

AGRICULTURAL DEVELOPMENT BANK PLC.

AUDITED SUMMARY FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2023

AUDITED STATEMENT OF FINANCIAL POSITION AS AT DECEMBER 31, 2023

	2023 GH¢ '000	2022 GH¢ '000
Assets		
Cash and bank balances	3,304,715	1,908,837
Due from other banks	0	349,719
Net Investment securities	2,353,652	1,316,584
Loans and advances to customers	2,937,636	3,242,189
Investment (other than securities)	208,385	134,729
Corporate tax assets	9,049	10,851
Intangible assets	19,038	20,092
Other assets	117,330	63,918
Property and equipment	211,141	216,332
Right of use asset	95,627	110,923
Deferred Tax Asset	56,074	38,546
Total Assets	9,312,647	7,412,720
Liabilities		
Borrowed funds	547,306	588,438
Deposits from customers	8,545,307	5,864,851
Other liabilities	158,510	151,614
Lease liability	163,820	149,627
Total liabilities	9,414,943	6,754,530
Equity		
Share capital	698,700	698,700
Accumulated losses	(1,725,169)	(674,978)
Statutory reserve	182,015	182,015
Revaluation reserve	124,319	122,684
Credit risk reserve	466,723	245,352
Fair value reserve	151,116	84,417
Shareholders' funds	(102,296)	658,190
Total liabilities and shareholders' funds	9,312,647	7,412,720

AUDITED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED DECEMBER 31, 2023

	2023	2022
	GH¢ '000	GH¢ '000
Interest income	1,043,564	892,367
Interest expense	(669,644)	(470,049)
Net interest income	373,920	422,318
Fees and commission income	158,347	113,710
Fees and commission expense	(21,852)	(17,931)
Net fees and commission income	136,495	95,779
Net trading income	140,861	122,854
Other operating income	15,954	6,745
Operating Income	667,230	647,696
Impairment loss on Loans and Advances	(838,307)	(55,064)
Impairment loss- Investment Securities	51,381	(375,148)
Personnel expenses	(387,983)	(336,029)
Other expenses	(288,264)	(187,431)
Depreciation and Amortization	(63,184)	(58,382)
(Loss)/Profit before tax	(859,127)	(364,358)
Income tax expense	30,307	(6,922)
(Loss)/Profit after tax	(828,820)	(371,280)
Other comprehensive income, net of tax of Items that will not be reclassified to profit or loss		
Fair value through other Comprehensive Income	66,699	26,062
Revaluation Surplus (Net of tax)	1,635	65,153
Other comprehensive income for the year	68,334	91,215
Total comprehensive income for the year	(760,486)	(280,065)
(Loss)/Profit attributable to:		
Equity holders of the bank	(828,820)	(371,280)
Total comprehensive income attributable to:		
Equity holders of the Bank	(760,486)	(280,065)
Earnings per share		
Basic (in Ghana pesewas)	(238.89)	(107.01)
Diluted (in Ghana pesewas)	(238.89)	(107.01)

AUDITED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED DECEMBER 31, 2023

In thousands of GH¢	Stated Capital	Credit Risk Reserve	Statutory Reserve	Revaluation Reserve	Fair value Reserves	Accumulated Losses	Total
Balance at January 1, 2023	698,700	245,352	182,015	122,684	84,417	(674,978)	658,190
Loss for the year	-	-	-	-	-	(828,820)	(828,820)
Other Comprehensive income net of tax							
Revaluation Reserve (net of tax)				1,635			1,635
Net Change in fair value of equity investments					66,699		66,699
Transfer from accumulated losses to reserves							
Transfer to/(from) credit risk reserve		221,371				(221,371)	
Balance at December 31, 2023	698,700	466,723	182,015	124,319	151,116	(1,725,169)	(102,296)
In thousands of GH¢							
Balance at January 1, 2022	698,700	178,298	182,015	57,531	58,355	(236,644)	938,255
Loss for the year	-	-	-	-	-	(371,280)	(371,280)
Other Comprehensive income, net of income tax							
Revaluation reserves (net of tax)				65,153			65,153
Net Change in fair value of equity investments					26,062		26,062
Transfer from accumulated losses to reserves							
Transfer to/(from) credit risk reserve		67,054				(67,054)	
Balance at December 31, 2022	698,700	245,352	182,015	122,684	84,417	(674,978)	658,190

