

# AGRICULTURAL DEVELOPMENT BANK LIMITED

## UNAUDITED SUMMARY FINANCIAL STATEMENTS FOR THE PERIOD ENDED SEPTEMBER 30, 2021

### UNAUDITED STATEMENT OF FINANCIAL POSITION AS AT SEPTEMBER 30, 2021

|  | 2021<br>GHc '000 | 2020<br>GHc '000 |
|--|------------------|------------------|
| <b>Assets</b>                                    |                  |                  |
| Cash and bank balances                           | 656,765          | 696,989          |
| Due from other banks                             | 336,865          | 299,740          |
| Investment securities                            | 2,516,684        | 1,834,026        |
| Loans and advances to customers                  | 2,176,380        | 1,894,585        |
| Investment (other than securities)               | 91,885           | 103,159          |
| Corporate tax assets                             | 741              | 5,018            |
| Intangible assets                                | 29,482           | 14,486           |
| Other assets                                     | 61,951           | 82,510           |
| Property and equipment                           | 111,874          | 114,011          |
| Right of use asset                               | 156,603          | 20,155           |
| Deferred tax assets                              | 39,654           | 58,909           |
| <b>Total Assets</b>                              | <b>6,178,884</b> | <b>5,123,588</b> |
| <b>Liabilities</b>                               |                  |                  |
| Borrowed funds                                   | 322,744          | 273,045          |
| Deposits from customers                          | 4,630,894        | 3,794,859        |
| Other liabilities                                | 126,880          | 184,736          |
| Lease liability                                  | 157,675          | 16,913           |
| <b>Total liabilities</b>                         | <b>5,238,193</b> | <b>4,269,552</b> |
| <b>Equity</b>                                    |                  |                  |
| Share capital                                    | 698,700          | 698,700          |
| Accumulated losses                               | (217,009)        | (252,961)        |
| Revaluation reserve                              | 57,531           | 57,531           |
| Statutory reserve                                | 186,248          | 138,578          |
| Credit risk reserve                              | 162,895          | 151,179          |
| Fair value through OCI                           | 52,326           | 61,009           |
| <b>Shareholders' funds</b>                       | <b>940,691</b>   | <b>854,036</b>   |
| <b>Total liabilities and shareholders' funds</b> | <b>6,178,884</b> | <b>5,123,588</b> |

### UNAUDITED STATEMENT OF COMPREHENSIVE INCOME FOR THE PERIOD ENDED SEPTEMBER 30, 2021

|   | 2021<br>GHc '000 | 2020<br>GHc '000 |
|---|------------------|------------------|
| Interest income   | 547,791          | 445,950          |
| Interest expense  | (186,494)        | (151,051)        |
| <b>Net interest income</b>  | <b>361,297</b>   | <b>294,899</b>   |
| Fees and commission income  | 78,274           | 63,430           |
| Fees and commission expense   | (7,965)          | (8,836)          |
| <b>Net fees and commission income</b>   | <b>70,309</b>    | <b>54,594</b>    |
| <b>Net trading income</b>   | <b>35,527</b>    | <b>40,703</b>    |
| Other operating income  | 4,072            | 8,418            |
| <b>Operating Income</b>   | <b>471,205</b>   | <b>398,614</b>   |
| Impairment loss on financial assets   | (21,505)         | (16,972)         |
| Personnel expenses  | (186,336)        | (168,766)        |
| Other expenses  | (109,130)        | (98,350)         |
| Depreciation and Amortization   | (46,413)         | (45,302)         |
| <b>Profit before tax</b>  | <b>107,819</b>   | <b>69,224</b>    |
| Income tax expense  | (17,751)         | (9,092)          |
| <b>Profit after tax</b>   | <b>90,068</b>    | <b>60,132</b>    |
| Other comprehensive income, net of tax of<br>Items that will not be reclassified to profit or loss<br>Fair value through other Comprehensive Income | -                | 846              |
| <b>Other comprehensive income for the year</b>  | <b>-</b>         | <b>846</b>       |
| <b>Total comprehensive income for the year</b>  | <b>90,068</b>    | <b>60,978</b>    |
| <b>Profit attributable to:</b>  |                  |                  |
| Equity holders of the bank  | 90,068           | 60,132           |
| <b>Total comprehensive income attributable to:<br/>Equity holders of the Bank</b>   | <b>90,068</b>    | <b>60,978</b>    |
| <b>Earnings per share</b>   |                  |                  |
| Basic (in Ghana pesewas)  | 34.41            | 17.33            |
| Diluted (in Ghana pesewas)  | 34.41            | 17.33            |

