Access Bank (Ghana) Limited

Consolidated Financial Statements
for the year ended 31 December 2013

access

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the year ended 31 December 2013

THE BANK	GROUP 2013 GH¢'000	GROUP 2012 GH¢'000	BANK 2013 GH¢'000	BANK 2012 GH¢'000
Interest income	130,055	115,451	130,055	115,451
Interest expense	(39,581)	(42,450)	(39,581)	(42,450)
Net interest income	**90,474**	**73,001**	**90,474**	**73,001**
Commission and fees	36,046	39,812	36,046	39,812
Net trading income	16,312	10,299	16,312	10,299
Other operating income	4,694	3,283	4,621	2,835
Net trading and other income	**57,052**	**53,394**	**56,979**	**52,946**
Total operating income	**147,526**	**126,395**	**147,453**	**125,947**
Impairment loss on financial assets	(10,460)	(21,463)	(10,460)	(21,463)
Personnel expenses	(27,463)	(23,749)	(27,463)	(23,749)
Depreciation and amortization	(6,570)	(6,354)	(6,534)	(6,199)
Other operating expenses	(30,939)	(28,018)	(30,930)	(28,008)
Operating profit before loss on equity accounted investee	**72,094**	**46,811**	**72,066**	**46,528**
Share of loss of equity accounted Investee	(303)	(101)	(303)	(101)
Profit before tax	**71,791**	**46,710**	**71,763**	**46,427**
Taxation	(26,193)	(11,867)	(26,185)	(11,796)
Profit after tax	**45,598**	**34,843**	**45,578**	**34,631**
Other comprehensive income				
Total comprehensive income for the year attributable to equity holders of the Group	45,615	34,843	45,595	34,631
Earnings per share				
Basic	41Gp	34Gp	41Gp	34Gp
Diluted	41Gp	34Gp	41Gp	34Gp

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the year ended 31 December 2013

THE GROUP

	STATED CAPITAL	STATUTORY RESERVE	CREDIT RISK RESERVE	RETAINED EARNINGS	TOTAL
At 1 January 2012	81,162	8,577	2,591	6,635	98,965
Profit attributable to shareholders of the group	-	-	-	34,843	34,843
Transactions with owners recorded in equity					
Share swap	37,113	-	-	-	37,113
Transfer to credit risk reserve	-	-	12,402	(12,402)	-
Transfer to statutory reserve	-	17,280	-	(17,280)	-
At 31 December 2012	**118,275**	**25,857**	**14,993**	**11,796**	**170,921**
At 1 January 2013	118,275	25,857	14,993	11,796	170,921
Total comprehensive income for the year	-	-	-	45,598	45,598
Transfer to credit risk reserve	-	-	23,969	(23,969)	-
Transfer to statutory reserve	-	22,799	-	(22,799)	-
At 31 December 2013	**118,275**	**48,656**	**38,962**	**10,626**	**216,519**

THE BANK

	STATED CAPITAL	STATUTORY RESERVE	CREDIT RISK RESERVE	RETAINED EARNINGS	TOTAL
At 1 January 2012	81,162	8,577	2,591	5,985	98,315
Profit attributable to shareholders of the group	-	-	-	34,631	34,631
Transactions with owners recorded in equity					
Share swap	37,113	-	-	-	37,113
Transfer to credit risk reserve	-	-	12,402	(12,402)	-
Transfer to statutory reserve	-	17,316	-	(17,316)	-
At 31 December 2012	**118,275**	**25,893**	**14,993**	**10,898**	**170,059**
At 1 January 2013	118,275	25,893	14,993	10,898	170,059
Total comprehensive income for the year	-	-	-	45,578	45,578
Transfer to credit risk reserve	-	-	23,969	(23,969)	-
Transfer to statutory reserve	-	22,789	-	(22,789)	-
At 31 December 2013	**118,275**	**48,682**	**38,962**	**9,718**	**215,637**

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 31 December 2013

	GROUP 2013 GH¢'000	GROUP 2012 GH¢'000	BANK 2013 GH¢'000	BANK 2012 GH¢'000
Assets				
Cash and cash equivalents	278,383	175,219	278,383	173,934
Government securities	187,573	292,445	187,573	292,445
Loans and advances to customers	433,690	274,373	433,690	274,373
Investment in associate	-	286	-	286
Investment in subsidiaries	-	-	20	20
Property and equipment	29,199	27,878	29,161	27,804
Intangible assets	2,238	1,616	2,238	1,616
Deferred tax asset	2,916	5,693	2,916	5,693
Other assets	57,059	20,993	57,353	21,120
Total assets	**991,058**	**798,503**	**991,334**	**797,291**
Liabilities				
Due to other Banks	15,000	17,000	15,000	17,000
Deposits from customers	725,593	545,352	726,982	545,352
Borrowings	15,339	18,782	15,339	18,782
Tax payable	9,338	8,169	9,197	7,872
Deferred tax liabilities	2,498	1,873	2,437	1,812
Other liabilities	6,771	36,406	6,742	36,414
Total liabilities	**774,539**	**627,582**	**775,697**	**627,232**
Equity				
Stated capital	118,275	118,275	118,275	118,275
Statutory reserve	48,656	25,857	48,682	25,893
Credit risk reserve	38,962	14,993	38,962	14,993
Retained earnings	10,626	11,796	9,718	10,898
Total Equity	**216,519**	**170,921**	**215,637**	**170,059**
Total equity and liabilities	**991,058**	**798,503**	**991,334**	**797,291**