AUDITED STATEMENT OF CASHFLOWS FOR THE YEAR ENDED DECEMBER 31, 2023

	2023 GH¢'000	2022 GH¢'000
Cash flows from operating activities		
(Loss)/Profit before tax	(859,127)	(364,358)
Adjustments for:		
Unrealised exchange differences	6,860	50,674
Depreciation and amortization	63,184	58,382
Impairment charge on Loans	838,307	55,064
Impairment of other Financial assets investment	(51,381)	375,148
Dividend received	(970)	-
Gain on disposal of property and equipment	(158)	(19)
Net interest income	(373,920)	(422,318)
	(377,205)	(247,427)
Changes in :		
Loans & advances	(372,110)	(959,466)
Other assets	(46,646)	(11,657)
Deposits from customers	2,676,682	925,263
Restricted cash	(48,120)	(13,471)
Other liabilities	19,346	49,485
	1,851,947	(257,274)
Interest Income received	890,453	809,876
Interest expense paid	(636,135)	(446,512)
Dividend Income	970	-
Income Tax Paid	(8,198)	(66,183)
Net cash flows (used in)/ from Operating activities	2,099,037	39,906
Cash flows from investing activities		
Purchase of property and equipment	(18,030)	(31,203)
Purchase of medium and long term government securities	(1,124,437)	(1,779,215)
Redemption of medium and long term government securities	835,405	2,418,895
Proceeds from the sale of property and equipment	299	19
Purchase of intangible assets	(2,217)	(2,070)
Receipts-Due from other banks	142,662	
Advance payment of lease rentals	(15,094)	(5,288)
Net cash generated from/(used in) investing activities	(181,412)	601,139
Cash flows from financing activities		
Payments in borrowed funds	(2,005,927)	(12,444,639)
Receipts in borrowed funds	1,950,457	12,727,351
Payments of Principal portion of Lease liability	(52,544)	(58,112)
Net cash flows (used in)/ from financing activities	(108,014)	224,600
Increase in cash and cash equivalents	1,809,611	865,645
Cash and cash equivalents at January 1	1,983,532	1,111,677
Effect of exchange rate fluctuation on cash held	6,897	6,210
Cash and cash equivalents at December 31	3,800,040	1,983,532

1. General Information

Agricultural Development Bank Limited PLC. (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. Recapitalisation

The bank through a Right Issue Process has raised additional Capital to shore up the minimum capital requirement. The major shareholder, the Government, has deposited GHS 1.3billion bonds in an escrow account and the Bank expect additional GHS 560million Bonds before end of June, 2024. The fair value of these bonds are GHS 1.45billion. The Bank has embarked on aggressive recoveries of the non-performing loans. The combination of the new capital and recoveries will improve the Capital adequacy and also meet the minimum capital of GHS 400million by year end 2024.

3. 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

4. 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.

5. 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

6. Contingent Liabilities

	2023	2022
	GH¢'000	GH¢'000
Guanrantees and indemnities	24,972	49,851
Letters of credit	122,554	278,130
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	147,526	327,981
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7. Quantitative Disclosures

	2023	2022
	%	%
Capital Adequacy Ratio	(22.61)	7.36
Non performing loans to gross loans	70.25	29.74
Liquid ratio	93.50	86.11
Common Equity Tier 1	(25.61)	4.36
Leverage ratio	(12.26)	2.53

7. Default in statutory requirements and accompanying sanctions:

For the period under review, the bank did not record any statutory liquidity breaches and therefore did not incur any sanctions.

	GH¢'000	GH¢'000
(i) Sanctions (GHS'000)	Nil	Nil
(ii) Default in statutory liquidity	Nil	Nil
Other regulatory breaches (including onsite examination)		
(i) Sanctions (GHS'000)	12,204	Nil
(ii) Number of breaches	17	Nil

8. Corporate Social Responsibility

A total amount of GHS5.3million (December, 2022: GHS3.8million) was spent in respect of Corporate Social responsibility for the period ended 31 December 2023; 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 28 June, 2023 and were signed on their behalf by:


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Daasebre Akuamoah Agyapong II
Chairman


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Alhassan Yakubu -Tali
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 December 31, 2023 . 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 2023.

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 including the IAS29 Hyperinflation Directive issued by the Institute of Chartered Accountants Ghana, 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 June 28, 2024. 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 Guide for financial publication for banks & Bank of Ghana 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.

Signed by Emmanuel Adekahlor (ICAG/P/1596)
For and on behalf of Ernst & Young (ICAG/F/2024/126)
Chartered Accountants
Accra, Ghana
Date: June 28, 2024