

# AGRICULTURAL DEVELOPMENT BANK LIMITED

## CONDENSED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2017

STATEMENT OF FINANCIAL POSITION AS AT DECEMBER 31, 2017			STATEMENT OF CASHFLOWS FOR THE YEAR ENDED DECEMBER 31, 2017		
	2017 GH¢ '000	2016 GH¢ '000		2017 GH¢'000	2016 GH¢'000
<b>Assets</b>			<b>Cash flows from operating activities</b>		
Cash and cash equivalents	951,675	610,563	Profit/ (Loss) after tax	26,510	(70,026)
Investment securities	1,099,177	1,085,752	<b>Adjustments for:</b>		
Loans and advances to customers	1,139,356	1,005,302	Unrealised exchange differences	1,434	(2,869)
Investment (other than securities)	91,832	94,299	Depreciation and amortization	18,365	15,813
Investment in associate companies	357	538	Impairment charge on Financial Assests	49,823	104,022
Deferred tax assets	33,773	44,519	Dividend received	(2,921)	(2,996)
Current tax assets	5,679	16,653	Loss on disposal of property and equipment	4	210
Intangible assets	35,861	29,858	Net interest income	(309,611)	(194,314)
Other assets	82,316	42,994	Income Tax expense	20,829	(35,688)
Property and equipment	105,117	105,015			
			<b>Loss before working capital changes</b>	<b>(195,567)</b>	<b>(185,848)</b>
<b>Total Assets</b>	<b>3,545,143</b>	<b>3,035,493</b>	Changes in :		
			Loans & advances	(175,159)	(37,149)
<b>Liabilities</b>			Other assets	(39,322)	2,296
Borrowed funds	458,551	381,025	Deposits from customers	391,066	637,974
Deposits from customers	2,541,010	2,147,450	Other liabilities	14,329	9,150
Other liabilities	66,569	52,240			
				(4,653)	426,423
<b>Total liabilities</b>	<b>3,066,130</b>	<b>2,580,715</b>	Interest Income received	512,144	376,965
			Interest expense paid	(202,463)	(169,167)
<b>Equity</b>			Dividend Income	2,921	2,996
Share capital	275,100	275,100	Taxes paid (NFSL)	(2,378)	-
Income surplus	(189,429)	(188,778)	Income Tax Paid	(6,442)	-
Revaluation reserve	57,531	57,531	Tax refund	10,470	-
Statutory reserve	98,146	84,891			
Credit risk reserve	185,323	171,417	<b>Net cash generated from operating activities</b>	<b>309,599</b>	<b>637,217</b>
Available for sale reserve	52,342	54,617			
			<b>Cash flows from investing activities</b>		
<b>Shareholders' funds</b>	<b>479,013</b>	<b>454,778</b>	Purchase of property and equipment	(12,989)	(9,419)
			Purchase of medium and long term government securities	(118,732)	(22,766)
<b>Total liabilities and Shareholders' Funds</b>	<b>3,545,143</b>	<b>3,035,493</b>	Proceeds from the sale of property and equipment	-	176
			Purchase of intangible assets	(11,485)	(28,055)
			Proceeds from disposal of associated company	181	-
			<b>Net cash used in investing activities</b>	<b>(143,025)</b>	<b>(60,064)</b>
			<b>Cash flows from financing activities</b>		
			Receipts in borrowed funds	71,232	134,752
			Proceeds from issue of ordinary shares	-	200,100
			Transaction costs related to issue of ordinary shares	-	(15,185)
			<b>Net cash generated from financing activities</b>	<b>71,232</b>	<b>319,668</b>
			Increase in cash and cash equivalents	237,806	896,821
			Cash and cash equivalents at 1 January	1,532,555	632,865
			Effect of exchange rate fluctuation on cash held	(1,434)	2,869
			<b>Cash and cash equivalents at 31 December</b>	<b>1,768,927</b>	<b>1,532,555</b>

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED DECEMBER 31, 2017		
	2017 GH¢ '000	2016 GH¢ '000
Interest income	520,862	361,066
Interest expense	(211,251)	(166,752)
<b>Net interest income</b>	<b>309,611</b>	<b>194,314</b>
Fees and commission income	72,947	64,391
Fees and commission expense	(8,593)	(6,480)
Net fees and commission income	64,354	57,911
Net trading income	28,328	18,251
Other operating income	4,611	7,771
<b>Operating Income</b>	<b>406,904</b>	<b>278,247</b>
Net Impairment loss on financial assets	(49,823)	(104,022)
Personnel expenses	(167,052)	(136,848)
Depreciation and Amortization	(18,365)	(15,813)
Other Expenses	(124,325)	(127,278)
<b>Profit /(Loss) before Tax</b>	<b>47,339</b>	<b>(105,714)</b>
Income tax expense	(20,829)	35,688
<b>Profit /(Loss) for the period</b>	<b>26,510</b>	<b>(70,026)</b>
<b>Other comprehensive income, net of tax</b>		
<i>Items that are or may be reclassified to profit or loss</i>		
Net change in value of available for sale financial assets	(2,275)	6,996
<b>Other comprehensive income for the year</b>	<b>(2,275)</b>	<b>6,996</b>
<b>Total comprehensive income for the year</b>	<b>24,235</b>	<b>(63,030)</b>
<b>Profit attributable to:</b>		
Equity holders of the bank	26,510	(70,026)
<b>Total comprehensive income attributable to:</b>		
Equity holders of the Bank	24,235	(63,030)
<b>Earnings per share</b>		
Basic and diluted (in Ghana pesewas)	11	(166)

The financial statements presented are an extract from the annual financial statements of the Bank for the year ended December 31, 2017. This information is extracted directly from the annual financial statements, which are available for inspection at the Bank's Head Office, Accra Financial Centre, 3rd Ambassadorial Development Area, Accra.

