



PRESS RELEASE

PR. No 040/2020

**AGRICULTURAL DEVELOPMENT BANK LIMITED (ADB) -
UNAUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

ADB has released its unaudited Financial Statements for the year ended December 31, 2019 as per the attached.

Issued in Accra, this 3th
day of February, 2020

- E N D -

att'd.

Distribution:

1. All LDMs
2. General Public
3. Listed Companies
4. Registrars, Custodians
5. Central Securities Depository
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For enquiries, contact:

Head Listing, GSE on 0302 669908, 669914, 669935

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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 |
| | ----- | ----- |
| Total Assets | 4,694,833 | 3,597,395 |
| | ===== | ===== |
| 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 |
| | ----- | ----- |
| Total liabilities | 3,877,319 | 2,957,684 |
| | ===== | ===== |
| 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 |
| | ----- | ----- |
| Shareholders' funds | 817,514 | 639,711 |
| | ----- | ----- |
| Total liabilities and Shareholders' Funds | 4,694,832.89 | 3,597,394.91 |
| | ===== | ===== |

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 <i>Items that will never be reclassified to profit or loss</i> | | |
| 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 | - | - | - | - | - | - |
| Deposit for Shares | 146,600 | 146,600 | - | - | - | 146,600 |
| 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 |

| | In thousands of GH¢ | Stated Capital | Revaluation Reserve | Other Reserves | Income surplus | Total |
|--|---------------------|----------------|---------------------|----------------|------------------|----------------|
| 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 |

| | 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 |
| Guarantees and indemnities | 159,236 | 199,663 |
| Letters of credit | 207,865 | 175,144 |
| | <u>367,100</u> | <u>374,807</u> |

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:

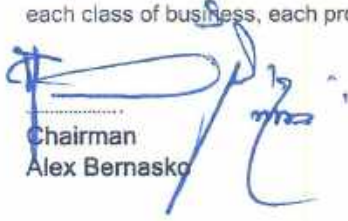
| | GH¢'000 | GH¢'000 |
|---|---------|---------|
| Sanctions | 126 | 94.6 |
| Default in statutory requirements (numbers) | 5 | 3 |

8. Corporate Social Responsibility

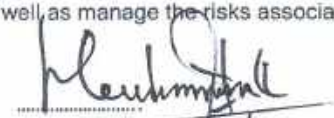
Amount spent on Corporate Social responsibility for December 2019 amounted GHS2,115,044.00 (December 2018: GHS1,513,373.44)

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