CONSOLIDATED STATEMENT OF CASH FLOWS
For the year ended 31 December 2013

	GROUP 2013 GH¢'000	GROUP 2012 GH¢'000	BANK 2013 GH¢'000	BANK 2012 GH¢'000
Cash flows from operating activities				
Profit before tax	71,791	46,811	7 1,763	46,528
Adjustments for:				
Depreciation of property, plant and equipment	5,926	5,822	5,890	5,667
Amortisation of intangible assets	644	532	644	532
Impairment on loans and advances	(10,460)	(21,564)	(10,460)	(21,564)
Profit on disposal of property and equipment	(151)	(12)	(151)	(12)
Change in loans and advances	(148,857)	148,698	(148,857)	148,698
Change in government securities	104,872	(4,300)	104,872	(4,300)
Change in other assets	(36,066)	11,395	(36,233)	11,400
Share of profit of equity accounted investee	303	101	303	101
Assets write off	-	445	-	445
Change in deposits from customers	180,241	(239,389)	181,630	(239,389)
Change in due to other banks	(2,000)	11,342	(2,000)	11,342
Change in other liabilities	(29,652)	(21,369)	(29,689)	(21,352)
Change in mandatory reserve deposit	(14,691)	(35,227)	(14,816)	(35,227)
Tax paid	(21,622)	(14,251)	(21,458)	(14,251)
Net cash from operating activities	**100,278**	**(110,966)**	**101,438**	**(111,382)**
Cash flows from investing activities				
Purchase of property and equipment	(7,579)	(4,698)	(7,579)	(4,698)
Purchase of intangible assets	(1,266)	(907)	(1,266)	(907)
Proceeds from sale of property and equipment	4 83	247	483	247
Net cash (used in)/from investing activities	**(8,362)**	**(5,358)**	**(8,362)**	**(5,358)**
Cash flows from financing activities				
Draw down on borrowings	-	11,000	-	11,000
Principal payment of borrowings	(3,443)	(3,030)	(3,443)	(3,030)
Net cash used in financing activities	**(3,443)**	**7,970**	**(3,443)**	**7,970**
Net increase/(decrease) in cash and cash equivalents	**88,473**	**(108,354)**	**89,633**	**(108,770)**
Cash and cash equivalents at 1 January	124,607	232,961	123,322	232,092
Cash and cash equivalents at 31 December	213,080	124,607	212,955	123,322

The financial statements presented are an extract from the annual financial statements of the Bank for the year ended 31 December, 2013. The annual financial statements are available for inspection at the head office of the Bank at Starlets '91 Road, (Opposite Accra Sports Stadium), Osu, Accra. The auditor's report was signed on 27th March, 2014 and has been extracted from the annual financial statements of the Bank.

The financial statements were approved by the Board on 27th March, 2014 and signed on its behalf by

Dolapo Ogundimu
Managing Director

Frank Beecham
Chairman

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

1 Reporting entity

Access Bank (Ghana) Limited (the Bank) is a bank incorporated in Ghana. The address of the Bank's registered office is Starlets '91 Road, Opposite Accra Sports Stadium, P. O. Box GP 353, Osu, Accra. The consolidated financial statements of the Bank as at, and for the year ended 31 December 2013 are as stated in this report and comprises the Bank and its subsidiary BTH Limited (together referred to as the Group). The Group principally is involved in corporate and retail banking as well as leasing operations. The Bank is a subsidiary of Access Bank Plc of Nigeria.

The Bank operates with a universal banking license that allows it to undertake all banking and related services.

2. Summary of significant accounting policies

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

2.1 Basis of preparation

2.1.1 Statement of compliance

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) and its interpretations adopted by the International Accounting Standards Board (IASB).

The consolidated financial statements were authorised for issue by the board of directors on 27th March, 2014.

2.1.2 Functional and presentation currency

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

2.1.3 Basis of measurement

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standards Board. Additional information required under the Companies Act, 1963 (Act 179) and the Banking Act, 2004 (Act 673) as amended by the Banking Amendment Act 2007 (Act 738) have been included, where appropriate. The consolidated financial statements have been prepared under the historical cost convention.