#### 1. General Information

Agricultural Development Bank Limited (ADB) is a bank incorporated in Ghana. The registered office of the bank is located at Accra Financial Centre, 3rd Ambassadorial Development Area, Accra. The Agricultural Development Bank operates with a universal banking license that allows it to undertake all banking and related services.

The Bank is listed on the Ghana Stock Exchange.

The financial statements were authorised for issue by the Board of Directors on **March 28, 2018**.

#### 2. Summary of Significant Accounting Policies

The principal accounting policies applied in the preparation of these condensed financial statements are consistent with the accounting policies applied in the audited financial statements of the bank. These policies have been consistently applied to all the years presented, unless otherwise stated.

#### Basis of presentation

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board. Additional information required by the Companies Act, 1963 (Act 179) and Banks and Specialised Deposit-Taking Institutions Act, 2016 (Act 930) have been included where appropriate.

The financial statements have been prepared on a historical cost basis except for the following material items: buildings which are carried at revalued amounts and available-for-sale assets carried at fair value.

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# AGRICULTURAL DEVELOPMENT BANK LIMITED

## CONDENSED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2017

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### Functional and presentation currency

These financial statements are presented in Ghana Cedis, which is the Bank's functional currency and has been rounded to the nearest thousand.

### Use of judgements and estimates

In preparing these financial statements, management has made judgements, estimates and assumptions that affect the application of the Bank's accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised prospectively.

### 3. Contingent Liabilities

	2017 GH¢'000	2016 GH¢'000
Guanrantees and indemnities	151,120	192,285
Letters of credit	123,956	83,070
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	275,076	275,355
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### 4. Quantitative Disclosures

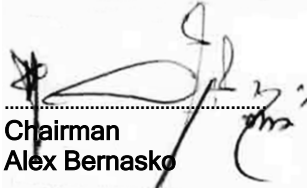
	2017 %	2016 %
Capital Adequacy Ratio	13.72	14.08
Non performing loans to gross loans	42.87	43.94
Loan Loss provision	35.41	33.83
Liquid ratio	144.20	146.73
Default in statutory liquidity (times)	Nil	Nil
Default in statutory liquidity sanction (GH¢000)	Nil	Nil

### 5. Risk Management

The Bank's activities expose the business to risks. The Bank has exposure to the following types of risks: credit risk, liquidity risk, market risk and operational risk. It is therefore a fundamental responsibility of management to ensure that all the risks associated with each class of business, each product and each type of transaction are identified as well as manage the risks associated with the conduct of the bank's affairs. These inherent risks are managed through a process of on-going identification, measurement and monitoring, subject to risk limits and controls. This process is critical to the Bank's continued profitability.

### Approval of the Financial Statements

The financial statements of the Bank were approved by the Board of Directors on **March 28, 2018** and were signed on their behalf by

  
 Chairman  
 Alex Bernasko

  
 Managing Director  
 Dr. John Kofi Mensah

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

#### Opinion

The condensed financial statements, which comprise the statements of financial position as at December 31, 2017 and the statements of comprehensive income and cash flows for the year then ended and related notes are derived from the audited financial statements of Agricultural Development Bank Limited for the year ended December 31, 2017.

In our opinion, the accompanying condensed financial statements are consistent, in all material respects, with the audited financial statements, in accordance with the basis described in the notes.

#### Condensed Financial Statements

The condensed financial statements do not contain all the disclosures required by International Financial Reporting Standards and in the manner required by the Companies Act of Ghana, 1963 (Act 179) and the Banks and Specialised Deposit-Taking Institutions Act, 2016 (Act 930) applied in the preparation of the audited financial statements of Agricultural Development Bank Limited. Reading the condensed financial statements and our report thereon, therefore, is not a substitute for reading the audited financial statements and our report thereon.

#### The Audited Financial Statements and Our Report Thereon

We expressed an unmodified audit opinion on the audited financial statements in our report. That report also includes the communication of key audit matters. Key audit matters are those matters that in our professional judgement, were of most significance in our audit of the financial statements for the current period.

#### Directors' Responsibility for the Financial Statements

The directors are responsible for the preparation of the condensed financial statements in accordance with the basis described in the notes.

#### Auditor's Responsibility

Our responsibility is to express an opinion on whether the condensed financial statements are consistent, in all material respects, with the audited financial statements based on our procedures, which were conducted in accordance with International Standards on Auditing (ISA) 810 (Revised), Engagements to Report on Summary Financial Statements.

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



For and on behalf of:

**KPMG: (ICAG/F/2018/038)**  
**CHARTERED ACCOUNTANTS**  
**13 YIYIWA DRIVE, ABELINKPE**  
**P O BOX GP 242**  
**ACCRA**

March 28, 2018



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