

AGRICULTURAL DEVELOPMENT BANK LIMITED

UNAUDITED FINANCIAL STATEMENTS FOR THE PERIOD ENDED

SEPTEMBER 30, 2018

| (UNAUDITED) STATEMENT OF FINANCIAL POSITION AS AT SEPTEMBER 30 |                  |                  | (UNAUDITED) STATEMENT OF COMPREHENSIVE INCOME FOR THE PERIOD ENDED SEPTEMBER 30 |                  |                  |
|--|------------------|------------------|---|------------------|------------------|
|  | 2018<br>GH¢ '000 | 2017<br>GH¢ '000 |   | 2018<br>GH¢ '000 | 2017<br>GH¢ '000 |
| <b>Assets</b>  |                  |                  | Interest income   | 373,335          | 389,604          |
| Cash and Cash Equivalents                                      | 1,182,049        | 888,524          | Interest expense  | (164,195)        | (157,586)        |
| Investment securities  | 1,017,491        | 931,783          | <b>Net interest income</b>  | <b>209,140</b>   | <b>232,018</b>   |
| Loans and Advances to customers                                | 1,095,331        | 1,205,034        |   |                  |                  |
| Investment (other than securities)                             | 92,677           | 94,299           | Fees and commission income  | 55,715           | 53,135           |
| Investment in associate companies                              | 357              | 357              | Fees and commission expense   | (5,886)          | (5,843)          |
| Deferred tax assets  | 36,385           | 35,802           | Net fees and commission income  | 49,829           | 47,292           |
| Current tax assets   | 4,040            | 9,796            | Net trading income  | 36,380           | 18,739           |
| Intangible assets  | 30,769           | 37,232           | Other operating income  | 8,642            | 3,770            |
| Other assets   | 65,879           | 50,558           | <b>Operating Income</b>   | <b>303,991</b>   | <b>301,820</b>   |
| Property, Plant and Equipment                                  | 99,470           | 106,445          |   |                  |                  |
| <b>Total Assets</b>  | <b>3,624,449</b> | <b>3,359,830</b> | Net Impairment loss on financial assets   | (13,175)         | (17,161)         |
|  |                  |                  | Personnel Expenses  | (133,039)        | (115,731)        |
| <b>Liabilities</b>   |                  |                  | Depreciation and Amortization   | (17,141)         | (12,754)         |
| Borrowed funds   | 476,712          | 389,421          | Other Expenses  | (97,623)         | (89,832)         |
| Deposits from customers  | 2,705,031        | 2,411,679        | <b>Profit Before Tax</b>  | <b>43,013</b>    | <b>66,342</b>    |
| Other Liabilities  | 92,442           | 55,992           | Income Tax Expense  | (4,289)          | (14,446)         |
| <b>Total Liabilities</b>                                       | <b>3,274,184</b> | <b>2,857,093</b> | National Fiscal Stabilization Levy  | (1,131)          | (3,317)          |
|  |                  |                  | <b>Profit for the period</b>  | <b>37,593</b>    | <b>48,579</b>    |
| <b>Equity</b>  |                  |                  | <b>Other Comprehensive</b>  |                  |                  |
| Stated Capital   | 275,100          | 275,100          | <i>Items that are or may be reclassified to profit or loss</i>                  |                  |                  |
| Income Surplus   | (183,501)        | (159,461)        | Net change in value of available for sale financial assets                      | 717              | (624)            |
| Revaluation Reserve  | 57,530           | 57,530           | <b>Other comprehensive income for the period</b>                                | <b>717</b>       | <b>(624)</b>     |
| Statutory Reserve  | 116,944          | 109,180          | <b>Total comprehensive income for the period</b>                                | <b>38,311</b>    | <b>47,955</b>    |
| Credit Risk Reserve  | 31,131           | 166,394          |   |                  |                  |
| Other Reserves   | 53,060           | 53,994           | Profit attributable to:   |                  |                  |
| <b>Shareholders' funds</b>                                     | <b>350,264</b>   | <b>502,738</b>   | Equity holders of the bank  | 37,593           | 48,579           |
|  |                  |                  | <b>Total comprehensive income attributable to:</b>                              |                  |                  |
| <b>Total Liabilities and Shareholders' Fund</b>                | <b>3,624,449</b> | <b>3,359,830</b> | Equity holders of the Bank  | 38,311           | 47,955           |
|  |                  |                  | <b>Earnings per share</b>   |                  |                  |
|  |                  |                  | Basic and diluted (in Ghana pesewas)  | 16               | 21               |

