net tax (asset)/liabilities	**(11,532)**	**(35,688)**	**2,700**	**(44,519)**	**(81,124)**	**37,548**

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2017 – (CONT'D)

Recognition of deferred tax assets

Recognition of deferred tax assets of GHS 33,773,000 (2016: GHS44,519,000) is based on management's profit forecasts (which are based on the available evidence, including historical levels of profitability), which indicates that it is probable that the Bank will have future taxable profits against which these assets can be used.

23. PROPERTY AND EQUIPMENT

	Land & Building GH¢'000	Computers GH¢'000	Furniture & Equipment GH¢'000	Motor Vehicles GH¢'000	Capital WIP GH¢'000	Leasehold Improvement GH¢'000	Total GH¢'000
Cost/Valuation							
At 1 January 2017	87,805	24,088	13,909	4,024	2,698	21,666	154,190
Additions	-	1,252	2,109	2,354	6,779	495	12,989
Disposal	-	(6)	-	(6)	-	-	(12)
Transfers to Intangibles	-	-	-	-	(137)	-	(137)
Transfers	1,696	23	154	351	(5,918)	3,694	-
At 31 December 2017	**89,501**	**25,357**	**16,172**	**6,723**	**3,422**	**25,855**	**167,030**
Depreciation							
At 1 January 2017	6,912	19,890	9,173	1,357	-	11,843	49,175
Charge for the year	4,407	1,710	1,751	1,089	-	3,789	12,746
Released on Disposal/ Revaluation	-	(2)	-	(6)	-	-	(8)
Write-offs	-	-	-	-	-	-	-
At 31 December 2017	11,319	21,598	10,924	2,440	-	15,632	61,913
Net Book Value							
At 31 December 2017	**78,182**	**3,759**	**5,248**	**4,283**	**3,422**	**10,223**	**105,117**

Analysis of Property, Plant and Equipment (Cost) - Companies Act 1963, (Act 179) requirement:

	GH¢'000
Carrying amount under cost	15,124
Revaluation surplus	74,377
At 31 December 2017	89,501

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2017 – (CONT'D)

23. PROPERTY AND EQUIPMENT – (CONT'D)

	Land & Building GH¢'000	Computers GH¢'000	Furniture & Equipment GH¢'000	Motor Vehicles GH¢'000	Capital WIP GH¢'000	Leasehold Improvement GH¢'000	Total GH¢'000
Cost/Valuation							
At 1 January 2016	87,530	23,227	11,296	2,912	1,893	20,479	147,337
Additions	101	1,195	3,231	1,094	3,324	474	9,419
Disposal	-	(55)	(639)	(693)	-	-	(1,387)
Transfers	174	277	499	856	(2,519)	713	-
Write-offs	-	(556)	(478)	(145)	-	-	(1,179)
At 31 December 2016	87,805	24,088	13,909	4,024	2,698	21,666	154,190
Depreciation							
At 1 January 2016	2,544	18,323	8,977	1,352	-	8,065	39,261
Charge for the year	4,368	2,174	1,266	507	-	3,778	12,093
Released on Disposal/ Revaluation	-	(52)	(594)	(357)	-	-	(1,003)
Write-offs	-	(555)	(476)	(145)	-	-	(1,176)
At 31 December 2016	6,912	19,890	9,173	1,357	-	11,843	49,175
Net Book Value							
At 31 December 2016	80,893	4,198	4,736	2,667	2,698	9,823	105,015

Analysis of Property, Plant and Equipment (Cost) - Companies Act, 1963 (Act 179) requirement:

	GH¢'000
Carrying amount under cost	13,428
Revaluation surplus	74,377
At 31 December 2016	87,805

Cost component of revalued property

If the land and buildings were stated on a historical cost basis, the amounts would have been as follows:

	2017	2016
	GH¢'000	GH¢'000
Cost	15,124	13,428
Accumulated depreciation	(2,334)	(1,578)
	12,790	11,850

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2017 – (CONT'D)

23. PROPERTY AND EQUIPMENT – (CONT'D)

Disposal Schedule

2017	Computers GH¢'000	Motor Vehicles GH¢'000	Total GH¢'000
Cost	6	6	12
Accumulated depreciation	(2)	(6)	(8)
Net book value	4	-	4
Proceeds	-	-	-
(Loss)/Profit on disposal	(4)	-	(4)

Cost and Accumulated depreciation

The cost and accumulated depreciation of assets disposed is made up of cost of disposals and write-offs and their corresponding accumulated depreciation.

2016	Computers GH¢'000	Furniture & Equipment GH¢'000	Motor Vehicles GH¢'000	Total GH¢'000
Cost	611	1,117	838	2,566
Accumulated depreciation	(608)	(1,070)	(502)	(2,180)
Net book value	3	47	336	386
Proceeds	1	115	60	176
(Loss)/Profit on disposal	**(2)**	**68**	**(276)**	**(210)**

There was no indication of impairment of property and equipment held by the Bank at 31 December 2017 (2016: nil). None of the property and equipment of the Bank had been pledged as security for liabilities and there were no restrictions on the title of any of the Bank's property and equipment at the reporting date and at the end of the previous year. Capital commitments not provided for in the financial statements as at 31 December 2017 was nil. (2016: GH¢6.8million).

24. INTANGIBLE ASSETS

	Intangible Assets GH¢'000	Work-In-Progress GH¢'000	Total GH¢'000
Cost			
At 1 January 2017	23,901	27,258	51,159
Acquisitions	1,128	10,357	11,485
Transfers	37,752	(37,752)	-
Transfers from property and equipment	-	137	137
	62,781	**-**	**62,781**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017 – (CONT'D)

24. INTANGIBLE ASSETS - (CONT'D)

	Intangible Assets GH¢'000	Work-In-Progress GH¢'000	Total GH¢'000
Amortisation			
At 1 January 2017	21,301	-	21,301
Charge for the year	5,619	-	5,619
At 31 December 2017	**26,920**	**-**	**26,920**
Net Book Value			
At 31 December 2017	**35,861**	**-**	**35,861**
Cost			
At 1 January 2016	23,314	-	23,314
Acquisitions	600	27,455	28,055
Transfers	197	(197)	-
Write-off	(210)	-	(210)
	23,901	**27,258**	**51,159**
Amortisation			
At 1 January 2016	17,791	-	17,791
Charge for the year	3,720	-	3,720
Write-off	(210)	-	(210)
At 31 December 2016	21,301	-	21,301
Net Book Value			
At 31 December 2016	**2,600**	**27,258**	**29,858**

Work-in-progress

There was no Work-in-progress at the end of the year. (2016: GH¢27,258).

