

AGRICULTURAL DEVELOPMENT BANK LIMITED
AUDITED SUMMARY FINANCIAL STATEMENTS FOR THE YEAR ENDED
31 DECEMBER 2018

STATEMENT OF FINANCIAL POSITION AS AT DECEMBER 31, 2018			STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED DECEMBER 31, 2018		
	2018	2017		2018	2017
	GH¢ '000	GH¢ '000		GH¢ '000	GH¢ '000
Assets			Interest income	478,702	520,862
Cash and Bank Balances	652,828	951,675	Interest expense	(213,351)	(211,251)
Due from other Banks	359,338	-	Net interest income	265,351	309,611
Investment securities	1,189,749	1,099,177	Fees and commission income	75,464	72,947
Loans and advances to customers	1,068,814	1,139,356	Fees and commission expense	(8,310)	(8,593)
Investment (other than securities)	95,861	91,832	Net fees and commission income	67,154	64,354
Investment in associate companies	-	357	Net trading income	45,704	28,328
Deferred tax assets	54,262	33,773	Other operating income	9,268	4,611
Current t tax assets	3,401	5,679	Operating Income	387,477	406,904
Intangible assets	28,466	35,861	Net Impairment loss on financial assets	(10,190)	(49,823)
Other assets	45,830	82,317	Personnel expenses	(181,232)	(167,052)
Property and equipment	98,846	105,116	Depreciation and Amortization	(22,720)	(18,365)
	=====	=====	Other Expenses	(139,278)	(124,325)
Total Assets	3,597,395	3,545,143	Profit before Tax	34,057	47,339
	=====	=====	Income tax expense	(28,149)	(20,829)
Liabilities			Profit for the period	5,908	26,510
Borrowed funds	274,322	458,551	Other comprehensive income, net of tax		
Deposits from customers	2,586,265	2,541,010	<i>Items that will never be reclassified to profit or loss</i>		
Other liabilities	97,097	66,569	Fair value through other Comprehensive Income	3,084	(2,275)
	=====	=====	Other comprehensive income for the year	3,084	(2,275)
Total liabilities	2,957,684	3,066,130	Total comprehensive income for the year	8,992	24,235
	=====	=====	Profit attributable to:		
			Equity holders of the bank	5,908	26,510
Share capital	275,100	275,100	Total comprehensive income attributable to:		
Deposits for shares	277,000	-	Equity holders of the Bank	8,992	24,235
Income surplus	(294,086)	(189,429)	Earnings per share		
Revaluation reserve	57,531	57,531	Basic and diluted (in Ghana pesewas)	2.56	11
Statutory reserve	101,100	98,146			
Credit risk reserve	167,640	185,323			
Fair value through OCI	55,426	52,342			
	=====	=====			
Shareholders' funds	639,711	479,013			
	=====	=====			
Total liabilities and Shareholders' Funds	3,597,395	3,545,143			
	=====	=====			

STATEMENT OF CHANGES IN EQUITY									
In thousands of GH¢	Stated Capital	Deposit for Shares	Credit Risk Reserve	Statutory Reserve	Revaluation Reserve	Other Reserves	Income Surplus	Total	
Balance at January 1, 2018	275,100	-	185,323	98,146	57,531	52,342	(189,429)	479,013	
Impact of IFRS 9	-	-	(167,058)	-	-	-	41,764	(125,294)	
Restated opening balance under IFRS 9	275,100	-	18,265	98,146	57,531	52,342	(147,665)	353,719	
Deposit for Shares	-	277,000	-	-	-	-	-	277,000	
Profit for the year	-	-	-	-	-	-	5,908	5,908	
Other Comprehensive Income Net of Tax									
Net Change in fair value of Equity Investments	-	-	-	-	-	3,084	-	3,084	
Transfer from income surplus to reserves									
Transfer to/(from) credit risk reserve	-	-	149,375	-	-	-	(149,375)	-	
Transfer from income surplus to reserves and transactions with owners recorded directly in equity	-	-	-	2,954	-	-	(2,954)	-	
Balance at December 31, 2018	275,100	277,000	167,640	101,100	57,531	55,426	(294,086)	639,711	
In thousands of GH¢	Stated Capital	Deposit for Shares	Credit Risk Reserve	Statutory Reserve	Revaluation Reserve	Other Reserves	Income Surplus	Total	
Balance at January 1, 2017	75,000	-	171,417	84,891	57,531	54,617	(188,778)	254,678	
Additional Capital	200,100	-	-	-	-	-	-	200,100	
Profit for the year	-	-	-	-	-	-	26,510	26,510	
Other Comprehensive Income, net of income tax									
Net Change in fair value	-	-	-	-	-	(2,275)	-	(2,275)	
Transfer from income surplus to reserves									
Transfer to/(from) credit risk reserve	-	-	13,906	-	-	-	(13,906)	-	
Transfers from income surplus to reserves and transactions with owners recorded directly in Equity	-	-	-	13,255	-	-	(13,255)	-	
Balance at December 31, 2017	275,100	-	185,323	98,146	57,531	52,342	(189,429)	479,013	