### UNAUDITED STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED SEPTEMBER 30, 2021

| In thousands of GHc  | Stated<br>Capital | Deposit for<br>Shares | Credit Risk<br>Reserve | Statutory<br>Reserve | Revaluation<br>Reserve | Other<br>Reserves | Accumulated<br>Losses | Total          |
|--|-------------------|-----------------------|------------------------|----------------------|------------------------|-------------------|-----------------------|----------------|
| <b>Balance at January 1, 2021</b>  | 698,700           | -                     | 153,088                | 141,214              | 57,531                 | 52,326            | (252,236)             | 850,623        |
| Additional Capital   | -                 | -                     | -                      | -                    | -                      | -                 | -                     | -              |
| Deposit for Shares   | -                 | -                     | -                      | -                    | -                      | -                 | -                     | -              |
| Transfer from deposit for shares to stated capital   | -                 | -                     | -                      | -                    | -                      | -                 | -                     | -              |
| Profit/Loss for the year   | -                 | -                     | -                      | -                    | -                      | -                 | 90,068                | 90,068         |
| Transaction costs related to Right Issue   | -                 | -                     | -                      | -                    | -                      | -                 | -                     | -              |
| Other Comprehensive income net of tax  | -                 | -                     | -                      | -                    | -                      | -                 | -                     | -              |
| Net Change in fair value of equity investments   | -                 | -                     | -                      | -                    | -                      | -                 | -                     | -              |
| Transfer from income surplus to reserves and transactions with owners recorded<br>directly in equity | -                 | -                     | -                      | -                    | -                      | -                 | -                     | -              |
| Transfer to/(from) credit risk reserve   | -                 | -                     | 9,807                  | -                    | -                      | -                 | (9,807)               | -              |
| Transfer from income surplus to reserves and transactions with owners recorded<br>directly in equity | -                 | -                     | -                      | 45,034               | -                      | -                 | (45,034)              | (0)            |
| <b>Balance at September 30, 2021</b>   | <b>698,700</b>    | <b>-</b>              | <b>162,895</b>         | <b>186,248</b>       | <b>57,531</b>          | <b>52,326</b>     | <b>(217,009)</b>      | <b>940,691</b> |

| In thousands of GHc   | Stated<br>Capital | Deposit for<br>Shares | Credit Risk<br>Reserve | Statutory<br>Reserve | Revaluation<br>Reserve | Other<br>Reserves | Income<br>Surplus | Total          |
|---|-------------------|-----------------------|------------------------|----------------------|------------------------|-------------------|-------------------|----------------|
| <b>Balance at January 1, 2020</b>   | 421,700           | 277,000               | 157,827                | 108,512              | 57,531                 | 60,163            | (289,349)         | 793,385        |
| Additional Capital  | -                 | -                     | -                      | -                    | -                      | -                 | -                 | -              |
| Deposit for Shares  | -                 | -                     | -                      | -                    | -                      | -                 | -                 | -              |
| Transfer from deposit for shares to stated capital  | 277,000           | (277,000)             | -                      | -                    | -                      | -                 | -                 | -              |
| Transaction costs related to Right Issue  | -                 | -                     | -                      | -                    | -                      | -                 | (327)             | (327)          |
| Profit/Loss for the year  | -                 | -                     | -                      | -                    | -                      | -                 | 60,132            | 60,132         |
| Other Comprehensive income, net of income tax   | -                 | -                     | -                      | -                    | -                      | 845               | -                 | 845            |
| Net Change in fair value  | -                 | -                     | -                      | -                    | -                      | -                 | -                 | -              |
| Transfer from income surplus to reserves and transactions with owners recorded<br>directly in equity  | -                 | -                     | -                      | -                    | -                      | -                 | -                 | -              |
| Transfer to/(from) credit risk reserve  | -                 | -                     | (6,648)                | -                    | -                      | -                 | 6,648             | -              |
| Transfers from income surplus to reserves and transactions with owners recorded<br>directly in Equity | -                 | -                     | -                      | 30,066               | -                      | -                 | (30,066)          | -              |
| <b>Balance at September 30, 2020</b>  | <b>698,700</b>    | <b>-</b>              | <b>151,179</b>         | <b>138,578</b>       | <b>57,531</b>          | <b>61,009</b>     | <b>(252,961)</b>  | <b>854,036</b> |

