

AGRICULTURAL DEVELOPMENT BANK LIMITED

UNAUDITED SUMMARY FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

STATEMENT OF FINANCIAL POSITION AS AT DECEMBER 31,2019

	2019 GH¢ '000	2018 GH¢ '000
Assets		
Cash and Bank Balances	927,820	652,828
Due from other Banks	293,192	374,338
Investment securities	1,522,828	1,174,749
Loans and advances to customers	1,498,124	1,068,814
Investment (other than securities)	101,696	95,861
Corporate tax assets	3,597	3,401
Intangible assets	20,798	28,466
Other assets	52,956	45,829
Property and equipment	95,838	98,846
Right of Use (IFRS 16)	125,145	0
Deferred tax assets	52,840	54,262
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Total Assets	4,694,833	3,597,395
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Liabilities		
Borrowed funds	277,673	274,322
Deposits from customers	3,392,095	2,586,265
Other liabilities	92,393	97,097
Lease Liability (IFRS 16)	115,158	0
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Total liabilities	3,877,319	2,957,684
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Equity		
Share capital	421,700	275,100
Deposits for shares	277,000	277,000
Income surplus	(285,627)	(294,087)
Revaluation reserve	57,530	57,530
Statutory reserve	116,920	101,100
Credit risk reserve	170,295	167,641
Fair value through OCI	59,695	55,427
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Shareholders' funds	817,514	639,711
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Total liabilities and Shareholders' Funds	4,694,832.89	3,597,394.91
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STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED DECEMBER 31, 2019

	2019 GH¢ '000	2018 GH¢ '000
Interest income	485,301	478,702
Interest expense	(182,378)	(213,351)
Net interest income	302,923	265,350
Fees and commission income	84,099	75,464
Fees and commission expense	(14,648)	(8,310)
Net fees and commission income	69,451	67,154
Net trading income	50,382	45,704
Other operating income	6,766	9,268
Operating Income	429,522	387,476
Impairment loss on financial assets	(4,885)	(10,187)
Personnel expenses	(208,129)	(181,232)
Depreciation and Amortization	(22,153)	(22,720)
Other Expenses	(151,411)	(139,281)
Profit before Tax	42,944	34,056
Income tax expense	(11,303)	(28,149)
Profit after tax	31,641	5,908
Other comprehensive income, net of tax of Items that will never be reclassified to profit or loss		
Fair value through other Comprehensive Income	4,267	3,084
Other comprehensive income for the year	4,267	3,084
Total comprehensive income for the year	35,908	8,992
Profit attributable to:		
Equity holders of the bank	31,641	5,908
Total comprehensive income attributable to:		
Equity holders of the Bank	35,908	8,992
Earnings per share		
Basic and diluted (in Ghana pesewas)	11	3

UNAUDITED STATEMENT OF CHANGES IN EQUITY

	In thousands of GH¢	Stated Capital	Revaluation Reserve	Other Reserves	Income surplus	Total
Balance at January 1, 2019		275,100	57,530	55,427	(294,087)	639,711
Additional Capital						
Right Issue		146,600	-	-	-	146,600
Deposit for Shares		-	-	-	-	-
Profit/Loss for the year		-	-	-	31,641	31,641
Transaction costs related to Right Issue		-	-	-	(4,705)	(4,705)
Other Comprehensive Income Net of Tax						
Net Change in fair value of Equity Investments		-	-	4,267	-	4,267
Transfer from income surplus to reserves and transactions with owners recorded directly in equity		-	-	-	(15,820)	(15,820)
Transfer to/(from) credit risk reserve		-	-	-	(2,654)	(2,654)
Balance at December 31, 2019		421,700	57,530	59,695	(285,627)	817,514
Balance at January 1, 2018		275,100	57,530	52,343	(189,430)	479,013
Additional Capital						
Deposit for Shares		-	-	-	-	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		-	-	-	41,764	(125,293)
Transfer from income surplus to reserves and transactions						
Transfer to/(from) credit risk reserve		-	-	-	(149,375)	-
Transfers from income surplus to reserves and transactions with owners recorded directly in Equity		-	-	-	(2,954)	-
Balance at December 31, 2018		275,100	57,530	55,427	(294,087)	639,711

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED DECEMBER 31, 2019

	2019 GH¢'000	2018 GH¢'000
Cash flows from operating activities		
Profit before tax	42,944	34,056
Adjustments for:		
Unrealised exchange differences	-	-
Depreciation and amortization	22,153	22,720
Impairment charge on Financial Assets	4,885	10,187
Impairment of equity investment	-	2,985
Dividend received	(1,302)	(2,678)
(Gain)/loss on disposal of property and equipment	(17)	(0)
Non-Cash Items	3,561	
Net interest income	(302,923)	(265,350)
(Loss) before working capital changes	(230,700)	(198,081)
Changes in :		
Loans & advances	(432,788)	(68,934)
Other assets	(9,965)	29,876
Deposits from customers	802,883	46,362
Impairment of equity investment(Ayensu Starch)		
Other liabilities	(7,222)	12,777
	122,208	(178,000)
Interest Income received	460,089	502,166
Interest expense paid	(179,269)	(215,037)
Dividend Income	1,302	2,678
Taxes paid (NFSL)	(1,326)	(1,507)
Income Tax Paid	(7,347)	(9,796)
Tax refund	-	4,040
Net cash generated from operating activities	395,658	104,545
Cash flows from investing activities		
Purchase of property and equipment	(11,106)	(7,113)
Purchase / Redemption of medium and long term government securities	(98,330)	(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	135	-
Net cash used in investing activities	(108,941)	(468,748)
Cash flows from financing activities		
Payments in borrowed funds	(24,324)	(1,011,971)
Receipts in borrowed funds	27,004	947,317
Proceeds from Right Issue of shares	146,600	127,000
Transaction costs related to Right Issue	(4,705)	-
Net cash generated from financing activities	144,574	62,346
Increase in cash and cash equivalents	431,292	(301,857)
Cash and cash equivalents at 1 January	1,463,647	1,768,927
Effect of exchange rate fluctuation on cash held	12,304	(3,422)
Cash and cash equivalents at 31 December	1,907,243	1,463,647

The financial statements presented are an extract from the annual financial statements of the Bank for the year ended December 31, 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.

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.

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

	2019	2018
	%	%
Capital Adequacy Ratio	15.11	9.38
Non performing loans to gross loans	40.24	49.29
Loan Loss provision	29.62	36.88
Liquid ratio	144.98	135.24

7. Default in statutory requirements and accompanying sanctions:

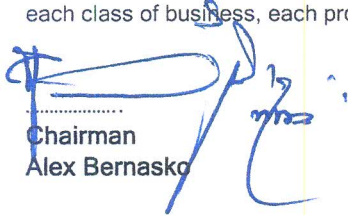
	GH¢'000	GH¢'000
Sanctions	126	94.6
Default in statutory requirements (numbers)	5	3

8. Corporate Social Responsibility

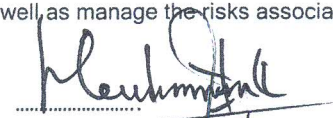
Amount spent on Corporate Social responsibility for December 2019 amounted GHS2,115,044.00 (December 2018: GHS1,513,373.44)

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



Chairman
Alex Bernasko



Managing Director
Dr. John Kofi Mensah