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

2.1.4 Use of accounting estimates and judgments

The preparation of the consolidated financial statements in conformity with IFRSs requires management to make judgements, estimates and assumptions that affect the application of 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 accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

Information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the consolidated financial statements are described in note 4.

2.2 Changes in accounting policies and disclosures

(i) New and amended standards adopted by the Bank

The following standards have been adopted by the Bank for the first time for the financial year beginning on 1January, 2013 and have a material impact on the Bank:

Amendment to IAS 1, 'Presentation of Financial Statements ' regarding other comprehensive income. The main change resulting from these amendments is a requirement for entities to group items presented in 'other comprehensive income' (OCI) on the basis of whether they are potentially reclassifiable to profit or loss subsequently (reclassification adjustments). The amendment only affects presentation on the face of the statement of comprehensive income.

Amendment to IFRS 7, 'Financial instruments: Disclosures', on asset and liability offsetting. This amendment includes new disclosures to facilitate comparison between those entities that prepare IFRS financial statements to those that prepare financial statements in accordance with US GAAP. The impact has been increased disclosure in the financial statements.

IFRS 11, 'Joint arrangements' focuses on the rights and obligations of the parties to the arrangement rather than its legal form. There are two types of joint arrangements: joint operations and joint ventures. Joint operations arise where the investors have rights to the assets and obligations for the liabilities of an arrangement. A joint operator accounts for its share of the assets, liabilities, revenue and expenses. Joint ventures arise where the investors have rights to the net assets of the arrangement; joint ventures are accounted for under the equity method. Proportional consolidation of joint arrangements is no longer permitted.

IFRS 12, 'Disclosures of interests in other entities' includes the disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, structured entities and other off balance sheet vehicles. The impact of adopting of IFRS 12 has been increased disclosures in the financial statements.

IFRS 13, 'Fair value measurement', aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across IFRSs. The requirements, which are largely aligned between IFRSs and US GAAP, do not extend the use of fair value accounting but provide guidance on how it should be applied where its use is already required or permitted by other standards within IFRSs. The adoption of IFRS 13 has increased the extent of fair value disclosures in the financial statements.

Amendments to IAS 36, 'Impairment of assets', on the recoverable amount disclosures for non-financial assets. This amendment removed certain disclosures of the recoverable amount of CGUs which had been included in IAS 36 by the issue of IFRS 13.

There are no other new or revised standards or interpretations issued and effective that would be expected to have a material impact on the Bank.

(ii) New and amended standards not yet adopted by the Bank

A number of new standards and amendments to standards and interpretations are effective for annual periods beginning after 1 January 2013, and have not been applied in preparing these financial statements. None of these is expected to have a significant effect on the financial statements of the Bank, except the following set out below:

IFRS 9, 'Financial instruments', addresses the classification, measurement and recognition of financial assets and financial liabilities. IFRS 9 was issued in November 2009 and October 2010. It replaces the parts of IAS 39 that relate to the classification and measurement of financial instruments. IFRS 9 requires financial assets to be classified into two measurement categories: those measured as at fair value and those measured at amortised cost. The determination is made at initial recognition. The classification depends on the entity's business model for managing its financial instruments and the contractual cash flow characteristics of the instrument. For financial liabilities, the standard retains most of the IAS 39 requirements. The main change is that, in cases where the fair value option is taken for financial liabilities, the part of a fair value change due to an entity's own credit risk is recorded in other comprehensive income rather than profit or loss, unless this creates an accounting mismatch. The Bank is yet to assess IFRS 9's full impact. The Bank will also consider the impact of the remaining phases of IFRS 9 when completed by the Board.

IFRIC 21, 'Levies', sets out the accounting for an obligation to pay a levy that is not income tax. The interpretation addresses what the obligating event is that gives rise to pay a levy and when should a liability be recognised. The impact of this on the bank relates to the payment of the National Fiscal Stabilisation Levy.

There are no other IFRSs or IFRIC interpretations that are not yet effective that would be expected to have a material impact on the Bank.

2.3 Foreign currency transactions

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 inter-bank mid closing 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 retranslation 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.

2.4 Risk Management Disclosures

Qualitative Disclosures

The Group has adopted the concept of enterprise-wide risk management referred to as Enterprise Risk Management (ERM). ERM is a structured approach to identifying opportunities, assessing the risk inherent in these opportunities and managing these risks proactively in a cost effective manner. It is an integrated approach to events identification and analysis for proper assessment, monitoring and identification of business opportunities. These include the:

i. Establishment of the Group's risk philosophy, culture and objectives;

ii. Establishment of the Group's risk management governance framework;

iii. Articulation of the Group's risk management to stakeholders and development of an action plan to meet their risk management expectations; and

iv. Establishment of policies and procedures to identify, measure, monitors, report and control the risks the Group faces.

