

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

#### 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
<b>Additional Capital</b>								
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)
<b>Other Comprehensive Income Net of Tax</b>								
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	-
<b>Balance at December 31, 2019</b>	<b>421,700</b>	<b>277,000</b>	<b>157,827</b>	<b>108,512</b>	<b>57,531</b>	<b>60,163</b>	<b>(289,349)</b>	<b>793,385</b>

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# AGRICULTURAL DEVELOPMENT BANK LIMITED

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

...continued previous next page	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, 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
<b>Cash flows from operating activities</b>		
Profit before tax	17,884	34,056
<b>Adjustments for:</b>		
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)
<b>(Loss) before working capital changes</b>	(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
<b>Net cash generated from operating activities</b>	429,631	104,545
<b>Cash flows from investing activites</b>		
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)	-
<b>Net cash used in investing activities</b>	(109,042)	(468,748)
<b>Cash flows from financing activities</b>		
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)	-
<b>Net cash generated from financing activities</b>	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)
<b>Cash and cash equivalents at 31 December</b>	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 Ambassadior 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 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 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
Guanantees 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, 20