

AGRICULTURAL DEVELOPMENT BANK LIMITED

AUDITED SUMMARY FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2021

AUDITED STATEMENT OF FINANCIAL POSITION AS AT DECEMBER 31, 2021

	2021 GH¢ '000	2020 GH¢ '000
Assets		
Cash and bank balances	924,619	755,756
Due from other banks	346,219	309,098
Investment securities	2,400,655	2,222,139
Loans and advances to customers	2,282,312	1,911,988
Investment (other than securities)	99,926	91,892
Corporate tax assets	0	2,399
Other assets	52,253	61,742
Intangible assets	28,032	37,701
Property and equipment	113,735	95,800
Right of use asset	150,555	183,525
Deferred tax assets	55,813	43,754
Total Assets	6,454,119	5,715,794
Liabilities		
Deposits from customers	4,927,216	4,281,037
Corporate tax liability	35,273	-
Other liabilities	95,996	89,137
Borrowed funds	294,559	313,173
Lease liability	162,820	181,824
Total Liabilities	5,515,864	4,865,171
Equity		
Share capital	698,700	698,700
Accumulated losses	(236,645)	(252,236)
Revaluation reserve	57,531	57,531
Statutory reserve	182,015	141,214
Credit risk reserve	178,298	153,088
Fair value through OCI	58,356	52,326
Shareholders' funds	938,255	850,623
Total liabilities and shareholders' funds	6,454,119	5,715,794

AUDITED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED DECEMBER 31, 2021

	2021 GH¢ '000	2020 GH¢ '000
Interest income	728,235	628,959
Interest expense	(247,909)	(213,546)
Net interest income	480,326	415,413
Fees and commission income	101,319	87,585
Fees and commission expense	(10,116)	(12,171)
Net fees and commission income	91,203	75,414
Net trading income	55,874	52,612
Other operating income	12,412	10,533
Operating Income	639,815	553,972
Impairment loss on financial assets	(41,781)	(23,163)
Personnel expenses	(250,281)	(233,468)
Other operating expenses	(154,710)	(138,096)
Depreciation and Amortization	(66,946)	(61,556)
Profit before tax	126,097	97,689
Income tax expense	(44,495)	(32,286)
Profit after tax	81,602	65,403
Other comprehensive income, net of tax of items that will not be reclassified to profit or loss		
Fair value through other Comprehensive Income	6,030	(7,837)
Other comprehensive income for the year	6,030	(7,837)
Total comprehensive income for the year	87,632	57,566
Profit attributable to:		
Equity holders of the bank	81,602	65,403
Total comprehensive income attributable to:		
Equity holders of the Bank	87,632	57,566
Earnings per share		
Basic (in Ghana pesewas)	23.52	18.85
Diluted (in Ghana pesewas)	23.52	18.85

AUDITED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED DECEMBER 31, 2021

In thousands of GHS	Stated Capital	Deposit for Shares	Credit Risk Reserve	Statutory Reserve	Revaluation Reserve	Other Reserves	Accumulated Losses	Total
Balance at January 1, 2021	698,700	-	153,088	141,214	57,531	52,325	(252,235)	850,623
Additional Capital								
Profit/Loss for the year							81,602	81,602
Other Comprehensive income net of tax								
Net Change in fair value of equity investments						6,030		6,030
Transfer from income surplus to reserves and transactions with owners recorded directly in equity				40,801			(40,801)	
Transfer to/(from) credit risk reserve			25,210				(25,210)	
Balance at 31 December , 2021	698,700	-	178,298	182,015	57,531	58,355	(236,644)	938,255
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, 2020	421,700	277,000	157,827	108,512	57,531	60,163	(289,349)	793,384
Additional Capital								
Deposit for Shares	277,000	(277,000)						
Transaction costs related to Right Issue							(326)	(326)
Profit/Loss for the year							65,403	65,403
Other Comprehensive income, net of income tax								
Net Change in fair value						(7,838)		(7,838)
Transfer from income surplus to reserves and transactions with owners recorded directly in equity			(4,739)				4,739	
Transfer to/(from) credit risk reserve					32,702		(32,702)	
Transfers from income surplus to reserves and transactions with owners recorded directly in Equity								
Balance at 31 December , 2020	698,700	-	153,088	141,214	57,531	52,325	(252,235)	850,623

AGRICULTURAL DEVELOPMENT BANK LIMITED

AUDITED SUMMARY FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2021

(Continuation)

