

AGRICULTURAL DEVELOPMENT BANK LIMITED

AUDITED SUMMARY FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2020

	2020 GH¢ '000	2019 GH¢ '000
Assets		
Cash and bank balances	755,756	927,086
Due from other banks	309,098	271,895
Investment securities	2,222,139	1,522,828
Loans and advances to customers	1,911,988	1,468,653
Investment (other than securities)	91,892	102,322
Corporate tax assets	2,397	5,634
Intangible assets	37,701	20,798
Other assets	61,744	67,379
Property and equipment	95,800	95,766
Right of use asset	183,525	36,408
Deferred tax assets	43,754	58,890
Total Assets	5,715,794	4,577,659
Liabilities		
Borrowed funds	313,173	277,618
Deposits from customers	4,281,037	3,392,209
Other liabilities	89,138	80,243
Lease liability	181,823	34,205
Total liabilities	4,865,171	3,784,275
Equity		
Share capital	698,700	421,700
Deposits for shares	0	277,000
Accumulated losses	(252,236)	(289,349)
Revaluation reserve	57,531	57,531
Statutory reserve	141,214	108,512
Credit risk reserve	153,088	157,827
Fair value through OCI	52,326	60,163
Shareholders' funds	850,623	793,384
Total liabilities and shareholders' funds	5,715,794	4,577,659

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2020

	2020 GH¢ '000	2019 GH¢ '000
Interest income	628,959	491,211
Interest expense	(213,546)	(191,115)
Net interest income	415,413	300,096
Fees and commission income	87,586	73,946
Fees and commission expense	(12,171)	(14,913)
Net fees and commission income	75,415	59,033
Net trading income	52,611	50,382
Other operating income	10,533	17,515
Operating Income	553,972	427,026
Impairment loss on financial assets	(23,163)	(15,614)
Personnel expenses	(233,476)	(206,711)
Other expenses	(138,088)	(133,545)
Depreciation and Amortization	(61,556)	(53,272)
Profit before tax	97,689	17,884
Income tax expense	(32,286)	(3,061)
Profit after tax	65,403	14,823
Other comprehensive income, net of tax of Items that will not be reclassified to profit or loss		
Fair value through other Comprehensive Income	(7,837)	4,737
Other comprehensive income for the year	(7,837)	4,737
Total comprehensive income for the year	57,566	19,560
Profit attributable to:		
Equity holders of the bank	65,403	14,823
Total comprehensive income attributable to: Equity holders of the Bank	57,566	19,560
Earnings per share		
Basic (in Ghana pesewas)	24.99	5.66
Diluted (in Ghana pesewas)	24.99	4.27

AUDITED STATEMENT OF CHANGES IN EQUITY

In thousands of GH¢	Stated Capital	Deposit for Shares	Credit Risk Reserve	Statutory Reserve	Revaluation Reserve	Other Reserves	Accumulated Losses	Total
Balance at 1 January 2020	421,700	277,000	157,827	108,512	57,531	60,163	(289,349)	793,384
Additional Capital								
Transfer from deposit for shares to stated capital	277,000	(277,000)	-	-	-	-	-	-
Profit/Loss for the year	-	-	-	-	-	-	65,403	65,403
Transaction costs related to Right Issue	-	-	-	-	-	-	(327)	(327)
Other Comprehensive income net of tax								
Net Change in fair value of equity investments	-	-	-	-	-	(7,837)	-	(7,837)
Transfer from income surplus to reserves and transactions with owners recorded directly in equity	-	-	-	32,702	-	-	(32,702)	0.000
Transfer to/(from) credit risk reserve	-	-	(4,739)	-	-	-	4,739	-
Balance at 31 December 2020	698,700	-	153,088	141,214	57,531	52,326	(252,236)	850,623

In thousands of GH¢	Stated Capital	Deposit for Shares	Credit Risk Reserve	Statutory Reserve	Revaluation Reserve	Other Reserves	Accumulated Losses	Total
Balance at 1 January 2019	275,100	-	167,640	101,100	57,531	55,426	(294,086)	362,711
Additional Capital	146,600	-	-	-	-	-	-	146,600
Deposit for Shares	-	277,000	-	-	-	-	(12,487)	264,513
Transaction costs related to Right Issue	-	-	-	-	-	-	-	-
Profit/Loss for the year	-	-	-	-	-	-	14,824	14,824
Other Comprehensive income, net of income tax								
Net Change in fair value	-	-	-	-	-	4,737	-	4,737
Impact of IFRS 9	-	-	-	-	-	-	-	-
Transfer from income surplus to reserves and transactions with owners recorded directly in Equity								
Transfer to/(from) credit risk reserve	-	-	(9,813)	-	-	-	9,813	-
Transfers from income surplus to reserves and transactions with owners recorded directly in Equity	-	-	-	7,412	-	-	(7,412)	-
Balance at 31 December 2019	421,700	277,000	157,827	108,512	57,531	60,163	(289,349)	793,384