AGRICULTURAL DEVELOPMENT BANK LIMITED
AUDITED SUMMARY FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

STATEMENT OF CASHFLOWS FOR THE YEAR ENDED DECEMBER 31,2018		
	2018 GH¢'000	2017 GH¢'000
Cash flows from operating activities		
Profit before tax	34,057	47,339
Adjustments for:		
Unrealised exchange differences	-	1,434
Depreciation and amortization	22,720	18,365
Impairment charge on Financial Assets	10,190	49,823
Impairment of equity investment	2,985	-
Dividend received	(2,678)	(2,921)
Loss on disposal of property and equipment	-	4
Net interest income	(265,351)	(309,611)
(Loss) before working capital changes	(198,077)	(195,567)
Changes in :		
Loans & advances	(68,934)	(175,159)
Other assets	29,876	(39,322)
Deposits from customers	46,362	391,066
Other liabilities	12,772	14,329
	(178,001)	(4,653)
Interest Income received	502,166	512,144
Interest expense paid	(215,037)	(202,463)
Dividend Income	2,678	2,921
Taxes paid (NFSL)	(1,507)	(2,378)
Income Tax Paid	(9,796)	(6,442)
Tax refund	4,040	10,470
Net cash generated from operating activities	104,543	309,598
Cash flows from investing activities		
Purchase of property and equipment	(7,106)	(12,989)
Purchase of medium and long term government securities	(459,975)	(118,732)
Proceeds from the sale of property and equipment	186	-
Purchase of intangible assets	(1,851)	(11,485)
Proceeds from disposal of associated company	-	181
Net cash used in investing activities	(468,746)	(143,025)
Cash flows from financing activities		
Payments in borrowed funds	(1,011,971)	-
Receipts in borrowed funds	947,317	71,232
Proceeds from Right Issue of shares	127,000	-
Net cash generated from financing activities	62,346	71,232
(Decrease)/ Increase in cash and cash equivalents	(301,857)	237,806
Cash and cash equivalents at 1 January	1,768,927	1,532,555
Effect of exchange rate fluctuation on cash held	(3,422)	(1,434)
Cash and cash equivalents at 31 December	1,463,648	1,768,927

The financial statements presented are an extract from the annual financial statements of the Bank for the year ended December 31, 2018. 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 Ambadassadorial Development Area, Accra. The auditor's report was signed on 29th March, 2019 and has been extracted from the annual financial statements of the Bank.

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.

The financial statements were authorised for issue by the Board of Directors on 29th March 2019

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 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. The financial statements have been prepared on a historical cost basis except for the following material items: buildings which are carried at revalued amounts and available- for- sale assets carried at fair value.

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. Contingent Liabilities

	2018 GH¢'000	2017 GH¢'000
Guarantee and indemnities	199,663	151,120
Letters of credit	175,144	123,956
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	374,807	275,076
	=====	=====

6. Quantitative Disclosures

	2018 %	2017 %
Capital Adequacy Ratio	13.70	13.72
Non performing loans to gross loans	49.29	42.87
Loan Loss provision	36.88	35.41
Liquid ratio	135.24	144.20
Default in statutory requirements:		
Sanctions	94.6	Nil

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.

Approval of the Financial Statements

The financial statements of the Bank were approved by the Board of Directors on 29th March 2019 and were signed on their behalf by

Alex Bernasko
Chairman

Dr. John Kofi Mensah
Managing Director

REPORT OF THE INDEPENDENT AUDITOR ON THE SUMMARY FINANCIAL STATEMENTS TO THE SHAREHOLDERS OF AGRICULTURAL DEVELOPMENT BANK LIMITED

Opinion

The summary financial statements, which comprise the summary Statement of Financial Position as at 31 December 2018, Summary Statement of Comprehensive Income, summary Statement of Cash Flows for the year then ended, and the related notes, are derived from the audited financial statements of Agricultural Development Bank Limited for the year ended 31 December 2018.

In our opinion, the accompanying summary financial statements are consistent, in all material respects, with the audited financial statements, in accordance with International Standards on Auditing (ISA) 810 (Revised), Engagement to Report on Summary Financial Statements.

Summary financial statements

The summary financial statements do not contain all the disclosures required by International Financial Reporting Standards, the Companies Act, 1963 (Act 179) and The Banks and Deposit-Taking Institutions Act, 2016 (Act 930). Reading the summary financial statements and the auditor's report thereon, therefore, is not a substitute for reading the audited financial statements and the auditor's report thereon. The summary financial statements and the audited financial statements do not reflect the effects of events that occurred subsequent to the date of our report on the audited financial statements.

The audited financial statements and our report thereon

We expressed an unmodified audit opinion on the audited financial statements in our report dated 29 March, 2019. That report also includes the communication of other key matters. Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period.

Directors' Responsibility for the Financial Statements

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

Management's responsibility for the summary financial statements

Management is responsible for the preparation of the summary financial statements in accordance with the Bank of Ghana Guide for financial publication for banks and Bank of Ghana (BOG) licensed financial Institutions.

Auditor's responsibility

Our responsibility is to express an opinion on whether the summary financial statements are consistent, in all material respects, with the audited financial statements based on our procedures, which were conducted in accordance with International Standards on Auditing (ISA) 810 (Revised), Engagement to Report on Summary Financial Statements.

Signed by Victor Gborglah (ICAG/P/1151)
 For and on behalf of Ernst & Young (ICAG/F/2019/126)
 Chartered Accountants
 Accra, Ghana

Date: 29 March, 2019

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