- No impairment losses on intangible assets were recognized during the year (2016: Nil)
- There were no capitalized borrowing costs related to intangible assets during the year (2016: Nil)
- There were no restrictions on title and intangible assets pledged as security for liabilities during the year (2016: Nil).

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017 – (CONT'D)

25. OTHER ASSETS

	2017	2016
	GH¢'000	GH¢'000
Advance payment	100	72
Prepayments	15,058	20,136
Sundry receivables	26,591	9,016
Others	40,567	13,770
31 December	82,316	42,994
Current	69,332	29,974
Non-current	12,985	13,020

26. BORROWED FUNDS

Central Bank	156,019	156,640
Government of Ghana	52,952	58,795
Financial Institutions	111,440	49,081
Others	111,224	93,171
Interest payable	26,916	23,338
	458,551	**381,025**

Central Bank

This consists of a subordinated term debt and multiple loan facilities granted to the Bank.

The subordinated term debt was obtained to serve as supplementary capital. It is a five year debt with an initial rate of 20% and thereafter a rate of 24.65 % per annum to maturity. Total amount of GHS 73,945,000 of the subordinated debt is included in the capital adequacy computation due to regulatory restrictions.

The other debt facilities were granted to the Bank to assist in financing the poor, rural entrepreneurs engaged in rural small scale enterprises. Interest rates on these facilities range from 20% to 30% with maturities ranging from 2017 to 2021.

Details are shown below:

	2017	2016
	GH¢'000	GH¢'000
IFAD	681	641
IDA/BADEA	1,237	4,937
Small Scale IRR Development Projects	229	229
CFD Loan to GREL	27	24
BOG / PEED Loan to Kokoby Food Processing	-	809
Subordinated loan	150,000	150,000
ADB/BADEA/BOVID	3,846	-
	156,019	**156,640**

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2017 – (CONT'D)

26. BORROWED FUNDS - (CONT'D)

Government of Ghana

This consists of multiple facilities granted to the Bank to finance food crops, non-traditional exports, agro industry as well as institutional support. Interest rates range from 1.8% - 5% with maturities ranging from 2016 to 2051. Details of these borrowings are shown below:

	2017	2016
	GH¢'000	GH¢'000
ADF Projects	14,832	5,780
EDAIF	19,607	16,300
AFD/MOFA	4,065	12,902
AfDB/KP. IRR. Projects	471	471
GH Gov't ADF Line of Credit	13,933	13,933
Out Grower Value Chain Fund	-	9,409
CASA conversion	44	-
	52,952	**58,795**

Financial institutions

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 2016.

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

Details of the borrowings from financial institutions are shown below:

	2017	2016
	GH¢'000	GH¢'000
GHIB	-	22,681
SSNIT	12,700	26,400
NDK Capital	2,564	-
Bora Capital	350	-
Cal Asset	36,154	-
JKO	6,000	-
UTD Master Trust	1,500	-
National Investment Bank	50,000	-
SAS	1,873	-
UPT	300	-
	111,440	**49,081**

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2017 – (CONT'D)

26. BORROWED FUNDS - (CONT'D)

Others

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.

Details of other borrowings are shown below:

	2017	2016
	GH¢'000	GH¢'000
AFD/Rubber Phase IV	**111,224**	**93,171**

27. DEPOSITS FROM CUSTOMERS

	2017	2016
	GH¢'000	GH¢'000
Savings Deposits	365,780	311,691
Demand and Call Deposits	1,854,150	1,640,696
Fixed/Time Deposits	321,080	195,063
	2,541,010	**2,147,450**
Customer deposits		
Maturity analysis of customer deposits		
From Government and parastatals:		
Payable within 90 days	397,927	484,827
Payable after 90 days and within one year	19,995	48,119
	417,922	**532,946**
From Private Sector and individuals:		
Payable within 90 days	2,023,040	1,152,263
Payable after 90 days and within one year	100,048	462,241
	2,123,088	1,614,504
	2,541,010	**2,147,450**

Twenty largest depositors to total deposit ratio is 27.39% (2016: 30.1%)

28. OTHER LIABILITIES

	2017	2016
	GH¢'000	GH¢'000
Interest payable	4,089	1,387
Payables	41,402	37,617
Accruals	19,385	11,737
Recognized liability for other long term employee benefit (i)	1,693	1,499
	66,569	52,240
Current	58,389	21,593
Non-current	8,180	30,647

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2017 – (CONT'D)

28. OTHER LIABILITIES - (CONT'D)

(i) Movement in the liability for other long term employee benefits

The Bank has other long term employee benefits scheme in the form a long service award 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.

	2017	2016
	GH¢'000	GH¢'000
Liability for defined benefit obligation at 1 January	1,499	1,511
Benefits paid by the plan	-	(425)
Expenses recognised in profit or loss	194	413
Liability for defined benefit obligation at 31 December	1,693	1,499
Expenses recognised in profit and loss		
Current Service Cost	59	126
Net Interest Cost	135	287
	194	413
Actuarial assumptions		
The following are the principal assumptions at the reporting date.		
Discount rate	19%	19%
General inflation rate	13%	17%

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

29. STATED CAPITAL

	2017		2016	
	No. of Shares	Proceeds	No. of Shares	Proceeds
Authorized:	GH¢'000	GH¢'000		
Ordinary shares of no par value	10,000,000,000	10,000,000,000		
Issued:				
Issued for cash	76,372,051	200,450	76,372,051	200,450
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
Bonus issue	130,451,524	100	130,451,524	100
	230,923,223	275,100	230,923,223	275,100

There is no unpaid liability and no call or installment unpaid on any share. There is no share in treasury. Each share has equal voting rights.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2017 – (CONT'D)

30. STATUTORY RESERVE

Statutory reserve represents cumulative amounts set aside from annual profits after tax required under Section 34(i) of the Banks and Specialised Deposit–Taking Institutions Act, 2016 (Act 930). The proportion of net profits transferred to reserves ranges from 12.5% to 50% of net profit after tax, depending on the relationship that the balance on statutory reserves bears to paid up capital.

