



# Listing & Share Offer Prospectus

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A public share offer consisting of a sale of 69,326,036 existing ordinary shares, an offer for subscription of 75,471,698 new ordinary shares of no par value at ghs 2.65 Per share issued and fully paid and a listing by introduction of 86,125,488 existing ordinary shares



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# PROSPECTUS

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## AGRICULTURAL DEVELOPMENT BANK LIMITED

(Incorporated in Ghana on August 19, 2014 as a Public Limited Liability Company under the Companies Act, 1963, (Act 179) (“Companies Act”); Registration No. CS474502014)

Agricultural Development Bank Limited (“ADB” or the “Bank”) is a leading state-owned universal bank in Ghana and one of the biggest and oldest universal banks in the country. ADB was established in 1965 as the Agricultural Credit and Cooperative Bank with its business initially dedicated to servicing the agricultural sector of Ghana. The Bank has transformed to become a universal bank with 78 branches and 92 ATMs across all the 10 regions in Ghana.

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### A PUBLIC SHARE OFFER

CONSISTING OF

A SALE OF 69,326,036 EXISTING ORDINARY SHARES,

AN OFFER FOR SUBSCRIPTION OF 75,471,698 NEW ORDINARY SHARES  
OF NO PAR VALUE AT GHS 2.65 PER SHARE ISSUED AND FULLY PAID

AND

A LISTING BY INTRODUCTION OF 86,125,488 EXISTING ORDINARY SHARES

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Financial Advisor and Lead Sponsoring Broker



Co-Sponsoring Broker



Legal Advisor



Reporting Accountant.



Receiving Banks



This Document is dated 16 November 2016

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## THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

The information contained in this document known as the “Offer Prospectus” (“Prospectus” or “Offer Document”) gives details of:

1. a public offer (“**the Offer**”) consisting of a sale of 69,326,036<sup>1</sup> of the existing ordinary shares (“**the Existing Shares**”) and an offer for subscription of 75,471,698 new ordinary shares (“**the New Shares**”) of Agricultural Development Bank Limited (“**ADB**” or the “**Bank**”) on the Ghana Stock Exchange (“**GSE**”); and
2. the primary listing of all the 155,451,524 Existing Shares and 75,471,698 New Shares (collectively “**the ADB Shares**”) on the GSE (the “**Transaction**”).

The New Shares in terms of the Offer will carry the right to vote and to participate in all future dividends to be declared and paid on the ordinary share capital of the Bank. The New Shares for the Offer rank pari passu with the Existing Shares, are freely transferable and are not subject to any restrictions on marketability or any pre-emptive rights on transfer. This Prospectus provides a description of ADB and its business activities.

This Prospectus has been seen and approved by the Directors of the Issuer and they collectively and individually accept full responsibility for the accuracy of the information given and that after making all reasonable inquiries and to the best of their knowledge and belief, there are no facts the omission of which would make any statement in the document referred to above misleading.

No director has an interest in the Bank. There is however no restriction on any director who wants to subscribe to the ADB Shares as part of this Offer. Any Director who subscribes to the ADB Shares will not transfer any part of their interests in the issue within a period of two years of the date of the Offer Document.

An application has been made to the GSE for the listing of the ADB Shares through an offer to the public on the First Official List of the GSE (the “**First Official List**”). Approval has been obtained from the GSE for permission to deal in and for quotation of all the Existing Shares as well as the New Shares. Such approval is granted subject to ADB being admitted to the First Official List of the Ghana Stock Exchange upon ADB fulfilling all the listing requirements.

The Bank has not authorised any person to give any information or to make any representation in relation to the Transaction other than those contained in this document, and if given or made, such information or representation must not be relied upon as having been authorised.

This Prospectus has been reviewed and approved by the Securities and Exchange Commission (“**SEC**”) in accordance with Section 9 of the Securities Industry Act 1993 (P.N.D.C. L 333) (the “**Securities Industry Act**”) as amended and the Securities and Exchange Commission Regulations 2003 (L.I. 1728) (the “**SEC Regulations**”). In its review, the SEC examined the contents of the Prospectus to ensure that adequate disclosures have been made. **To ascertain the financial soundness or value of this Transaction, the investing public is advised to consult a dealer, investment advisor or other professionals duly authorised under the Securities Industry Act.**

The distribution of this Prospectus in certain jurisdictions may be restricted by law. Persons into whose possession this Prospectus comes are advised to inform themselves about, and observe any such restriction. This Prospectus does not constitute an offer and may not be used for the purpose of an offer or solicitation by anyone in any jurisdiction or in any circumstances in which such an offer or solicitation is not authorised or is unlawful. ADB accepts no responsibility for any violation by any person of any such restrictions.

