

# AGRICULTURAL DEVELOPMENT BANK LIMITED

## AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2016

### STATEMENT OF FINANCIAL POSITION AS AT DECEMBER 31, 2016

	2016 GH¢ '000	2015 GH¢ '000
<b>Assets</b>		
Cash and cash equivalents	610,563	483,967
Trading assets	1,085,752	286,018
Loans and advances to customers (net)	1,005,302	1,088,071
Investment (other than securities)	94,299	88,478
Investment in associate companies	538	538
Deferred tax assets	44,519	11,532
Corporate tax assets	16,653	16,653
Intangible assets	29,857	5,524
Other assets	42,995	45,290
Property and equipment	105,015	108,076
<b>Total assets</b>	<b>3,035,493</b>	<b>2,134,147</b>
<b>Liabilities</b>		
Borrowed funds	381,025	244,656
Customer deposits	2,147,450	1,513,508
Other liabilities	52,240	43,090
<b>Total liabilities</b>	<b>2,580,715</b>	<b>1,801,254</b>
<b>Equity</b>		
Share capital	275,100	75,000
Income surplus	(188,778)	(35,386)
Revaluation reserve	57,531	57,530
Statutory reserve	84,891	84,891
Credit risk reserve	171,417	103,237
Available for sale reserve	54,617	47,621
<b>Shareholders' funds</b>	<b>454,778</b>	<b>332,893</b>
<b>Total liabilities and shareholders funds</b>	<b>3,035,493</b>	<b>2,134,147</b>

### STATEMENT OF CASHFLOWS FOR THE YEAR ENDED DECEMBER 31, 2016

	2016 GH¢'000	2015 GH¢'000
<b>Cash flows from operating activities</b>		
Loss for the Period	(70,026)	(78,975)
<b>Adjustments for:</b>		
Unrealised foreign currency gain	(2,869)	(1,048)
Depreciation and amortization	15,813	13,919
Impairment of financial assets	104,022	110,624
Dividend received	(2,996)	(3,878)
Loss/(Gain) on disposal of property and equipment	210	(174)
Profit from disposal of associate companies	-	(38)
Net Interest Income	(194,314)	(180,574)
Tax expense	(35,688)	(21,222)
<b>Loss before working capital changes</b>	<b>(185,848)</b>	<b>(161,365)</b>
Changes in :		
Derivative asset held for risk management	-	2,220
Loans & advances	(37,149)	(68,063)
Other assets	2,296	12,593
Derivative liabilities held for risk management	-	(2,142)
Customer deposits	637,974	55,247
Other liabilities	9,150	(4,214)
	<b>426,423</b>	<b>(165,725)</b>
Interest Income received	376,965	284,168
Interest expense paid	(169,167)	(100,048)
Dividend Income	2,996	3,878
National Stabilization Levy Paid	-	(554)
Income Tax Paid	-	(15,972)
<b>Net cash generated from operating activities</b>	<b>637,217</b>	<b>5,747</b>
<b>Investing activities</b>		
Purchase of property and equipment	(9,419)	(9,011)
Investment Securities	(22,766)	152,616
Proceeds from disposal of property and equipment	176	182
Acquisition of Intangible assets	(28,055)	(2,041)
Proceeds from disposal of associated company	-	39
<b>Net cash (used in)/generated from investing activities</b>	<b>(60,064)</b>	<b>141,785</b>
<b>Financing activities</b>		
Receipts/(payments) in borrowed funds	134,752	(56,686)
Proceeds from issue of ordinary shares	200,100	-
Transaction costs related to issue of ordinary shares	(15,185)	-
<b>Net cash generated from/(used in) financing activities</b>	<b>319,667</b>	<b>(56,686)</b>
Increase in cash and cash equivalents	896,821	90,846
Effect of exchange rate fluctuation on cash held	2,869	(792)
Cash and cash equivalents at 1 January	632,866	542,811
<b>Cash and cash equivalents at 31 December</b>	<b>1,532,555</b>	<b>632,866</b>

