

AGRICULTURAL DEVELOPMENT BANK LIMITED

UNAUDITED CONDENSED FINANCIAL STATEMENTS FOR THE PERIOD ENDED

JUNE 30, 2018

| (UNAUDITED) STATEMENT OF FINANCIAL POSITION AS AT JUNE 30 | | | (UNAUDITED) STATEMENT OF COMPREHENSIVE INCOME FOR THE PERIOD ENDED JUNE 30 | | |
|---|------------------|------------------|--|------------------|------------------|
| | 2018 GH¢ '000 | 2017 GH¢ '000 | | 2018 GH¢ '000 | 2017 GH¢ '000 |
| Assets | | | Interest income | 249,514 | 265,514 |
| Cash and cash equivalents | 1,141,318 | 807,995 | Interest expense | (112,033) | (108,196) |
| Investment securities | 1,025,964 | 1,117,007 | | | |
| Loans and advances to customers | 1,026,675 | 1,103,530 | Net interest income | 137,481 | 157,318 |
| Investment (other than securities) | 91,832 | 94,299 | | | |
| Investment in associate companies | 357 | 357 | Fees and commission income | 36,679 | 34,671 |
| Deferred tax assets | 40,464 | 44,519 | | | |
| Current tax assets | 5,672 | 11,692 | Fees and commission expense | (4,101) | (3,549) |
| Intangible assets | 33,074 | 32,280 | | | |
| Other assets | 83,450 | 59,669 | Net fees and commission income | 32,578 | 31,122 |
| Property and equipment | 102,054 | 111,886 | | | |
| | | | Net trading income | 21,890 | 13,199 |
| Total Assets | 3,550,858 | 3,383,235 | Other operating income | 2,797 | 3,330 |
| | | | | | |
| Liabilities | | | Operating Income | 194,746 | 204,968 |
| Borrowed funds | 528,094 | 392,789 | | | |
| Deposits from customers | 2,595,770 | 2,445,812 | Net Impairment loss on financial assets | (13,175) | (8,594) |
| Other liabilities | 97,535 | 40,299 | Personnel expenses | (85,247) | (74,859) |
| | | | Depreciation and Amortization | (11,431) | (7,261) |
| Total liabilities | 3,221,399 | 2,878,900 | Other Expenses | (64,344) | (59,790) |
| | | | | | |
| Equity | | | Profit before Tax | 20,549 | 54,465 |
| Share capital | 275,100 | 275,100 | Income tax Credit /(Expense) | 766 | (1,877) |
| Income surplus | (169,248) | (136,335) | National Fiscal Stabilization Levy | (754) | (2,720) |
| Revaluation reserve | 57,530 | 57,530 | | | |
| Statutory reserve | 98,146 | 84,891 | Profit for the period | 20,562 | 49,867 |
| Credit risk reserve | 18,642 | 168,789 | | | |
| Fair value reserves | 49,288 | 54,359 | Other Comprehensive | | |
| | | | <i>Items that are or may be reclassified to profit or loss</i> | | |
| Shareholders' funds | 329,459 | 504,335 | Net change in fair value of financial assets | (3,055) | (259) |
| | | | | | |
| Total liabilities and Shareholders' Funds | 3,550,858 | 3,383,235 | Other comprehensive income for the year | (3,055) | (259) |
| | | | | | |
| | | | Total comprehensive income for the year | 17,507 | 49,608 |
| | | | | | |
| | | | Profit attributable to: | | |
| | | | Equity holders of the bank | 20,562 | 49,867 |
| | | | | | |
| | | | Total comprehensive income attributable to: | | |
| | | | Equity holders of the Bank | 17,507 | 49,608 |
| | | | | | |
| | | | Earnings per share | | |
| | | | Basic and diluted (in Ghana pesewas) | 9 | 22 |

