

AGRICULTURAL DEVELOPMENT BANK LIMITED

AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED

DECEMBER 31, 2016

STATEMENT OF FINANCIAL POSITION AS AT DECEMBER 31, 2016

STATEMENT OF CASHFLOWS FOR THE YEAR ENDED DECEMBER 31, 2016

	2016 GH¢ '000	2015 GH¢ '000		2016 GH¢ '000	2015 GH¢ '000
Assets			Cash flows from operating activities		
Cash and cash equivalents	610,563	483,967	Loss for the Period	(70,026)	(78,975)
Trading assets	1,085,752	286,018	Adjustments for:		
Loans and advances to customers (net)	1,005,302	1,088,071	Unrealised foreign currency gain	(2,869)	(1,048)
Investment (other than securities)	94,299	88,478	Depreciation and amortization	15,813	13,919
Investment in associate companies	538	538	Impairment of financial assets	104,022	110,624
Deferred tax assets	44,519	11,532	Dividend received	(2,996)	(3,878)
Corporate tax assets	16,653	16,653	Loss/(Gain) on disposal of property and equipment	210	(174)
Intangible assets	29,857	5,524	Profit from disposal of associate companies	-	(38)
Other assets	42,995	45,290	Net Interest Income	(194,314)	(180,574)
Property and equipment	105,015	108,076	Tax expense	(35,688)	(21,222)
Total assets	3,035,493	2,134,147		(185,848)	(161,365)
Liabilities			Loss before working capital changes		
Borrowed funds	381,025	244,656	Changes in :		
Customer deposits	2,147,450	1,513,508	Derivative asset held for risk management	-	2,220
Other liabilities	52,240	43,090	Loans & advances	(37,149)	(68,063)
Total liabilities	2,580,715	1,801,254	Other assets	2,296	12,593
Equity			Derivative liabilities held for risk management	-	(2,142)
Share capital	275,100	75,000	Customer deposits	637,974	55,247
Income surplus	(188,778)	(35,386)	Other liabilities	9,150	(4,214)
Revaluation reserve	57,531	57,530		426,423	(165,725)
Statutory reserve	84,891	84,891			
Credit risk reserve	171,417	103,237			
Available for sale reserve	54,617	47,621			
Shareholders' funds	454,778	332,893			
Total liabilities and shareholders funds	3,035,493	2,134,147			

INCOME STATEMENT FOR THE YEAR ENDED DECEMBER 31, 2016

	2016 GH¢ '000	2015 GH¢ '000		
Interest income	361,066	314,679	Cash flows from operating activities	
Interest expense	(166,752)	(134,105)	Interest Income received	376,965
Net interest income	194,314	180,574	Interest expense paid	(169,167)
Fee and commission income	64,391	56,258	Dividend Income	2,996
Fee and commission expense	(6,480)	(5,725)	National Stabilization Levy Paid	-
Net fee and commission income	57,911	50,533	Income Tax Paid	(554)
Net trading income	18,251	29,820		(15,972)
Other operating income	7,981	12,154		
Net non-interest revenue	84,143	92,507		
Revenue	278,457	273,081	Net cash generated from investing activities	
Other (expense)/Income	(210)	174	Purchase of property and equipment	(9,419)
Impairment loss on financial assets	(104,022)	(110,624)	Investment Securities	(22,766)
Personnel expenses	(136,038)	(142,859)	Proceeds from disposal of property and equipment	176
Depreciation and amortization	(15,813)	(13,919)	Acquisition of Intangible assets	(28,055)
Other operating expenses	(128,088)	(106,050)	Proceeds from disposal of associated company	-
Loss before tax	(105,714)	(100,198)		
Income tax expense	35,688	21,223	Net cash (used in)/generated from investing activities	
Loss after tax	(70,026)	(78,975)		
Other Comprehensive, net of income			Financing activities	
Net gain on hedges of net investments in foreign operations	6,996	12,270	Receipts/(payments) in borrowed funds	134,752
Revaluation of property, plant and equipment	-	55,783	Proceeds from issue of ordinary shares	200,100
Other comprehensive income (net of income tax)	6,996	68,053	Transaction costs related to issue of ordinary shares	(15,185)
Total comprehensive income for the period (net of tax)	(63,030)	(10,922)		
Earnings per share (in Ghana pesewas)	(166)	(316)	Net cash generated from/(used in) financing activities	
Basic and diluted (in Ghana pesewas)	(166)	(316)	Increase in cash and cash equivalents	896,821
			Effect of exchange rate fluctuation on cash held	2,869
			Cash and cash equivalents at 1 January	(792)
				632,866
			Cash and cash equivalents at 31 December	
				1,532,555
				632,866

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 Ambadassorial 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 Ambadassorial 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 as 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, ABELENKPE
P O BOX GP 242
ACCRA

July, 19 2017