	2017	2016
	GH¢'000	GH¢'000
At 1 January	84,891	84,891
Transfer from income surplus	13,255	-
At 31 December	98,146	84,891

31. CREDIT RISK RESERVE

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

	2017	2016
	GH¢'000	GH¢'000
At 1 January	171,417	103,236
Transfer from Income Surplus	13,906	68,181
At 31 December	185,323	171,417

Reconciliation between Bank of Ghana impairment allowance and IFRS impairment

	2017	2016
	GH¢'000	GH¢'000
Bank of Ghana impairment allowance for loans and advances	534,100	470,376
Bank of Ghana allowance on off-balance sheet items	2,746	2,741
IFRS Impairment for loans and advances at 31 December	(351,523)	(301,700)
Credit risk reserve at 31 December	185,323	171,417

32. AVAILABLE FOR SALE RESERVE

	2017	2016
	GH¢'000	GH¢'000
i. At 1 January	54,617	47,621
Fair value adjustment, net of tax (Note 33ii)	(2,275)	6,996
At 31 December	**52,342**	**54,617**

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, net of tax is made up of:		
Investment securities	425	2,631
Investment (other than securities)	1,850	4,365
Total	**2,275**	**6,996**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017 – (CONT'D)

33. REVALUATION RESREVE

This reserve comprises the cumulative net change in the fair value of property and equipment.

	2017	2016
	GH¢'000	GH¢'000
At 1 January	57,531	57,531
At 31 December	**57,531**	**57,531**

34. INCOME SURPLUS

	2017	2016
	GH¢'000	GH¢'000
At 1 January	(188,778)	(35,386)
Transfer to credit risk reserve	(13,906)	(68,181)
Transfer to statutory reserve	(13,255)	-
Profit/ (Loss) for the year	26,510	(70,026)
Transaction costs related to issue of shares	-	(15,185)
	(189,429)	**(188,778)**

35. CONTINGENCIES AND COMMITMENTS INCLUDING OFF BALANCE SHEET ITEMS

In common with other banks, the Bank conducts business involving acceptances, guarantees, performances and indemnities. The majority of these facilities are offset by corresponding obligations of third parties. The 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 2017 in respect of the above amounted to GH¢275.08 million (2016: GH¢275.36 million), as detailed below:

	2017	2016
	GH¢'000	GH¢'000
Letters of Credit	123,956	83,070
Guarantees and Indemnities	151,120	192,285
	275,076	**275,355**

Pending Legal Claims

At the year end there were 42 legal cases pending against the Bank. Should judgment go in favour of the plaintiffs, likely claims against the Bank have been estimated at GH¢ 5,005,000 (2016: GH¢ 2,100,000). No provisions have been made in the financial statements in respect of these amounts because the Bank's solicitors believe that the bank has good chance of success.

Funds under Management

Investments and funds being managed by the Bank on behalf of clients amounts to GH¢22,400,285 (2016: GH¢22,666,103).

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NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2017 – (CONT'D)

36. RELATED PARTY TRANSACTIONS

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operating decisions, or one other party controls both. Shareholders with more than 5% stake are disclosed as follows:

Shareholders

Name of shareholder	**Percentage holding (%)**
Government of Ghana	32
Belstar Capital	24
Starmont Development Company Limited	11
SIC Financial Services Limited	10
Financial Investment Trust	10
Ecobank Development Corporation	6
Employee Share Offer Plan	5
	98

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

	2017	2016
	GH¢'000	GH¢'000
Government Securities	1,099,177	1,085,752
Loans and Advances	14,063	33,990
Borrowings	52,953	58,795
Others	11,935	

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.

Transactions with executive directors and key management personnel

Key management personnel are defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Bank (directly or indirectly) and comprise the Directors and Senior Management the Bank.

The Bank has advanced loans to some past directors as well as key management staff. No provisions have been made in respect of loans to the Executive Director or other members of key management personnel (or any connected person).

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

Remuneration of Executive Directors and other key management personnel

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

Short term employee benefits

	2017	2016
	GH¢'000	GH¢'000
Salaries and other short- term benefits	14,742	11,303
Social security contributions	881	695
	15,623	11,998

Remuneration of executive directors during the year amounted to GH¢1,440,441 (2016: 1,472,847).

Details of transactions and balances between the Bank and Executive Directors and other key management personnel are as follows:

	2017	2016
	GH¢'000	GH¢'000
Loans		
Loans outstanding at 31 December	1,029	988
Interest income	37	40

Interest rates charged on loans to staff are below market rates. These loans are secured over the assets financed of the respective borrowers. These loans are fair valued at the year end. There were no loans to the Executive Director in the current year.

	2017	2016
	GH¢'000	GH¢'000
Deposits	3,284	6,550
Key Management's shareholding		
	No. of shares	% Holding
Key management	14,600	0.00632

Transactions with companies in which a Director or other members of key management personnel is related

The executive director is a non-executive board member of Ghana International Bank Plc (GIB).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2017 – (CONT'D)

36. RELATED PARTY TRANSACTIONS - (CONT'D)

Transactions with executive directors and key management personnel - (cont'd)

Details of transactions and balances between the Bank and GIB are as follows:

	2017	2016
	GH¢'000	GH¢'000
Borrowings	-	22,681
Bank balance	17,874	30,464
Transactions with non- executive directors		
Directors' remuneration		
Fees and allowances for services as directors	1,060	810
Details of transactions and balances between the Bank and non-executive directors are as follows:		
Loans		
Outstanding at 1 January	420	478
Net movement	(141)	(58)
Outstanding at 31 December	279	420
Interest income	76	120

Term loans amounting to GH¢605,203 were granted to two directors in 2012. The loans were granted at the Bank's base rate plus 5%. The facilities will expire in 2020. The outstanding amount on the facility at 31 December 2017 is GH¢279,350. The process of approval starts with the management credit committee before submission to the board for approval at which meeting the Directors excuse themselves. Subsequently the Central Bank is informed of the approval process. The loan was approved in 2012.

No loan or advance was granted to companies in which Directors have an interest in 2017. (2016: nil)

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.

	2017	2016
	GH¢'000	GH¢'000
Deposits	1,405	263

Directors' Shareholding

The Directors named below held the following number of shares in the Bank at 31 December 2017:

	No. of shares	% Holding
Dr. Adu Anane Antwi	800	0.00

At 31 December 2016, the directors named below held shares in the Bank.

Directors	No. of shares	% Holding
Nana Soglo Alloh IV (Resigned)	100,000	0.00081
Daniel Asiedu (Resigned)	2,000	0.00002
	102,000	0.00083

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017 – (CONT'D)

37. DEFINED CONTRIBUTION PLAN

Contributions to the statutory defined contribution

	2017	2016
	GH¢'000	GH¢'000
Pension scheme, the National Social Security Fund	8,623	7,820
Provident Fund	9,820	8,910
	18,443	**16,730**

38. ASSETS PLEDGED AS SECURITY

At 31 December 2017 the value of government securities pledged as collateral was GH¢13,627,400 (2016: GH¢26,400,000).