AGRICULTURAL DEVELOPMENT BANK LIMITED

AUDITED SUMMARY FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

STATEMENT OF CASHFLOWS FOR THE YEAR ENDED 31 DECEMBER 2020

	2020 GH¢'000	2019 GH¢'000
Cash flows from operating activities		
Profit before tax	97,689	17,884
Adjustments for:	-	-
Depreciation and amortization	61,556	53,272
Impairment charge on Financial Assets	23,163	15,614
Impairment of investment	-	22,181
Finance cost- lease Liability	-	8,138
Dividend received	(186)	(1,302)
(Gain)/loss on disposal of property and equipment	-	(17)
Net interest income	(415,413)	(300,096)
(Loss) before working capital changes	(233,191)	(184,327)
Changes in :		
Loans & advances	(445,674)	(401,264)
Other assets	5,635	(32,653)
Deposits from customers	890,656	805,944
Restricted cash	(7,537)	(21,000)
Other liabilities	(4,194)	(5,975)
	205,695	160,725
Interest Income received	542,903	467,110
Interest expense paid	(201,558)	(188,006)
Dividend Income	186	1,302
Taxes paid (NFSL)	(1,507)	(1,703)
Income Tax Paid	(9,796)	(9,796)
Tax refund	-	-
Net cash generated from operating activities	535,923	429,631
Cash flows from investing activities		
Purchase of property and equipment	(12,752)	(10,924)
Purchase of medium and long term government securities	(1,340,315)	(98,332)
Redemption of medium and long term government securities	368,003	-
Proceeds from the sale of property and equipment	-	395
Purchase of intangible assets	(25,882)	(35)
Purchase of Shares from S.W.I.F.T	-	(145)
Net cash used in investing activities	(1,010,946)	(109,042)
Cash flows from financing activities		
Payments in borrowed funds	(137,257)	(150,474)
Receipts in borrowed funds	169,948	153,664
Payments of Principal portion of Lease liability	(34,660)	(31,180)
Payments of right of use assets	(17,008)	0
Proceeds from Right Issue of shares	-	146,600
Transaction costs related to Right Issue	-	(12,487)
Net cash generated from financing activities	(18,977)	106,122
Increase in cash and cash equivalents	(494,000)	426,711
Cash and cash equivalents at 1 January	1,885,508	1,463,647
Effect of exchange rate fluctuation on cash held	984	(4,850)
Cash and cash equivalents at 31 December	1,392,492	1,885,508

The financial statements presented are an extract from the annual financial statements of the Bank for the year ended 31 December 2020. 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 2021 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 approved by the Board of Directors on 29 March 2021

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

	2020 GH¢'000	2019 GH¢'000
Guanrantees and indemnities	244,331	159,236
Letters of credit	53,780	207,865
	298,111	367,100
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6. Quantitative Disclosures

	2020 %	2019 %
Capital Adequacy Ratio	14.87	16.45
Non performing loans to gross loans	34.40	41.72
Loan Loss provision	17.53	28.97
Liquid ratio	117.76	144.98

7. Default in statutory requirements and accompanying sanctions: GH¢'000

	GH¢'000	GH¢'000
Sanctions	24	126
Default in statutory requirements (Number)	2	5

8. Corporate Social Responsibility

A total amount of GHS4,025 (December 2019: GHS2,115) was spent in respect of Corporate Social responsibility for the period ended 31 December 2020; 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 2021 and were signed on their behalf by:



Alex Bernasko
Chairman



Dr. John Kofi Mensah
Managing Director

Independent Auditor's report to the Members of Agricultural Development Bank Limited

Opinion

The summary financial statements, which comprise the summary statement of financial position as at 31 December 2020, Summary statement of comprehensive income, summary statement 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 2020.

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 30 March, 2021. 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 Statements.'

The engagement partner on the audit resulting in this independent auditors report is Victor Gborglah (ICAG/P/1151)



Ernst & Young (ICAG/F/2021/126)
Chartered Accountants
Accra, Ghana
Date: 31 March 2021




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