| (UNAUDITED) STATEMENT OF CHANGES IN EQUITY | | | | | | | |
|--|----------------|---------------------|-------------------|---------------------|----------------|------------------|----------------|
| In thousands of GH¢ | Stated Capital | Credit Risk Reserve | Statutory Reserve | Revaluation Reserve | Other Reserves | Income Surplus | Total Equity |
| Balance at January 1, 2018 | 275,100 | 185,324 | 98,146 | 57,530 | 52,343 | (189,430) | 479,013 |
| Profit for the year | | | | | | 20,562 | 20,562 |
| Other Comprehensive Income | | | | | | | |
| Net Changes in fair value of financial assets net of tax | | | | | (3,055) | | (3,055) |
| Release from credit risk reserve | | (166,681) | | | | (379) | (167,060) |
| Balance at June 30, 2018 | 275,100 | 18,642 | 98,146 | 57,530 | 49,288 | (169,248) | 329,459 |
| Balance at January 1, 2017 | 275,100 | 171,418 | 84,891 | 57,530 | 54,618 | (188,779) | 454,777 |
| Profit for the year | | | | | | 49,867 | 49,867 |
| Other Comprehensive | | | | | | | |
| Net Changes in fair value of financial assets net of tax | | | | | (259) | | (259) |
| Release from credit risk reserve | | (2,628) | | | | 2,578 | (50) |
| Balance at June 30, 2017 | 275,100 | 168,789 | 84,891 | 57,530 | 54,359 | (136,335) | 504,335 |

AGRICULTURAL DEVELOPMENT BANK LIMITED

UNAUDITED CONDENSED FINANCIAL STATEMENTS FOR THE PERIOD ENDED JUNE 30, 2018

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

| | 2018 GH¢'000 | 2017 GH¢'000 |
|---|-----------------|-----------------|
| Cash flows from operating activities | | |
| Profit after tax | 20,562 | 49,867 |
| Adjustments for: | | |
| Depreciation and amortization | 11,431 | 7,261 |
| Impairment charge on Financial Assets | 13,175 | 8,594 |
| Dividend received | (2,678) | (2,597) |
| Net interest income | (137,481) | (157,318) |
| Income Tax expense | (12) | 4,598 |
| Loss before working capital changes | (95,004) | (89,596) |
| Changes in : | | |
| Loans & advances | (58,674) | (110,573) |
| Other assets | (1,136) | (16,675) |
| Deposits from customers | 54,733 | 298,361 |
| Other liabilities | 30,966 | (11,941) |
| | (69,115) | 69,576 |
| Interest Income received | 240,283 | 268,672 |
| Interest expense paid | (100,157) | (103,800) |
| Dividend Income | 2,678 | 2,597 |
| Taxes paid (NFSL) | (754) | - |
| Income Tax Paid | (4,907) | - |
| Deferred Tax | (6,691) | (943) |
| Net cash generated from operating activities | 61,338 | 236,102 |
| Cash flows from investing activites | | |
| Purchase of property and equipment | (3,730) | (13,067) |
| Redemption / (Purchase) of medium and long term government securities | 50,066 | (26,089) |
| Purchase of intangible assets | (1,851) | (3,487) |
| Net cash genreated from /(used in) investing activities | 44,486 | (42,643) |
| Cash flows from financing activities | | |
| Receipts in borrowed funds | 57,694 | 11,764 |
| Net cash generated from financing activities | 57,694 | 11,764 |
| Increase in cash and cash equivalents | 163,518 | 205,223 |
| Cash and cash equivalents at 1 January | 1,768,929 | 1,532,555 |
| Effect of exchange rate fluctuation on cash held | (1,096) | (2,805) |
| Cash and cash equivalents at 30 June | 1,931,351 | 1,734,973 |

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 financial statements are consistent with the accounting policies applied in the audited financial statements of the bank for the year ended December 31,2017. These policies have been consistently applied to all the periods presented, unless otherwise stated. The Bank adopted IFRS 9 guidelines for computing impairment on financial assets with effect from January 1,2018. All adjustments relating to the implementation of IFRS 9 have been accordingly passed. 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. 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.

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 accounting estimates are recognised prospectively.

| 5. Quantitative Disclosures | 2018 % | 2017 % |
|-------------------------------------|-----------|-----------|
| Capital Adequacy Ratio | 15.92 | 18.15 |
| Non performing loans to gross loans | 42.16 | 41.34 |
| Loan Loss provision | 34.87 | 31.87 |
| Liquid ratio | 158.95 | 162.87 |

| | | |
|---|-----|-----|
| 6. Default in statutory liquidity and sanctions : | | |
| a) Sanctions | Nil | Nil |
| b) Default in statutory liquidity | Nil | Nil |

7. Corporate Social Responsibility
The Bank's spending on Corporate Social Responsibility amounted to **GHS 814,072** (2017: GHS 644,871) These included National Best Farmer sponsorship, donation to schools and others of national interest.

8. 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.



Chairman
Alex Bernasko



Managing Director
Dr. John Kofi Mensah



...truly agric and more