### INCOME STATEMENT FOR THE YEAR ENDED DECEMBER 31, 2016

	2016 GH¢ '000	2015 GH¢ '000
Interest income	361,066	314,679
Interest expense	(166,752)	(134,105)
<b>Net interest income</b>	<b>194,314</b>	<b>180,574</b>
Fee and commission income	64,391	56,258
Fee and commission expense	(6,480)	(5,725)
Net fee and commission income	57,911	50,533
Net trading income	18,251	29,820
Other operating income	7,981	12,154
Net non-interest revenue	<b>84,143</b>	<b>92,507</b>
<b>Revenue</b>	<b>278,457</b>	<b>273,081</b>
Other (expense)/Income	(210)	174
Impairment loss on financial assets	(104,022)	(110,624)
Personnel expenses	(136,038)	(142,859)
Depreciation and amortization	(15,813)	(13,919)
Other operating expenses	(128,088)	(106,050)
<b>Loss before tax</b>	<b>(105,714)</b>	<b>(100,198)</b>
Income tax expense	35,688	21,223
<b>Loss after tax</b>	<b>(70,026)</b>	<b>(78,975)</b>
<b>Other Comprehensive, net of income</b>		
Net gain on hedges of net investments in foreign operations	6,996	12,270
Revaluation of property, plant and equipment	-	55,783
<b>Other comprehensive income (net of income tax)</b>	<b>6,996</b>	<b>68,053</b>
<b>Total comprehensive income for the period (net of tax)</b>	<b>(63,030)</b>	<b>(10,922)</b>
Earnings per share (in Ghana pesewas)	(166)	(316)
Basic and diluted (in Ghana pesewas)	(166)	(316)

The financial statements presented are an extract from the annual financial statements of the Bank for the year ended December 31, 2016. 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 July 19, 2017 and has been extracted from the annual financial statements of the Bank.

#### 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. Significant Accounting Policies

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and in a 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). They were authorised for issue by the Board of Directors on July 19, 2017

#### 3. Functional and presentation currency

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

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**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. Basis of measurement**

The financial statements have been prepared on a historical cost basis except for the following material items.

Items	Measurement
Derivative financial instruments	Fair Value
Non-derivative financial instruments at fair value through profit or loss	Fair Value
Recognised financial assets and financial liabilities designated at hedged items in qualifying fair value hedge relationships	Amortised cost adjusted for changes in fair value attributable to the risk being hedged

**6. 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.

**7. 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.

Quantitative Disclosures		
	2016	2015
	%	%
Capital Adequacy Ratio	14.08	8.26
Non performing loans to gross loans	43.94	33.89
Liquid ratio	146.73	96.46

	2016	2015
Default in statutory requirements:		
CAR for the period from January to August 2016	< 10 %	<10

**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 as at December 31, 2016, and the statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and the notes to the financial statements which include a summary of significant accounting policies and other explanatory notes, in accordance with International Financial Reporting Standards and in the manner required by the Companies Act, 1963 (Act 179) and the Banking Act, 2004 (Act 673) as amended by the Banking (Amendment) Act, 2007 (Act 738). In addition, the directors are responsible for the preparation of the 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 company 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.

**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 July 19, 2017 and were signed on their behalf by

  
 Nana Soglo Alloh IV  
 Chairman

  
 Daniel Asiedu  
 Managing Director

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

The accompanying statements of financial position, comprehensive income, and cash flows are derived from the audited financial statements of Agricultural Development Bank Limited for the year ended 31 December 2016. We expressed an unmodified opinion on the financial statements in our report dated July 19, 2017. The accompanying statements of financial position, comprehensive income and cash flows 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 Banking Act of Ghana, 2004 (673) as amended by the Banking Amendment Act of Ghana, 2007 (Act 738) applied in the preparation of the audited financial statements of the Bank. Reading the accompanying statements of financial position, comprehensive income and cash flows, therefore, is not a substitute for reading the audited financial statements of the Bank. In our opinion, the accompanying statements of financial position, comprehensive income and cash flows are consistent, in all material respects, with the audited financial statements of Agricultural Development Bank Limited for the year ended December 31, 2016, from which they were derived.

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

For and on  
 behalf of:  
**KPMG: (ICAG/F/0036)**  
**CHARTERED ACCOUNTANTS**  
**13 YIYIWA DRIVE, ABELNKPE**  
**P O BOX GP 242**  
**ACCRA**

**July, 19 2017**



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