AUDITED STATEMENT OF CASHFLOWS FOR THE YEAR ENDED DECEMBER 31, 2021

	2021 GH¢'000	2020 GH¢'000
Cash flows from operating activities		
Profit before tax	126,097	97,689
Adjustments for:		
Depreciation and amortization	66,946	61,556
Impairment charge on Financial Assets	41,781	23,163
Dividend received	-	(186)
(Gain)/loss on disposal of property and equipment	(264)	-
Non-Cash Items	-	-
Net interest income	(480,326)	(415,413)
(Loss) before working capital changes	(245,766)	(233,191)
Changes in :		
Loans & advances	(420,232)	(445,674)
Other assets	9,490	5,635
Deposits from customers	642,739	890,656
Restricted cash	16,704	(7,537)
Other liabilities	29,942	(4,193)
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	32,877	205,696
Interest Income received	650,811	542,903
Interest expense paid	(240,656)	(201,558)
Dividend Income	-	186
Taxes paid (NFSL)	-	(1,507)
Income Tax Paid	(20,893)	(9,796)
Tax refund	-	-
Net cash generated from operating activities	422,139	535,924
Cash flows from investing activities		
Purchase of property and equipment	(32,789)	(12,751)
Purchase of medium and long term government securities	(10,067,284)	(1,340,315)
Redemption of medium and long term government securities	9,447,737	368,003
Proceeds from the sale of property and equipment	270	-
Purchase of intangible assets	(2,764)	(25,882)
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	(654,830)	(1,010,945)
Net cash used in investing activities	(654,830)	(1,010,945)
Cash flows from financing activities		
Payments in borrowed funds	(641,191)	(137,256)
Receipts in borrowed funds	618,764	169,947
Payments of Principal portion of Lease liability	(20,502)	(34,660)
Payments of right of use assets	(5,196)	(17,008)
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	(48,125)	(18,977)
Net cash generated from financing activities	(48,125)	(18,977)
Increase in cash and cash equivalents	(280,816)	(493,998)
Cash and cash equivalents at 1 January	1,392,493	1,885,508
Effect of exchange rate fluctuation on cash held	-	983
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Cash and cash equivalents at 31 December	1,111,677	1,392,493
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The financial statements presented are an extract from the annual financial statements of the Bank for the year ended 31 December, 2021. 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 Ambassadior Development Area, Accra. The auditor's report was signed on 31 March, 2022 and has been extracted from the annual financial statements of the Bank.

1. General Information

Agricultural Development Bank Limited (ADB) Plc is a bank incorporated in Ghana. The registered office of the bank is located at Accra Financial Centre, 3rd Ambassadior 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 authorized for issue by the Board of Directors on 29 March, 2022.

2. Summary of Significant Accounting Policies

The financial statements of the Bank 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, 2019 (Act 992) and the Banks 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 fair value of Equity Investments through Other Comprehensive Income.

The published summary financial statements have been extracted and presented from the Bank's Audited Financial Statements in accordance with the Bank of Ghana Guide for financial publication for banks & Bank of Ghana (BOG) licensed financial institutions.

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

	2021 GH¢'000	2020 GH¢'000
Guanrantees and indemnities	33,702	244,331
Letters of credit	107,279	53,780
Undrawn Overdrafts	33,545	56,641
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	174,526	354,752
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6. Quantitative Disclosures

	2021	2020
Capital Adequacy Ratio	14.49	14.87
Non performing loans to gross loans	31.21	34.40
Loan Loss provision	16.87	17.53
Liquid ratio	101.87	117.76

7. Default in statutory requirements and accompanying sanctions:

For the period under review, the bank did not record any statutory liquidity breaches and therefore did not incur any sanctions.

	GH¢'000	GH¢'000
(i) Sanctions (GHS'000)	NIL	NIL
(ii) Default in statutory liquidity	NIL	NIL

Other regulatory breaches (including onsite examination)

	2021	2020
(i) Sanctions (GHS'000)	374	24
(ii) Number of breaches	1	2

8. Corporate Social Responsibility

A total amount of GHS4,057 (December, 2020: GHS4,025) was spent in respect of Corporate Social Responsibility for the period ended 31 December 2021; these included sponsorship for Best farmer award, donation to schools and others of national interest.

9. 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 and managed as well as 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 29 March, 2022 and were signed on their behalf by:

Daasebre Akuamoah Agyapong II
Chairman

Dr. John Kofi Mensah
Managing Director

Independent Auditor's Report to the Members of Agricultural Development Bank PLC

The summary financial statements, which comprise the summary statement of financial position as at December 31, 2021, 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 Plc for the year ended 31 December 2021.

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, 2019 (Act 992) and the Banks and Specialised 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 March 31, 2022. That report also includes the communication of 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.

Management's responsibility for the summary financial statements

Management is responsible for the preparation of the summary financial statements in accordance with the Guide for financial publication for banks & Bank of Ghana 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.

The engagement partner on the audit resulting in this independent auditor's report on Summary Financial Statements is Emmanuel Adekahlor (ICAG/1596).

Ernst & Young (ICAG/F/2022/126)
Chartered Accountants
Accra, Ghana
Date: March 31, 2022

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