

AGRICULTURAL DEVELOPMENT BANK LIMITED

AUDITED SUMMARY FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER, 2019

STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER, 2019			STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER, 2019		
	2019 GH¢ '000	2018 GH¢ '000		2019 GH¢ '000	2018 GH¢ '000
Assets			Interest income	491,211	478,702
Cash and bank balances	927,086	652,828	Interest expense	(191,115)	(213,351)
Due from other banks	271,895	374,338	Net interest income	300,096	265,350
Investment securities	1,522,828	1,174,749	Fees and commission income	73,946	75,464
Loans and advances to customers	1,468,653	1,068,814	Fees and commission expense	(14,913)	(8,310)
Investment (other than securities)	102,322	95,861	Net fees and commission income	59,033	67,154
Corporate tax assets	5,634	3,401	Net trading income	50,382	45,704
Intangible assets	20,798	28,466	Other operating income	17,515	9,268
Other assets	67,379	45,829	Operating income	427,026	387,476
Property and equipment	95,766	98,846			
Right of use assets	36,408	-	Impairment loss on financial assets	(15,614)	(10,187)
Deferred tax assets	58,890	54,262	Personnel expenses	(206,711)	(181,232)
Total Assets	4,577,659	3,597,395	Other Expenses	(133,545)	(139,281)
			Depreciation and Amortization	(53,272)	(22,720)
Liabilities			Profit before tax	17,884	34,056
Borrowed funds	277,618	274,322	Income tax expense	(3,061)	(28,149)
Deposits from customers	3,392,209	2,586,265	Profit after tax	14,823	5,908
Derivative liabilities held for risk management	-	-	Other comprehensive income, net of tax		
Corporate tax liability	-	-	<i>Items that will not be reclassified to profit or loss</i>		
Other liabilities	80,243	97,097	Fair value through other comprehensive income	4,737	3,084
Lease liability	34,205	-	Other comprehensive income for the year	4,737	3,084
Total liabilities	3,784,275	2,957,684	Total comprehensive income for the year	19,560	8,992
			Profit attributable to:		
Equity			Equity holders of the bank	14,823	5,908
Share capital	421,700	275,100	Total comprehensive income attributable to:		
Deposits for shares	277,000	277,000	Equity holders of the Bank	19,560	8,992
Income surplus	(289,349)	(294,086)	Earnings per share		
Revaluation reserve	57,531	57,531	Basic (in Ghana pesewas)	5.66	3
Statutory reserve	108,512	101,100	Diluted (in Ghana pesewas)	4.93	
Credit risk reserve	157,827	167,640			
Fair value through OCI	60,163	55,426			
Shareholders' funds	793,384	639,711			
Total liabilities and shareholders' funds	4,577,659	3,597,395			

AUDITED STATEMENT OF CHANGES IN EQUITY

In thousands of GH¢	Stated Capital	Deposit for Shares	Credit Risk Reserve	Statutory reserve	Revaluation Reserve	Other Reserves	Retained Earnings	Total
Balance at 1 January, 2019	275,100	277,000	167,640	101,100	57,531	55,426	(294,086)	639,711
Additional Capital								
Right Issue	146,600	-	-	-	-	-	-	146,600
Deposit for Shares	-	-	-	-	-	-	-	-
Profit/Loss for the year	-	-	-	-	-	-	14,824	14,824
Transaction costs related to Right Issue	-	-	-	-	-	-	(12,487)	(12,487)
Other Comprehensive Income Net of Tax								
Net Change in fair value of Equity Investments	-	-	-	-	-	4,737	-	4,737
Transfer from income surplus to reserves and transactions with owners recorded directly in equity	-	-	-	7,412	-	-	(7,412)	-
Transfer to/(from) credit risk reserve	-	-	(9,813)	-	-	-	9,813	-
Balance at December 31, 2019	421,700	277,000	157,827	108,512	57,531	60,163	(289,349)	793,385

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AUDITED SUMMARY FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER, 2019

<i>...continued previous next page</i>		Deposit for	Credit Risk		Revaluation		Retained	
In thousands of GH¢	Stated Capital	Shares	Reserve	Statutory reserve	Reserve	Other Reserves	Earnings	Total
Balance at 1 January, 2018	275,100	-	185,323	98,146	57,531	52,342	(189,429)	479,013
Additional Capital								
Deposit for Shares		277,000						277,000
Profit/Loss for the year	-	-	-	-	-	-	5,908	5,908
Other Comprehensive Income, net of income tax								
Net Change in fair value	-	-	-	-	-	3,084	-	3,084
Impact of IFRS 9			(167,058)	-	-	-	41,764	(125,293)
Transfer from income surplus to reserves and								
Transfer to/(from) credit risk reserve	-	-	149,375	-	-	-	(149,375)	-
Transfers from income surplus to reserves and								
transactions with owners recorded directly in Equity	-	-	-	2,954	-	-	(2,954)	-
Balance at 31 December, 2018	275,100	277,000	167,640	101,100	57,531	55,426	(294,086)	639,711