39. COLLATERAL ACCEPTED AS SECURITY FOR ASSETS

At 31 December 2017 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¢ 364,543,228 (2016: GH¢131,852,500).

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

40. SOCIAL RESPONSIBILITY

Amounts spent on social responsibility amounted to GH¢1,451,089 (2016: GH¢883,269). These included best farmer sponsorship, donations to schools and others of national orientations.

41. 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.

42. REGULATORY DISCLOSURES

(i) Non–Performing Loans Ratio

Percentage of gross non-performing loans ("substandard to loss") to total credit/advances portfolio (gross): 42.87% (2016: 43.94%).

(ii) Capital Adequacy Ratio

The capital adequacy ratio at the end of December 2017 was calculated at approximately 13.72% (2016: 14.08%).

(iii) Liquid Ratio

Percentage of liquid assets to volatile liabilities: 144.20% (2016: 146.73%).

43. SUBSEQUENT EVENTS

Events subsequent to the reporting date are reflected in the financial statements only to the extent that they relate to the year under consideration and the effect is material. The Bank had no material subsequent events that required adjustments to or disclosure in the financial statements.

44. 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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017 – (CONT'D)

44. FINANCIAL RISK MANAGEMENT - (CONT'D)

Risk management framework (cont'd)

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

The Bank treats all branches as independent business units which generate their own income, run their own profit or loss statement 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).
- 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.

Settlement Risk

- Settlement Risk is the risk that counterparty will fail to deliver cash (or securities) due to be delivered at a particular moment in time, following the release of the corresponding cash (or Securities) by the bank in settlement of a transaction. Further details in respect of this category of credit risk are contained in the Wholesale Credit Risk below.
- Intraday Exposure

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017 – (CONT'D)

44. FINANCIAL RISK MANAGEMENT - (CONT'D)

Settlement Risk (cont'd)

- Intraday Exposure is a revolving exposure, which arises whenever funds are irrevocably paid away by the Bank in the expectation of the receipt of cleared covering funds (or the deposit of collateral) at some time during the same business day. The Bank may be acting either in its own right, or on behalf of a customer, when it pays away the funds. The products, which give rise to Intraday Exposure, include forex settlements.
- The intraday credit, which the Bank allows its customers, is always in expectation of incoming funds, and as such the exposure is real in that it manifests itself as a borrowing/ overdraft when things go wrong.
- The true extent of Intraday Exposure to a customer will be calculated as a single running balance taken at any one point in the day. This running balance will be adjusted by each single transfer of funds into and out of any account in that customer's name, where such transfers represent cleared funds. The same principles apply when accounts are grouped (and where set-off is available) to produce an aggregate net exposure.

Credit Risk Transfers

- This risk arises when certain eligible collateral types (including risk participations, standby letters of credit and bank guarantees) are held to mitigate obligor risk. Whilst these instruments can significantly mitigate obligor credit risk, an alternative risk arises, being reimbursement risk - the risk that the participant/guarantor fails to honour their commitment in the event that the underlying obligor defaults (this is also referred to as double default risk).

Credit risk has increased over the past three years as indicated by the NPL ratios (see Note 42). However management has reviewed the current credit policy to enhance effective credit management.

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.

As indicated by the liquid ratios (see Note 43), liquidity risks have been effectively managed by the Bank.

Market risks

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

Management of market risks

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

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

Exposure to other market risks – Non-trading portfolios

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

In the last three years, the Bank has taken steps to provide the necessary safeguards to ensure that market risk is kept within reasonable limits.

Operational Risk

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2017 – (CONT'D)

44. FINANCIAL RISK MANAGEMENT - (CONT'D)

Operational Risk (cont'd)

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

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.

Over the past three years, operational risks have reduced due to constant training, automation of many processes and enhancement in controls.

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

45. NEW STANDARDS AND INTERPRETATIONS NOT YET EFFECTIVE

At the date of authorization of the financial statements of the Bank for the year ended 31 December 2017, the following Standards and Interpretations were in issue but not yet effective and may have an impact on future financial statements.

Standards	Interpretation
IFRS 9 Financial Instruments	**Impact** On 24 July 2014, the IASB issued the final IFRS 9 Financial Instruments Standard, which replaces earlier versions of IFRS 9 and completes the IASB's project to replace IAS 39 Financial Instruments: Recognition and Measurement. This standard will have a significant impact on the 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 impairment allowances recognised in the Bank. The Bank's IFRS 9 implementation process is governed by an Implementation Committee whose members include representatives from Risk, Finance, Internal Control and Audit, Credit, Treasury and IT functions. The Implementation Committee meets at least fortnightly or as agreed by committee members. The terms of reference of the committee include; - Ensuring that the Bank implements IFRS 9 successfully; - Identifying gaps (systems, tools, processes, etc.) in the Bank's current set up and proffer solutions on how to bridge the gap; - Identifying knowledge and skill gaps and propose training and development programmes;

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017 – (CONT'D)

45. NEW STANDARDS AND INTERPRETATIONS NOT YET EFFECTIVE - (CONT'D)

Standards	Interpretation
IFRS 9 Financial Instruments - cont'd	**Impact (cont'd)** - Liaising with the Bank of Ghana, auditors and other stakeholders towards meeting the requirements of IFRS 9; - Providing updates on IFRS 9 project to the Board and Executive Management; and - Any other activities that will ensure a smooth implementation of IFRS 9. The Bank has completed the preliminary impact assessment and most of the accounting analysis and has commenced work on the design and build models, processes and controls. The Bank will apply IFRS 9 as issued in July 2014 initially on 1 January 2018. Based on the assessments undertaken to date, the opening balance of the Bank's equity at 1 January 2018 will be approximately within the range of GH¢244m and GH¢291m representing about -39% to -49% change.
	The above assessment is preliminary because not all transition work has been finalised. The actual impact of adopting IFRS 9 on 1 January 2018 may change because: - IFRS 9 will require the Bank to revise its accounting processes and internal controls and these changes are not yet complete - Although parallel runs were carried out in the last quarter of 2017, the new system has not been operational for a more extended period - The Bank has not finalised the testing and assessment of controls over changes in its governance framework - The Bank is refining and finalising its models for ECL calculation - The new accounting policies, assumptions, judgements and estimation techniques are subject to change until the Bank finalises its first financial statements that include the date of initial application. **Classification – Financial Assets** IFRS 9 contains a new classification and measurement approach for financial assets that reflects the business model in which assets are managed and their cash flow characteristics. IFRS 9 contains three principal classification categories for financial assets: measured at amortised cost, fair value through other comprehensive income (FVOCI) and fair value through profit or loss (FVTPL). The standard eliminates the existing IAS 39 categories of held-to-maturity, loans and receivables and available for sale. A financial asset is measured at amortised cost if it meets both the following conditions and is not designated as at FVTL: - It is held within a business model whose objective is to hold assets to collect contractual cash flows; and - Its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding. A financial asset is measured at FVOCI only if it meets both of the following conditions and is not designated as at FVTPL: - It is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017 – (CONT'D)