Other than in Ghana, no action has been or will be taken in any jurisdiction that would permit any public offering of ADB Shares or possession or distribution of this Prospectus where action for that purpose would be required.

Investors should rely exclusively on the information contained in this Prospectus. The information contained in this Prospectus is accurate only as of the date of the document, regardless of the time of delivery of this Prospectus or any offering or sale of the ADB Shares.

Before deciding whether to apply for the ADB Shares, you should consider whether the ADB Shares are a suitable investment for you. Their value can go down as well as up. Past performance is not necessarily indicative of future performance. If you need advice, you should consult a suitable professional advisor.

IC Securities (Ghana) Limited (“**IC Securities**”) is acting as Transaction Advisor and Lead Sponsoring Broker to the Transaction and has relied on information provided by the Bank and its Directors. IC Securities confirms that to the best of its knowledge and belief, this Prospectus constitutes a full and fair disclosure of all material facts about the issue and

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<sup>1</sup> This represents the remaining number of shares of the BoG after its contribution to the ESOP as explained in clause 1.2.6

the Issuer and where appropriate that the profit forecast has been stated by the Directors after due and careful enquiry as required by the Securities Industry Act and the SEC Regulations about the Bank. IC Securities consents to act in the capacity stated and to its name being stated in this Prospectus.

NTHC Securities Limited (“NTHC”) is acting as Co-Sponsoring Broker to the Transaction. NTHC consents to act in the capacity stated and to its name being stated in this Prospectus.

LithurBrew & Company (“LBC”) is acting as Legal Advisor to ADB in the Transaction. Any opinion expressed is limited to matters of the laws of the Republic of Ghana as in force and applied at the date of this Prospectus. LBC confirms that to the best of its knowledge, this Prospectus constitutes a full and fair disclosure of all material facts as required by the Securities Industry Act and the SEC Regulations. LBC consents to act in the capacity stated and to its name being stated in this Prospectus. LBC has not withdrawn its written consent to the statement or report being included in the Offer Document, in the form and context in which it is included.

EY Ghana (“EY”) is acting as Reporting Accountant to ADB in the Transaction. EY confirms that to the best of its knowledge, this Prospectus constitutes a full and fair disclosure of all material facts as required by the Securities Industry Act and the SEC Regulations. EY consents to act in the capacity stated and to its name being stated in this Prospectus. EY has not withdrawn its written consent to the statement or report being included in the Offer Document, in the form and context in which it is included.

This Prospectus includes forward-looking statements that reflect ADB's intentions, beliefs or current expectations and projections about ADB's future results, operations, financial condition, liquidity, performance, prospects, anticipated growth, strategies, plans, opportunities, trends and the market in which ADB operates. These forward-looking statements are based on numerous assumptions regarding ADB's present and future business and the environment in which the Bank expects to operate in the future. Forward-looking statements are subject to known and unknown risks, uncertainties, assumptions and other factors that could cause ADB's actual results, operations, financial condition, liquidity, performance, prospects, anticipated growth, strategies, plans or opportunities, as well as those of the markets ADB serves or intends to serve, to differ materially from those expressed in, or suggested by, forward-looking statements contained in this Prospectus.

A copy of this Prospectus has been delivered to the Registrar of Companies, Ghana (the “Registrar General”), for filing. The Registrar General has not checked and will not check the accuracy of any statements made and accepts no responsibility therefor or for the financial soundness of ADB or the value of the securities concerned.

### Procedure

If you wish to apply for shares under the Offer then you must complete the procedures for application and payment set out in Parts 1 and 8 of this Prospectus as well as the attached application form. This Prospectus is being presented to you to make an informed decision on acquiring ADB Shares in the Offer. The procedures for trading are set out in this Prospectus. Prospective investors should carefully consider the matters set forth in the section entitled ‘**Risk Factors**’ in this Prospectus. Enquiries concerning this Prospectus may be made to IC Securities between 9.00 a.m. and 5.00 p.m. Monday to Friday (except public holidays) from the date hereof until the end of the Offer Period as indicated below.