STATEMENT OF CASHFLOWS FOR THE YEAR ENDED 31 DECEMBER, 2019

	2019 GH¢'000	2018 GH¢'000
Cash flows from operating activities		
Profit before tax	17,884	34,056
Adjustments for:		
Depreciation and amortization	53,272	22,720
Impairment charge on financial assets	15,614	10,187
Impairment of investment	22,181	2,985
Finance cost- lease liability	8,138	
Dividend received	(1,302)	(2,678)
(Gain)/loss on disposal of property and equipment	(17)	(0)
Net interest income	(300,096)	(265,350)
(Loss) before working capital changes	(184,327)	(198,081)
Changes in :		
Loans & advances	(401,264)	(68,934)
Other assets	(32,653)	29,876
Deposits from customers	805,944	46,362
Restricted cash	(21,000)	-
Other liabilities	(5,975)	12,777
	160,725	(178,000)
Interest income received	467,110	502,166
Interest expense paid	(188,006)	(215,037)
Dividend income	1,302	2,678
Taxes paid (NFSL)	(1,703)	(1,507)
Income tax paid	(9,796)	(9,796)
Tax refund	-	4,040
Net cash generated from operating activities	429,631	104,545
Cash flows from investing activities		
Purchase of property and equipment	(10,924)	(7,113)
Purchase / Redemption of medium and long term government securities	(98,332)	(459,970)
Proceeds from the sale of property and equipment	395	186
Purchase of intangible assets	(35)	(1,851)
Purchase of Shares from S.W.I.F.T	(145)	-
Net cash used in investing activities	(109,042)	(468,748)
Cash flows from financing activities		
Payments in borrowed funds	(150,474)	(1,011,971)
Payments of principal portion of lease liability	(31,180)	
Receipts in borrowed funds	153,664	947,317
Proceeds from right Issue of shares	146,600	127,000
Transaction costs related to right issue	(12,487)	-
Net cash generated from financing activities	106,122	62,346
Increase in cash and cash equivalents	426,711	(301,857)
Cash and cash equivalents at 1 January	1,463,647	1,768,927
Effect of exchange rate fluctuation on cash held	(4,850)	(3,422)
Cash and cash equivalents at 31 December	1,885,508	1,463,647

The financial statements presented are an extract from the annual financial statements of the Bank for the year ended 31 December, 2019. 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 Ambassadorial Development Area, Accra. The auditor's report was signed on **30 March, 2020** 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 Ambassadorial 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 **26 March, 2020**

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. 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, 2019 (Act 992) 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 fair value of Equity Investments through Other Comprehensive Income.

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

	2019 GH¢'000	2018 GH¢'000
Guanrantees and indemnities	159,236	199,663
Letters of credit	207,865	175,144
	367,100	374,807

6. Quantitative Disclosures

	2019 %	2018 %
Capital Adequacy Ratio	16.45	13.70
Non performing loans to gross loans	41.72	49.29
Loan Loss provision	28.97	36.88
Liquid ratio	144.98	135.24

7. Default in statutory requirements and accompanying sanctions:

	GH¢'000	GH¢'000
Sanctions	126	94.6
Default in statutory requirements (Number)	5	3

8. Corporate Social Responsibility


Amount spent on Corporate Social responsibility for the year to 31 December, 2019 amounted GHS2,115 (December 2018: GHS1,513)These included Best farmer sponsorship, 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 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 **26 March, 2020** and were signed on their behalf by


Chairman
Alex Bernasko


Managing Director
Dr. John Kofi Mensah

Report of the independent auditor on the summary financial statements to the shareholders of Agricultural Development Bank Limited

Opinion

The condensed financial statements, which comprise the statements of financial position as at 31 December 2019, and the statements of comprehensive income and cash flows for the year then ended and related notes are derived from the audited financial statements of Agricultural Development Bank Limited for the year ended 31 December 2019.

In our opinion, the accompanying condensed financial statements are consistent, in all material respects, with the audited financial statements, in accordance with the basis described in the notes.

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 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 **30 March, 2020**. 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.

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


Signed by Victor Gborglah (ICAG/P/1151)
For and on behalf of Ernst & Young (ICAG/F/2020/126)
Chartered Accountants
Accra, Ghana
Date: 30 March, 2020