45. NEW STANDARDS AND INTERPRETATIONS NOT YET EFFECTIVE - (CONT'D)

Standards	Interpretation
IFRS 9 Financial Instruments - cont'd	**Classification – Financial Assets (cont'd)** - Its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. In addition, on initial recognition the Bank may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise. A financial asset is classified into one of these categories on initial recognition. **Business model assessment:** The Bank will make an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management.
	Financial assets that are held for trading and those that are managed and whose performance is evaluated on a fair value basis will be measured at FVTL because they are neither held to collect contractual cash flows nor held both to collect contractual cash flows and to sell financial assets. **Assessment of whether contractual cash flows are solely payments of principal and interest.** For the purpose of this assessment, "principal" is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money, for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and cost (e.g. liquidity risk and administrative costs), as well as a profit margin. In assessing whether contractual cash flows are solely payments of principal and interest, the Bank will consider the contractual terms of the instrument. This will include assessing whether the financial asset contains a contractual term that could change the timing or amounts of contractual cash flows such that it would not meet this condition. The Bank has the ability to change the interest rates on variable rate loans at its discretion. The discretionary rate compensates for basic lending costs and allows the Bank to remain competitive in the industry. In this case the Bank will assess whether discretionary feature is consistent with the SPPI criterion by considering a number of factors, including: - The borrowers ability to repay the loans without significant penalties; - The market conditions ensures that interest rates are consistent between banks; and - Any regulatory or customer protection framework is in place that requires Banks to treat customers fairly. Some of the Bank's loans contain prepayment features. The borrower has the ability to early prepay (without paying any fees) and refinance the loan with another lender if they find these rates uncompetitive. A prepayment feature is consistent with the SPPI criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable compensation for early termination of the contract. **Impact Assessment** The standard will affect classification and measurement of financial assets held at 1 January 2018 as follows: - Trading assets, which are classified as held-for-trading and measured at FVTL under IAS 39, will also be measured at FVTPL under IFRS 9; - Loans and advances to Banks and to customers that are classified as loans and receivables and measured at amortised cost under IAS 39 will in general be measured at amortised cost under IFRS 9; and

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017 – (CONT'D)

45. NEW STANDARDS AND INTERPRETATIONS NOT YET EFFECTIVE - (CONT'D)

Standards	Interpretation
IFRS 9 Financial Instruments - cont'd	**Impact Assessment (cont'd)** - Held-to-maturity securities (Government of Ghana bills) measured at amortised cost under IAS 39 will in general be measured at amortised cost under IFRS 9. At 31 December 2017, the Bank had equity investments securities and debt securities that are classified as available-for-sale under IAS 39 and will be classified as FVOCI. However, the Bank does not have derivative assets held for risk management purposes classified as held-for trading and measured at FVTPL. **Impairment – Financial assets, loan commitments and financial guarantee contracts** IFRS 9 replaces the 'incurred loss' model in IAS 39 with a forward looking 'expected credit loss' model. This will require considerable judgement over how changes in economic factors affect ECLs, which will be determined on a probability-weighted basis. The new impairment model applies to the following financial instruments that are not measured at FVTPL: - Financial assets that are debt instruments; and - Loan commitments and financial guarantee contracts issued. IFRS 9 requires a loss allowance to be recognised at an amount equal to either 12-month ECLs or lifetime ECLs. Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument, whereas 12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date. The Bank will recognise loss allowance at an amount equal to lifetime ECLs, except in the following cases, for which the amount recognised will be 12-month ECLs: - Debt investment securities that are determined to have low credit risk at the reporting date; and - Other financial instruments for which credit risk has not increased significantly since initial recognition. The impairment requirements of IFRS 9 are complex and require management judgements, estimates and assumptions, particularly in the following areas: - Assessing whether the credit risk of an instrument has increased significantly since initial recognition; and - Incorporating forward-looking information into the measurement of ECLs. **Impact Assessment** The most significant impact on the Bank's financial statements from the implementation of IFRS 9 is expected to result from the new impairment requirements. Impairment losses will increase and become more volatile for financial instruments in the scope of the IFRS 9 impairment model. The Bank has estimated that, on the adoption of IFRS 9 at 1 January 2018, the impact of the increase in loss allowance (before tax) will be approximately between GH¢187m and GH¢234m. The above assessment is preliminary because not all transition work has been finalised. The actual impact of adopting IFRS 9 on 1 January 2018 may change because: • IFRS 9 will require the Bank to revise its accounting processes and internal controls and these changes are not yet complete. • Although parallel runs were carried out in the last quarter of 2017, the new system has not been operational for a more extended period. • The Bank is refining and finalising its models for ECL calculation. • The new accounting policies, assumptions, judgements and estimation techniques are subject to change until the Bank finalises its first financial statements that include the date of initial application.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2017 – (CONT'D)

45. NEW STANDARDS AND INTERPRETATIONS NOT YET EFFECTIVE - (CONT'D)

Standards	Interpretation
IFRS 9 Financial Instruments - cont'd	**Classification – Financial Liabilities** IFRS 9 largely retains the existing requirements in IAS 39 for the classification of financial liabilities. **Disclosure** IFRS 9 will require extensive new disclosures, in particular about credit risk and ECLs. **Impact on Capital planning** The Bank has estimated that on adoption of IFRS 9, the impact on regulatory Tier 1 capital will be approximately between the ranges of -1.5% and -27% and capital adequacy ratio will be in the range of 13.46% and 8.85%.
Revenue from contracts with customers (IFRS 15)	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. The standard is effective for annual periods beginning on or after 1 January 2018, with early adoption permitted. This new standard will not likely have a significant impact on the Bank.
IFRS 16 - Leases	IFRS 16 was published in January 2016. It sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract, ie the customer ('lessee') and the supplier ('lessor'). IFRS 16 replaces the previous leases Standard, IAS 17 Leases, and related Interpretations. IFRS 16 has one model for lessees which will result in almost all leases being included on the Statement of Financial position. No significant changes have been included for lessors. The standard is effective for annual periods beginning on or after 1 January 2019, with early adoption permitted only if the entity also adopts IFRS 15. The transitional requirements are different for lessees and lessors. The Bank is assessing the potential impact on the financial statements resulting from the application of IFRS 16.
Classification and Measurement of Share-based Payment Transactions (Amendments to IFRS 2)	Currently, there is ambiguity over how a company should account for certain types of share-based payment arrangements. The IASB has responded by publishing amendments to IFRS 2 Share-based Payment. The amendments cover three accounting areas: Measurement of cash-settled share-based payments –The new requirements do not change the cumulative amount of expense that is ultimately recognised, because the total consideration for a cash-settled share-based payment is still equal to the cash paid on settlement. Classification of share-based payments settled net of tax withholdings –The amendments introduce an exception stating that, for classification purposes, a share-based payment transaction with employees is accounted for as equity settled if certain criteria are met. Accounting for a modification of a share-based payment from cash-settled to equity-settled –. The amendments clarify the approach that companies are to apply. The new requirements could affect the classification and/or measurement of these arrangements – and potentially the timing and amount of expense recognised for new and outstanding awards. The amendments are effective for annual periods commencing on or after 1 January 2018.

45. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Except for the changes explained in Note 44, the Bank has consistently applied the following accounting policies to all periods presented in these financial statements.

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017 – (CONT'D)

45. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (CONT'D)

(e) Dividend income

(f) Leases

(g) Income tax

(h) Financial assets and financial liabilities

(i) Cash and cash equivalents

(j) Loans and advances

(k) Investment securities

(l) Property and equipment

(m) Intangible assets

(n) Impairment of non-financial assets

(o) Deposits and due to other banks

(p) Provisions

(q) Financial guarantees and loan commitments

(r) Fiduciary activities

(s) Employee benefits

(t) Stated capital and reserves

(u) Earnings per share

(v) Investment in associates

(w) Operating segments

(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.

(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 profit or loss 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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017 – (CONT'D)

45. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (CONT'D)

(f) Leases (cont'd)

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 and liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit.

Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when reversed, 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.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or the tax assets and liabilities will be realised simultaneously.

(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 or less, 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. 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. 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 legally enforceable 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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017 – (CONT'D)

45. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (CONT'D)

(h) Financial assets and financial liabilities (cont'd)

Income and expenses are presented on a net basis only when permitted under IFRS, or for gains and losses arising from a group of similar transactions such as in the Bank's trading activity.

(v) Amortised cost measurement

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

(vi) Fair value measurement

'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.

(vi) Fair value measurement

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.

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.

(vii) Identification and measurement of impairment of financial assets

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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017 – (CONT'D)

45. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (CONT'D)

(vii) Identification and measurement of impairment of financial assets (cont'd)

The Bank considers evidence of impairment for loans and advances and held-to-maturity investment securities at both a specific asset and a collective level. All individually significant loans and advances and held-to-maturity investment securities are assessed for specific impairment. Those found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified. Loans and advances and held-to-maturity investment securities that are not individually significant are collectively assessed for impairment by grouping together loans and advances and held-to-maturity investment securities with similar risk characteristics. In assessing collective impairment, the Bank uses statistical modelling of historical trends of the probability of default, the timing of recoveries and the amount of loss incurred, and makes an adjustment if current economic and credit conditions are such that the actual losses are likely to be greater or lesser than is suggested by historical trends. Default rates, loss rates and the expected timing of future recoveries are regularly benchmarked against actual outcomes to ensure that they remain appropriate.

- Assets carried at amortised costs

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

  If the terms of a financial asset are renegotiated or modified or an existing financial asset is replaced with a new one due to financial difficulties of the borrower, then an assessment is made of whether the financial asset should be derecognised.

  If the cash flows of the renegotiated asset are substantially different, then the contractual rights to cash flows from the original financial asset are deemed to have expired. In this case, the original financial asset is derecognised and the new financial asset is recognised at fair value.

- Available for sale assets

  The Bank assesses whether there is objective evidence that a financial asset or a group of financial assets is impaired at each reporting date. In the case of equity investments classified as available for sale, a significant or prolonged decline in the fair value of the security below its cost is objective evidence of impairment resulting in the recognition of an impairment loss. In general, the Bank considers a decline of 20% to be significant and a period of nine months to be prolonged. However, in specific circumstances a smaller decline or a shorter period may be appropriate.

  Impairment losses are recognized by reclassifying the losses accumulated in the fair value reserve in equity to profit or loss. The cumulative loss that is reclassified from equity to profit or loss is the difference between the acquisition cost, net of any principal repayment and amortization, and the current fair value, less any impairment loss on that financial asset previously recognized in profit or loss.

  If, in a subsequent period, the fair value of a debt instrument classified as available for sale increases and the increase can objectively be related to an event occurring after the impairment loss was recognized in profit or loss, the impairment loss is reversed through other comprehensive income.

(i) Cash and cash equivalents

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

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

(j) Loans and advances

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

Loans and advances to customers include:

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

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2017 – (CONT'D)

45. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (CONT'D)

(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 Bank 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.

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 available for sale 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.

Financial liabilities

The Bank classifies its financial liabilities, other than financial guarantees and loan commitments, as financial liabilities measured at amortized cost. Financial liabilities measured at amortized cost include deposits from customers, other liabilities and borrowings. These liabilities are initially measured at fair value less any directly attributable transaction costs. Subsequent to initial recognition, these liabilities are measured at amortised cost using the effective interest method.

(l) Property and equipment

(i) Recognition and measurement

Items of property and equipment are measured at cost less accumulated depreciation and any accumulated 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 to the profit or loss.

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.

(iv) 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. Land is not depreciated

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2017 – (CONT'D)

45. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (CONT'D)

(iv) Depreciation (cont'd)

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

Intangible assets comprise computer software. Software acquired by the Bank is measured at cost less accumulated amortization and any accumulated impairment losses.

Subsequent expenditure on software is capitalized only when it increases future economic benefits embodied in the specific asset to which it relates. All other expenditure is expensed as incurred.

Software is amortized on a straight line basis and recognized in profit or loss over its estimated useful life, from the date that it is available for use. The estimated useful life of software for the current and comparative periods is five years.

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

(n) Impairment of non-financial assets

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

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

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

(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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2017 – (CONT'D)

45. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (CONT'D)

(r) Fiduciary activities

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

(s) Employee benefits

Retirement benefit cost

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

The assets of this scheme are held by the treasury department of the Bank. The scheme is funded by contributions from both the employees and employer. Benefits are paid to retiring staff in accordance with the scheme rules. The Bank's obligations to staff retirement benefit schemes are charged to the profit or loss 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.