# AGRICULTURAL DEVELOPMENT BANK LIMITED

## UNAUDITED SUMMARY FINANCIAL STATEMENTS FOR THE PERIOD ENDED SEPTEMBER 30, 2021 (Continuation)

### UNAUDITED STATEMENT OF CASHFLOWS FOR THE PERIOD ENDED SEPTEMBER 30, 2021

|  | 2021             | 2020             |
|--|------------------|------------------|
|  | GH¢'000          | GH¢'000          |
| Cash flows from operating activities                   |                  |                  |
| Profit before tax                                      | 107,819          | 69,224           |
| Adjustments for:                                       |                  |                  |
| Depreciation and amortization                          | 46,413           | 45,302           |
| Impairment charge on Financial Assests                 | 21,505           | 16,972           |
| Finance cost- lease Liability                          | -                | 3,539            |
| Dividend received                                      | -                | (186)            |
| Non-Cash Items   | -                | 2,132            |
| Net interest income                                    | (361,297)        | (294,899)        |
|  | -----            | -----            |
| <b>(Loss) before working capital changes</b>           | <b>(185,559)</b> | <b>(157,915)</b> |
|  | -----            | -----            |
| Changes in :   |                  |                  |
| Loans & advances                                       | (264,393)        | (417,776)        |
| Other assets   | (206)            | (12,997)         |
| Deposits from customers                                | 349,857          | 402,153          |
| Restricted cash  | 7,253            | (22,682)         |
| Other liabilities                                      | 37,742           | 98,529           |
|  | -----            | -----            |
|  | (55,305)         | (110,688)        |
| Interest Income received                               | 505,076          | 391,814          |
| Interest expense paid                                  | (179,303)        | (146,289)        |
| Dividend Income  | -                | 186              |
| Taxes paid (NFSL)                                      | (4,648)          | (1,131)          |
| Income Tax Paid  | (7,347)          | (7,962)          |
|  | -----            | -----            |
| <b>Net cash generated from operating activities</b>    | <b>258,473</b>   | <b>125,930</b>   |
| Cash flows from investing activities                   |                  |                  |
| Purchase of property and equipment                     | (27,277)         | (27,842)         |
| Purchase of medium and long term government securities | (360,533)        | (652,619)        |
| Purchase of intangible assets                          | (797)            | (153)            |
|  | -----            | -----            |
| <b>Net cash used in investing activities</b>           | <b>(388,606)</b> | <b>(680,614)</b> |
| Cash flows from financing activities                   |                  |                  |
| Payments in borrowed funds                             | 9,570            | (5,300)          |
| Payments of Principal portion of Lease liability       | (35,037)         | (26,940)         |
| Payments of right of use assets                        | (2,245)          | -                |
| Transaction costs related to Right Issue               | -                | (327)            |
|  | -----            | -----            |
| <b>Net cash generated from financing activities</b>    | <b>(27,712)</b>  | <b>(32,567)</b>  |
| Increase in cash and cash equivalents                  | (157,846)        | (587,251)        |
| Cash and cash equivalents at 1 January                 | 1,392,492        | 1,885,508        |
| Effect of exchange rate fluctuation on cash held       | (477)            | (1,251)          |
|  | -----            | -----            |
| <b>Cash and cash equivalents at September 30, 2021</b> | <b>1,234,168</b> | <b>1,297,006</b> |

### 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 authorized for issue by the Board of Directors on October 27, 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

|                             | 2021           | 2020           |
|-----------------------------|----------------|----------------|
|                             | GH¢'000        | GH¢'000        |
| Guanrantees and indemnities | 33,847         | 101,720        |
| Letters of credit           | 100,906        | 53,283         |
|                             | -----          | -----          |
|                             | <b>134,753</b> | <b>155,002</b> |
|                             | -----          | -----          |

### 6. Quantitative Disclosures

|                                     | 2021  | 2020   |
|-------------------------------------|-------|--------|
|                                     | %     | %      |
| Capital Adequacy Ratio              | 12.99 | 12.38  |
| Non performing loans to gross loans | 30.35 | 33.84  |
| Loan Loss provision                 | 16.52 | 17.82  |
| Liquid ratio                        | 97.54 | 113.44 |

### 7. Default in statutory requirements and accompanying sanctions:

|  | GH¢'000 | GH¢'000 |
|--|---------|---------|
| Sanctions                                  | NIL     | 24      |
| Default in statutory requirements (Number) | NIL     | 2       |

### 8. Corporate Social Responsibility


A total amount of GHS2,903 (September 2020: GHS3,134) was spent in respect of Corporate Social responsibility for the period ended September 30, 2021; 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 October 27, 2021 and were signed on their behalf by:

  
Daasebre Akuamoah Agyapong II  
Chairman

  
Dr. John Kofi Mensah  
Managing Director