| (UNAUDITED) STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED SEPTEMBER 30 |                   |                        |                      |                        |                   |                |              |
|--|-------------------|------------------------|----------------------|------------------------|-------------------|----------------|--------------|
| In thousands of GH¢  | Stated<br>Capital | Credit Risk<br>Reserve | Statutory<br>Reserve | Revaluation<br>Reserve | Other<br>Reserves | Income Surplus | Total Equity |
| Balance at January 1, 2018   | 275,100           | 185,324                | 98,147               | 57,530                 | 52,343            | (189,433)      | 479,012      |
| Profit for the period  |                   |                        |                      |                        |                   | 37,593         | 37,593       |
| <b>Other Comprehensive Income</b>  |                   |                        |                      |                        |                   |                |              |
| Fair value of financial assets net of tax                                    |                   |                        |                      |                        | 717               |                | 717          |
| Transfer to Statutory Reserve  |                   |                        | 18,797               |                        |                   | (18,797)       | -            |
| Impact of IFRS 9   |                   | (167,058)              |                      |                        |                   |                | (167,058)    |
| Release from Credit Risk Reserve   |                   | 12,865                 |                      |                        |                   | (12,865)       | -            |
| Balance at September 30, 2018  | 275,100           | 31,131                 | 116,944              | 57,530                 | 53,060            | (183,501)      | 350,264      |
|  |                   |                        |                      |                        |                   |                |              |
| Balance at January 1, 2017   | 275,100           | 171,418                | 84,891               | 57,530                 | 54,618            | (188,774)      | 454,783      |
| Profit for the year  |                   |                        |                      |                        |                   | 48,579         | 48,579       |
| Transfer to Statutory Reserve  |                   |                        | 24,289               |                        |                   | (24,289)       | -            |
| <b>Other Comprehensive Income</b>  |                   |                        |                      |                        |                   |                | -            |
| Financial assets net of tax  |                   |                        |                      |                        | (624)             |                | (624)        |
| Release from Credit Risk Reserve   |                   | (5,023)                |                      |                        |                   | 5,023          | 0            |
| Balance at September 30, 2017  | 275,100           | 166,394                | 109,180              | 57,530                 | 53,994            | (159,461)      | 502,738      |

AGRICULTURAL DEVELOPMENT BANK LIMITED

UNAUDITED FINANCIAL STATEMENTS FOR THE PERIOD ENDED SEPTEMBER 30, 2018

(UNAUDITED) STATEMENT OF CASHFLOWS FOR THE PERIOD ENDED SEPTEMBER 30

|   | 2018<br>GH¢'000 | 2017<br>GH¢'000 |
|---|-----------------|-----------------|
| Cash flows from operating activities                                |                 |                 |
| Profit after tax  | 37,593          | 48,579          |
| Adjustments for:  |                 |                 |
| Depreciation and amortization                                       | 17,141          | 12,754          |
| Impairment charge on Financial Assests                              | 13,175          | 17,161          |
| Impairment of other receivables                                     | 2,628           | -               |
| Dividend received   | (2,678)         | (2,921)         |
| Net interest income   | (209,140)       | (232,018)       |
| Income Tax expense  | 5,420           | 8,949           |
|   | (135,862)       | (147,496)       |
| Changes in:   |                 |                 |
| Loans & advances  | (134,366)       | (213,530)       |
| Other assets  | 16,434          | 1,250           |
| Deposits from customers   | 164,186         | 264,229         |
| Other liabilities   | 25,872          | 3,752           |
|   | (63,735)        | (91,795)        |
| Interest Income received  | 370,274         | 383,990         |
| Interest expense paid   | (159,956)       | (155,330)       |
| Dividend Income   | 2,678           | 2,921           |
| Taxes paid (NFSL)   | (1,131)         | -               |
| Income Tax Paid   | (7,347)         | (2,092)         |
| Net cash generated from operating activities                        | 140,784         | 137,694         |
| Cash flows from investing activites                                 |                 |                 |
| Purchase of property and equipment                                  | (4,555)         | (10,875)        |
| Redemption/(Purchase) of medium and long term government securities | 18,046          | (52,528)        |
| Proceeds from the sale of property and equipment                    | 3               | 3               |
| Purchase of intangible assets                                       | (1,851)         | (10,687)        |
| Proceeds from sale investment securities                            | -               | 181             |
| Net cash generated from/(used in) investing activities              | 11,643          | (73,906)        |
| Cash flows from financing activities                                |                 |                 |
| Receipts from borrowed funds  | 13,756          | 8,397           |
| Net cash generated from financing activities                        | 13,756          | 8,397           |
| Increase in cash and cash equivalents                               | 166,184         | 72,184          |
| Cash and cash equivalents at 1 January                              | 1,768,929       | 1,532,555       |
| Effect of exchange rate fluctuation on cash held                    | 547             | 2,223           |
| Cash and cash equivalents at September 30                           | 1,935,661       | 1,604,740       |

**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 Ambadassadorial 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.

**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 for the year ended December 31, 2017 with the exception of IAS 39 which has been replaced by IFRS 9 effective January 1,2018 . These policies have been consistently applied to all the years presented, unless otherwise stated. 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 the Bank and Specialised Deposit-Taking Institutions Act, 2016 (Act 930) have been included where appropriate.

**3. 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.

|                             | 2018<br>GH¢'000 | 2017<br>GH¢'000 |
|-----------------------------|-----------------|-----------------|
| Guanrantees and indemnities | 68,081          | 52,879          |
| Letters of credit           | 125,118         | 146,500         |
|                             | 193,198         | 199,378         |

|                                     | 2018<br>% | 2017<br>% |
|-------------------------------------|-----------|-----------|
| Capital Adequacy Ratio              | 14.67     | 18.04     |
| Non performing loans to gross loans | 41.39     | 38.79     |
| Loan Loss provision                 | 30.00     | 30.04     |
| Liquid ratio                        | 150.92    | 163.03    |

| Sanctions                        | 94.60 | Nil |
|----------------------------------|-------|-----|
| Default in statutory requirments | Nil   | Nil |

**7. Corporate Social Responsibility**  
Amount spent on Corporate Social Responsibility amounted to GHS 914,285 (2017: GHS 817,341).These included Best Farmer sponsorship, donation to schools and others of national interest.

**8. Risk Management**  
The Bank's activities exposes 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 the overall responsibility of the Board and 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.

**9.** The financial statements do not contain any untrue statement, misleading facts or omit material facts to the best of my knowledge.

  
Alex Bernasko  
Chairman

  
Dr. John Kofi Mensah  
Managing Director