Short-term Employment benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A provision is recognized for the amount expected to be paid under short-term cash bonus or profit sharing plans, if the bank has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

Long service awards

The bank has other long term employee benefits scheme in the form a long service award 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.

(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 equity.

(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 34(i) of the Banks and Specialised Deposit–Taking Institutions Act, 2016 (Act 930). Transfers into statutory reserves are made in accordance with the relationship between the Bank's reserve fund and its paid up capital, which determines the proportion of profits for the period that should be transferred.

(v) Credit risk reserves

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

(u) Earnings per share

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

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

Associates are those entities in which the Group has significant influence but not control or joint control, over the financial and operating policies. Interests in associates are accounted for using the equity method.

They are recognized initially at cost, which includes transaction costs. Subsequent to initial recognition, the financial statements include the Bank's share of the profit or loss and OCI of equity-accounted investees, until the date on which significant influence ceases.

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

Derivatives held for risk management purposes include all 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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017 – (CONT'D)

45. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (CONT'D)

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

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.

(x) Operating Segments

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

The Bank's primary format for segment reporting is based on business segments.

The Bank has the following main business segments:

- Corporate Banking: includes loans, deposits and other transactions and balances with corporate customers including the Agricultural sector.
- Retail Banking: includes loans, deposits and other transactions and balances with retail customers.
- Central Treasury: undertakes the Bank's funding and centralised risk management activities through borrowings, issues of debt securities, use of derivatives for risk management purposes and investing in liquid assets such as short-term placements and corporate and government debt securities.

46. NON-COMPLAINCE WITH SECTIONS OF THE BANKS AND SPECIALISED DEPOSIT-TAKING INSTITUTIONS ACT, 2016 (ACT 930)

Review of Exposure Limits

Section 62 of the Banks and Specialised Deposit–Taking Institutions Act, 2016 (Act 930) requires that secured and non-secured facilities should not exceed 25% and 10% of the company's net worth respectively. The Bank had one facility which breached the secured prescribed exposure limits from January 2017 to December 2017.

Review of Investment in Respect of Other Institutions

Section 73 of the Banks and Specialised Deposit–Taking Institutions Act, 2016 (Act 930) 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 exceeded 10% of the net own funds of the Bank from January 2017 to December 2017.

Appendices

Appendix I

	2017 GH¢'000	2016 GH¢'000
Value Added Statement		
Interest earned and other operating income	622,138	443,707
Direct cost of services	(344,964)	(300,508)
Value added by banking services	277,174	143,199
Non-banking income	4,612	7,772
Impairment	(49,823)	(104,022)
Value Added	**231,963**	**46,949**
Distributed as follows:		
To employees:		
Directors (without executives)	(1,060)	(811)
Executive Directors	(1,440)	(1,473)
Other employees	(163,759)	(134,565)
	(166,259)	**(136,849)**
To Government:		
Income tax	(20,829)	-
To providers of capital		
Dividends to shareholders	-	-
To expansion and growth:		
Depreciation	(12,747)	(12,093)
Amortization	(5,618)	(3,720)
	(18,365)	**(15,813)**
Income surplus	**26,510**	**(70,026)**

Appendix II

Shareholders' Information - Unaudited

Number of shareholders

The Bank had 446 ordinary shareholders at 31 December 2017 distributed as follows:

Category	No. of shareholders	No of shares	% of shares held
1-1,000	410	116,371	0.05
1,001-5,000	20	43,758	0.02
5,001-10,000	2	17,500	0.01
Above 10,000	14	230,745,594	99.92
Total	446	230,923,223	100

20 Largest Shareholders

	Share Holding	Percentage Holding
Government of Ghana	74,579,327	32.30
Belstar Capital Limited	55,421,573	24.00
Starmount Development Company Limited	25,401,554	11.00
Sicf, Sic-Financial Services Limited	23,092,322	10.00
Financial Investment Trust	21,937,706	9.50
EDC Investments Limited	13,855,393	6.00
Employee Share Ownership Plan	11,546,162	5.00
Doe Oscar Yao	2,595,181	1.12
Cofie Mark Blewunyo Kodjo	2,100,629	0.91
Nana Soglo Alloh IV	100,000	0.04
Paracelsus Pharmacy & Marketing Consultancy Ltd	50,000	0.02
Mr John Bekuin-Wurapa	20,000	0.01
Bondzi-Simpson Leslie	16,700	0.01
Gogo Benjamin Akuete	12,000	0.01
Laing Archibald Ferguson	11,048	0.00
Armah-Mensah Edward Ian Nii Ayitey	10,000	0.00
Fiadjoe Abla Grace	7,500	0.00
Mr Isaiah Offei-Darko	5,000	0.00
Saah, Mary E. M. E. S	5,000	0.00
Duah Eugene Kwaku	4,000	0.00
	230,771,095	99.93
Others	152,128	0.07
	230,923,223	100.00

Control rights: Each share is entitled to the same voting rights.

Directors' Shareholding

The Director named below held the following number of shares in the Bank at 31 December 2017:

	No. of shares	% Holding
Dr. Adu Anane Antwi	800	0.00

Proxy

I/We____ of

____ being members of Agricultural Development Bank Limited

hereby appoint ______________________________________ or failing him,

MR. ALEX BERNASKO, Chairman of Agricultural Development Bank Limited, P.O. Box 4191, Accra, as my/our proxy to vote for me/us on my/our behalf at the Annual General Meeting of the Company to be held at National Theater, Accra at eleven o'clock (11:00am) in the forenoon on the 18th July 2018 and at any adjournment thereof.

Please indicate with a tick in the space below how you wish your votes to be cast

RESOLUTIONS		FOR	AGAINST	ABSTAIN
1. To consider and approve the Financial Statements of Agricultural Development Bank Limited for the year ended 31st December, 2016 together with the reports of the Directors and Auditors thereon.	1.			
2. To consider and approve the Financial Statements of Agricultural Development Bank Limited for the year ended 31st December, 2017 together with the reports of the Directors and Auditors thereon.	2.			
3. To ratify the appointment of Directors:				
i. Mr. Alex Bernasko.	3(1)			
ii. Mr. Patrick Kingsley-Nyinah	3(2)			
iii. Dr. John Kofi Mensah	3(3)			
iv. Mr. Kwabena Dapaah-Siakwan.	3(4)			
v Nana Ama Serwaa Bonsu.	3(5)			
vi. Dr. Adu Anane Antwi	3(6)			
vii. Mr. Frank Kwame Osei	3(7)			
Viii Professor David Abdulai	3(8)			
ix. Mr. Kwabena Abankwa-Yeboah	3(9)			
4. To approve Directors remuneration	4			
5. To ratify the appointment of Ernst & Young as Auditors	5.			
6. To authorize Directors to fix the Auditors' fees.	5			
7. (1) To undertake a renounceable rights issue, to offer, issue and allot shares under the right issue.	7(1)			
(2) To determine the terms of the right issue and deal with unsubscribed shares	7(2)			
(3) To raise the needed capital to cover any shortfall arising from the rights issue by any other means and to determine the terms, timing and pricing of such offer and allot the shares thereto	7(3)			

Dated this ____________ day of ________________________ 2018 Signed____

THIS FORM SHOULD NOT BE COMPLETED AND SENT TO THE SECRETARY IF THE SENDER WILL BE ATTENDING THE MEETING.