### Transaction Timetable

Activity	Date	Time
Commencement of Offer Period	24 November 2016	9:00am
End of Offer Period	05 December 2016	12:00pm
Application Forms review for allotment commences	05 December 2016	1:00pm
End of allotment and submission of results to the SEC	05 December 2016	5:00pm
Crediting of ADB Shares to successful applicants	06 December 2016	3:00pm
Commence dispatching letters to successful applicants	06 December 2016	3:00pm
Commencement of refunds to unsuccessful applicants	06 December 2016	3:00pm
Listing of all ADB Shares. First day of trading on GSE	07 December 2016	11:00am

All dates provided are subject to change by IC Securities in consultation with the Directors of ADB (subject to obtaining the necessary regulatory approvals). All times provided are in Greenwich Mean Time (GMT), the time zone of the Republic of Ghana. Any amendment will be published in a national daily newspaper not later than 72 hours after receipt of regulatory approval.

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## DIRECTORS AND CORPORATE INFORMATION ON ADB

<b>Directors:</b>	Nana Soglo Alloh IV, Chairman Mr Daniel Asiedu, Managing Director Ms. Nancy Ampofo, Non-Executive Director Major (Rtd.) M. S. Tara, Non-Executive Director Mr. Maurice Abisa Seidu, Non-Executive Director Mrs. Caroline Otoo, Non-Executive Director Mr Solomon Djaba-Mensah, Non Executive Director
<b>Registered Office:</b>	Agricultural Development Bank Limited Accra Financial Centre 3rd Ambassadorial Development Area, Ridge, Accra (Formerly: ADB House, 37 Independence Avenue, Ridge, Accra) P. O. Box 4191 Accra, Ghana
<b>Company Secretary:</b>	Mr. James K. Agbedor Accra Financial Centre 3rd Ambassadorial Development Area, Ridge, Accra
<b>Auditors:</b>	KPMG Chartered Accountants 13 Yiyiwa Drive, Abelemkpe P. O. Box GP 242 Accra

## ADVISORS TO THE TRANSACTION

**Financial Advisor and  
Lead Sponsoring Broker:**

**IC Securities (Ghana) Limited**  
No. 2, 2<sup>nd</sup> Ridge Link, North Ridge  
PMB GP104, Accra  
Tel: +233 0302 252621  
Fax: +233 0302 252517  
Contact: Kwabena Osei-Boateng; Sandrine Bawah  
Email: [kwabena.osei-boateng@icsecurities.com](mailto:kwabena.osei-boateng@icsecurities.com)  
[sandrine.bawah@icsecurities.com](mailto:sandrine.bawah@icsecurities.com)

**Co-Sponsoring Broker:**

**NTHC Securities Limited**  
Martco House, Okai Mensah, Adabraka-Accra  
P.O. Box KIA 9563, Airport-Accra  
Tel: +233 (0) 302 235 814-5  
Fax: +233 (0) 302 229 975  
Contact: Francis K. Nyoagbe; Mercy Akuetteh  
Email: [fnyoagbe@nthc.com.gh](mailto:fnyoagbe@nthc.com.gh)  
[makuetteh@nthc.com.gh](mailto:makuetteh@nthc.com.gh)

**Legal Advisor:**

**Lithur Brew & Company**  
No. 110B Off Kade Avenue  
Kanda Estates  
Accra  
Tel: +233 (0) 302 248 105  
Fax: +233 (0) 302 248 104  
Contact: Tony Lithur; Kofi Somuah; Nancy Amartefio  
Email: [tonyl@lithurbrewlaw.com](mailto:tonyl@lithurbrewlaw.com)  
[kofis@lithurbrewlaw.com](mailto:kofis@lithurbrewlaw.com)  
[nancya@lithurbrewlaw.com](mailto:nancya@lithurbrewlaw.com)

**Escrow Account Holder:**

**Universal Merchant Bank**  
No. 44 Kwame Nkrumah Ave,  
P.O. Box GP 401, Accra-Ghana  
Tel: +233 (0) 302 686218  
Contact: John Awuah, Kwame Adjei-Adjivohn  
Email: [john.awuah@myumbbank.com](mailto:john.awuah@myumbbank.com); [kwame.adjei-adjivohn@myumbbank.com](mailto:kwame.adjei-adjivohn@myumbbank.com)

**Reporting Accountant:**

**EY Ghana**  
15 White Avenue  
Airport Residential Area  
P.O. Box 16009, Airport, Accra  
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Fax : +233 (0) 302 778 894/ 772 934  
Contact: Pamela Des-Bordes; Robert Azu  
Email: [pamela.des-bordes@gh.ey.com](mailto:pamela.des-bordes@gh.ey.com)  
[robert.azu@gh.ey.com](mailto:robert.azu@gh.ey.com)