Quantitative Disclosures

		2013	2012
i.	Capital Adequacy Ratio(%)	15.88	22.54
ii.	Non-performing loans(%)	9.79	25.63
iii.	Default in statutory liquidity	Nil	Nil
iv.	Default in statutory liquidity sanction	Nil	Nil

REPORT OF THE DIRECTORS TO MEMBERS OF ACCESS BANK (GHANA) LIMITED

Report Of The Directors

The directors in submitting to the shareholders the financial statements of the Bank and Group for the year ended 31 December 2013 report as follows:

Directors Responsibility Statement

The directors are responsible for the preparation and fair presentation of the financial statements comprising the statement of financial position at 31 December 2013, the statement of comprehensive income, the statement of changes in equity, statement of 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 (IFRS), and in the manner required by the Companies Act 1963 (Act 179), the Banking Act, 2004 (Act 673) as amended by the Banking (Amendment) Act, 2007 (Act 738).

The directors' responsibilities include: designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of these financial reports that are free from material misstatement, whether due to fraud or error, selecting and applying appropriate accounting policies, making accounting estimates that are reasonable in the circumstances.

The directors have made an assessment of the Group's ability to continue as a going concern and have no reason to believe the business will not be a going concern.

In accordance with Section 29(c) of the Banking Act, 2004 (Act 673) as amended, an amount of GH¢22,799,000 (2012: GH¢17,280,000) was transferred to the reserve fund from the retained earnings account (income surplus), bringing the cumulative balance on the statutory reserve fund to GH¢48,656,000 (2012: GH¢25,857,000) at the year end.

Nature of business

The Bank is authorised by Bank of Ghana to carry on the business of universal banking.

Subsidiaries

The Bank has two wholly owned subsidiaries, namely, Big Ticket Holdings Limited (BTH) and Triumph Properties Limited (TPL). BTH is currently operating as a leasing company and TPL was dormant for the year and at the year end.

Equity Investment in Associate

The Bank has a 40% equity investment in Magnate Technologies Services Limited, which is in vehicle leasing operations.

Holding Company

The Bank is a subsidiary of Access Bank Plc, a company incorporated in the Federal Republic of Nigeria and licensed to undertake all banking and related services.

Auditor

The auditor Messrs PricewaterhouseCoopers has expressed willingness to continue in office in accordance with Section 134 (5) of the Ghana Companies Act, 1963 (Act 179).

Approval of the Consolidated Financial Statements

The consolidated financial statements of the Bank were approved by the Board of Directors on 27th March, 2014 and were signed on their behalf by:

Dolapo Ogundimu
Managing Director

Frank Beecham
Chairman

INDEPENDENT AUDITORS REPORT TO THE MEMBERS OF ACCESS BANK (GHANA) LIMITED

We have audited the accompanying consolidated financial statements of Access Bank (Ghana) Limited (the Bank). These financial statements comprise the consolidated statement of financial position at 31 December 2013, the consolidated statements of comprehensive income, the consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, together with the statement of financial position of the Bank standing alone as at 31 December 2013 and the statement of comprehensive income, statement of changes in equity and statement of cash flows of the Bank for the year then ended, and a summary of significant accounting policies and other explanatory information.

Directors' responsibility for the financial statements
The directors are responsible for the preparation of financial statements that give a true and fair view in accordance with International Financial Reporting Standards and with the requirements of the Companies Act, 1963 (Act 179) and the Banking Act, 2004 (Act 673) as amended by the Banking (Amendment) Act, 2007 (Act 738) and for such internal control, as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

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

Opinion
In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Bank and the group as at 31 December 2013 and of the financial performance and cash flows of the Bank and the group for the year then ended in accordance with International Financial Reporting Standards and in the manner required by the Companies Act, 1963 (Act 179) and the Banking Act, 2004 (Act 673) as amended by the Banking (Amendment) Act, 2007 (Act 738).

Report on other legal requirements
The Companies Act, 1963 (Act 179) requires that in carrying out our audit we consider and report on the following matters. We confirm that:

i) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
ii) in our opinion, proper books of account have been kept by the Bank, so far as appears from our examination of those books; and
iii) The balance sheet and profit and loss account are in agreement with the books of account.

In accordance with section 78(2) of the Banking Act, 2004 (Act 673) we hereby confirm that:

i) we were able to obtain all the information and explanations required for the efficient performance of our duties as auditors;

ii) in our opinion, the accounts give a true and fair view of the state of the Bank's affairs and its results for the year under review;

iii) In our opinion, the Bank's transactions were within its powers.

iv) the Bank in all material respects complied with the requirements of the Banking Act, 2004 (Act 673) as amended.

Signed
Oseini Amui (ICAG/P/1139)
For and on behalf of:

PricewaterhouseCoopers (ICAG/F/028)
Chartered Accountants
Accra, Ghana

27th March, 2014

ACCRA