1. Provision has been made on the form for MR. ALEX BERNASKO, the Chairman of the Meeting, to act as your Proxy but if you so wish, you may insert in the blank space the name of any person whether a member of the Company or not who will attend the Meeting and vote on your behalf instead of the Chairman.
2. In the case of joint holder, each holder must sign. In case of a company, the Proxy Form must be signed by a Director or its Common Seal appended.

If you intend to sign a Proxy, please sign the above Proxy Form and post/submit it to reach the Registrar, Central Securities Depository, Cedi House, Accra or the Secretary, Agricultural Development Bank Limited, P.O. Box 4191, Accra, Ghana or via email to jagbedor@agricbank.com at any time prior to the commencement of the meeting in accordance with the Company's Regulation.

Network

ADB Branch Network

HEAD OFFICE

37 Independence Avenue
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Tel: (030) 2770403, 2762104, 2783122, 2784394
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E-mail: customercare@agricbank.com
Website: www.adb.com.gh
Toll-free: 0800-10034

ZONAL OFFICES

Retail Performance Monitoring – Central Zone

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

Retail Performance Monitoring – South-East Zone

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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

ADB Branch Network

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

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

BRONG-AHAFO REGION

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

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

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

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

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

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

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

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

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

CENTRAL REGION

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

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

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

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

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

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

EASTERN REGION

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

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

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

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

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

CENTRAL REGION

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2137791
Fax: 033- 2130630

Network

ADB Branch Network

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

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

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

39. Labone 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

ADB Branch Network

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

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

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

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

NORTHERN REGION

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

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

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

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

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

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

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

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

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

UPPER-EAST REGION

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

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

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

UPPER-WEST REGION

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

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

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

Network

ADB Branch Network

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

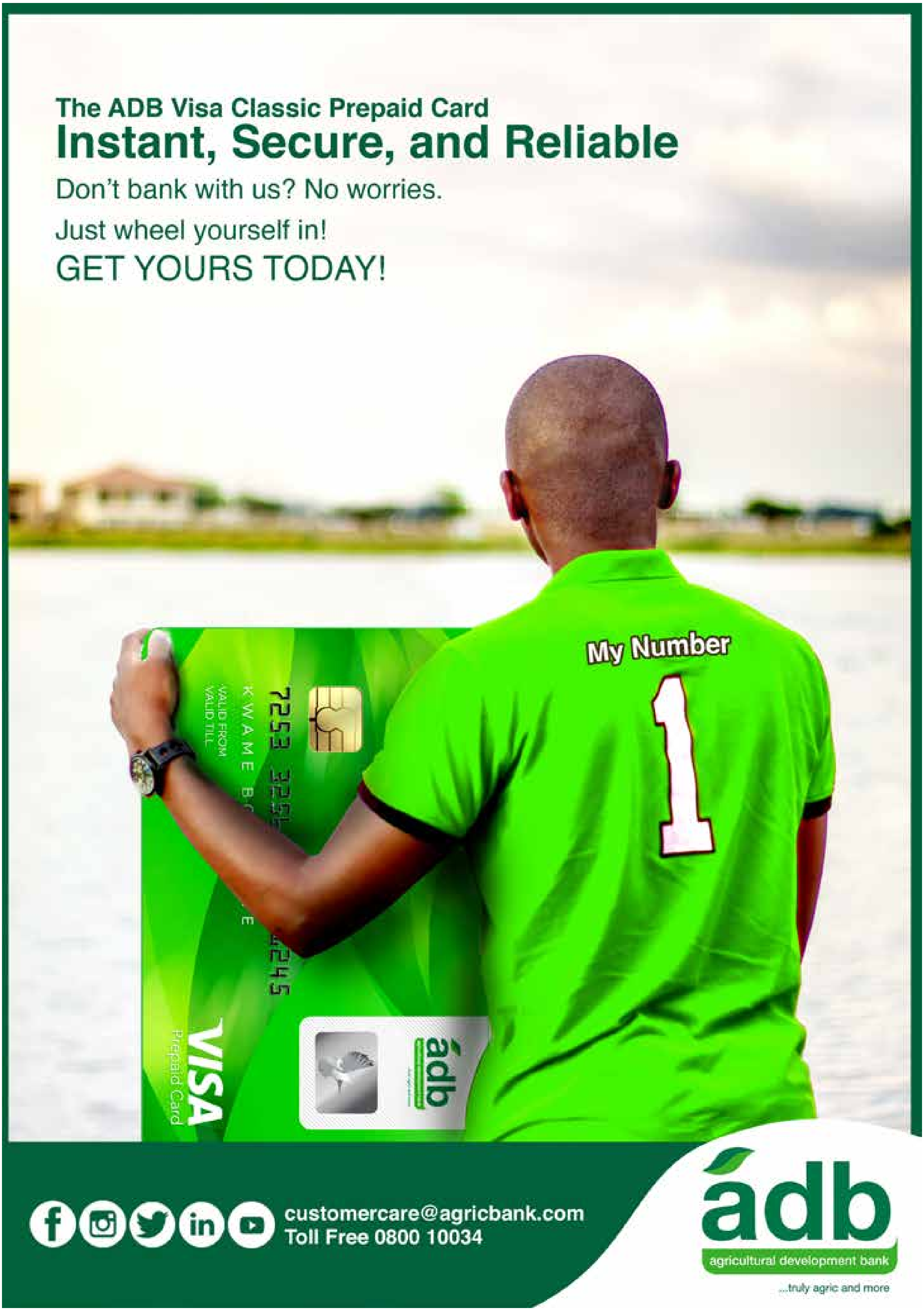
78. Enchi Branch
c/o P. O. Box 3841, Kumasi
Tel: 031 - 2622124
Fax: 031 – 2622082

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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