

AGRICULTURAL DEVELOPMENT BANK LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER, 2015

Statement of Financial Position As at 31 December 2015

	Dec-15 GH¢ '000	Dec-14 GH¢ '000
Assets		
Cash and cash equivalents	483,967	462,089
Derivative assets held for risk management	-	2,220
Investment in government securities	286,018	370,458
Loans and advances to customers (net)	1,088,071	1,124,139
Investment in other securities	88,478	78,636
Investment in associate companies	538	539
Assets held for sale	-	3,844
National fiscal stabilization levy	2,428	1,872
Property and equipment	108,076	34,862
Intangible assets	5,524	7,203
Deferred tax asset	11,532	12,994
Corporate tax asset	14,225	-
Other assets	45,290	57,884
Total assets	2,134,147	2,156,740
Liabilities		
Derivative liabilities held for risk management	-	2,142
Borrowed funds	222,669	279,355
Deposits from customers	1,513,508	1,462,139
Corporate tax liability	-	1,746
Other liabilities	65,077	67,543
Total liabilities	1,801,254	1,812,925
Equity		
Share capital	75,000	75,000
Statutory reserve	84,891	84,891
Credit risk reserve	103,236	92,533
Available for sale reserve	47,621	35,351
Revaluation reserve	57,531	1,748
Retained earnings	(35,386)	54,292
Shareholders' funds	332,893	343,815
Total liabilities and shareholders funds	2,134,147	2,156,740

Statement of Profit or Loss and Other Comprehensive Income For the year ended 31 December 2015

	2015 GH¢ '000	2014 GH¢ '000
Interest income	314,679	308,137
Interest expense	(134,105)	(100,405)
Net interest income	180,574	207,732
Fee and commission income	56,258	43,323
Fee and commission expense	(5,725)	(5,118)
Net fee and commission income	50,533	38,205
Net trading income	29,820	67,221
Other operating income	12,154	14,689
Net non-interest revenue	92,507	120,115
Operating income	273,081	327,847
Other (expense)/Income	174	(2)
Impairment losses on loans and advances	(109,858)	(59,080)
Impairment loss on investment	(766)	-
Personnel expenses	(141,505)	(130,485)
Depreciation and amortization	(13,919)	(9,503)
Other operating expenses	(107,404)	(94,006)
Operating income	(100,197)	34,771
Share of Post-tax (Loss) of Associated Company	-	(101)
(Loss)/Profit before Tax	(100,197)	34,670
Income tax	21,222	14,929
National fiscal stabilization levy	-	(1,734)
(Loss)/Profit after Tax	(78,975)	47,865
Other Comprehensive Income		
Items that will never be reclassified to profit or loss		
Gains on revaluation of property, net of tax	55,783	-
Items that are or may be reclassified to profit or loss		
Net change in value of available for sale investment securities, net of tax	12,271	14,955
Other comprehensive income for the period net of tax	68,054	14,955
Total Comprehensive Income	(10,921)	62,820
(Loss)/Profit attributable to:		
Equity holders of the Bank	(78,975)	47,865
Total Comprehensive income attributable to:		
Equity holders of the Bank	(10,921)	62,820
Earnings per share		
Basic and diluted (in Ghana pesewas)	(3.159)	1.915

Statement of Cashflows For the year ended 31 December 2015

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

The financial statements presented are an extract from the annual financial statements of the Bank for the year ended December 31, 2015. 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. The auditor's report was signed on March 30, 2016 and has been extracted from the annual financial statements of the Bank.

Notes to the Financial Statements

1. Reporting Entity

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.

2. Basis of accounting

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS). They were authorised for issue by the board of directors on March 30, 2016.

3. Functional and presentation currency

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

4. 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 estimates are recognised prospectively.

5. 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.

6. 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.

7. Corporate Social Responsibility

Amounts spent on social responsibility amounted to GH¢1,737,428 (2014: GH¢1,845,484)

PERCENTAGE OF GROSS NON PERFORMING LOANS

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

CAPITAL ADEQUACY RATIO

Capital Adequacy Ratio as at December 31, 2015 was 8.26% (2014: 10.48%)

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.

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

Other Disclosures

Most transactions of the Bank are subject to one or more of the following risks:

- Credit Risk
- Liquidity Risk
- Market Risk
- Operational Risk

There is risk in every transaction the Bank undertakes and in every service it provides. 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.

Directors' Responsibility statement

The Bank's Directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and in the manner required by the Companies Act, 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.

Principal Activity

The principal activity of the Bank is to provide banking and related services.

Approval of the Financial Statements

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



Chairman
Nana Soglo Alloh IV



Director
Mrs. Caroline Otoo

Independent Auditors' report to the Members of Agricultural Development Bank Limited

The accompanying financial statements, which comprise the statements of financial position at 31 December 2015, and the statements of profit or loss and other 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 31 December 2015. We expressed an unmodified opinion on the financial statements in our report dated 30 March 2016.

The accompanying financial statements do not contain all the disclosures required by 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) applied in the preparation of the audited financial statements of Agricultural Development Bank Limited. Reading the accompanying financial statement, therefore, is not a substitute for reading the audited financial statements of Agricultural Development Bank Limited.

Directors' Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our procedures, which were conducted in accordance with International Standard on Auditing (ISA) 810, Engagements to Report on Summary Financial Statements.

Opinion

In our opinion, the accompanying financial statements derived from the audited financial statements of Agricultural Development Bank Limited for the year ended 31 December 2015, are consistent, in all material respects, with those financial statements, in accordance with the basis described in the notes.



Signed by: Nathaniel D. Harlley (ICAG/P/1056)
For and on behalf of:
KPMG: (ICAG/F/2016/038)
CHARTERED ACCOUNTANTS
13 YIYIWA DRIVE, ABELANKPE
P O BOX GP 242, ACCRA

30-Mar-16


agricultural development bank

...truly agric and more