**Receiving Banks:**

See Part 9 for full details

**Receiving Agents:**

See Part 10 for full details

<b>Registrars:</b>	<b>Central Securities Depository (GH) Limited</b> 4th Floor Cedi House Liberia Road Accra Tel: +233 (0) 302 689 313 Fax: +233 (0) 302 689 315 Contact: Melvina Amofo; Kwame Boa-Amponsem Email: <a href="mailto:melvina.amofo@csd.com.gh">melvina.amofo@csd.com.gh</a> <a href="mailto:kwame.boa-amponsem@csd.com.gh">kwame.boa-amponsem@csd.com.gh</a>
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## DEFINITIONS

The following definitions apply in this document, unless the context requires otherwise:

<b>“ADB Board” or “ADB Board of Directors” or the “Directors” or the “Board”</b>	The Board of Directors of ADB
<b>“ADB Shares”</b>	All <b>155,451,524</b> ordinary Shares of ADB in issue as at 30 September, 2016, being the aggregate of the Existing ADB Shares
<b>“ADB” or “the Bank”</b>	Agricultural Development Bank Limited, a limited liability company incorporated in the Republic of Ghana with Registration Number <b>CS474502014</b> and licensed by the BoG as a universal bank
<b>“Application Form”</b>	An application form for the Offer
<b>“BoG”</b>	Bank of Ghana, the Central Bank of the Republic of Ghana
<b>“Companies Act”</b>	The Ghana Companies Act 1963 (Act 179) as amended
<b>“CSR”</b>	Corporate Social Responsibility
<b>“CSD”</b>	Central Securities Depository (GH) Limited, acting as Registrar
<b>“Existing Shares”</b>	All the issued shares of ADB
<b>“EY”</b>	EY Ghana, acting as Reporting Accountant
<b>“Financial Advisor”</b>	IC Securities (Ghana) Limited
<b>“First Official List”</b>	The First Official List of the GSE
<b>“FIT”</b>	Financial Investment Trust
<b>“GDP”</b>	Gross Domestic Product
<b>“GHS”</b>	Ghanaian Cedi
<b>“Ghana”</b>	The Republic of Ghana
<b>“GSE” or “the Exchange”</b>	The Ghana Stock Exchange
<b>“IC Securities”</b>	IC Securities (Ghana) Limited, acting as Transaction Advisor and Lead Sponsoring Broker to ADB for the Transaction
<b>“LBC”</b>	Lithur Brew & Company, acting as Legal Advisor
<b>“Listing”</b>	The primary listing of the ADB Shares
<b>“Listing Date”</b>	The listing date as indicated in the Timetable on Page 2
<b>“New ADB Shares”</b>	Up to 75,471,698 new ordinary shares of ADB to be issued pursuant to the Initial Public Offer in accordance with the terms of the Offer
<b>“NTHC”</b>	NTHC Securities Limited, acting as co-sponsoring broker
<b>“Offer”</b>	The Offer consisting of a sale of 69,326,036 Existing ADB Shares and an offer for subscription of 75,471,698 New ADB Shares at the Offer Price

<b>“Offer Document” or “Prospectus”</b>	This document as at the date as indicated on the cover Page
<b>“Offer Period”</b>	The period when applications for ADB Shares will be accepted as indicated in the Timetable on Page 2
<b>“Offer Price”</b>	GHS 2.65
<b>“Ordinary Share”</b>	ADB Shares
<b>“P/B Ratio”</b>	Price/Book Value Ratio
<b>“P/E Ratio”</b>	Price/Earnings Ratio
<b>“PwC”</b>	PricewaterhouseCoopers Ghana
<b>“Qualifying Applicant”</b>	Any natural person who is 18 years or above (whether applying on behalf of him/herself or on behalf of a minor), or a corporation, partnership or other unincorporated associations who are resident/incorporated in Ghana or some other state, or country provided that the Offer to and acceptance by such an applicant of this Offer is not in contravention of the laws of either that state or country
<b>“Receiving Agent” or “Receiving Agents”</b>	IC Securities or any other company appointed by ADB, or by IC Securities on behalf of ADB, who will be receiving applications and payments from Qualifying Applicants under the Transaction. Full contact details of the receiving agents can be found in Part 10 of this Offer Document
<b>“Receiving Bank”</b>	ADB and Standard Chartered Bank Ghana Limited appointed by ADB, or on behalf of ADB, who will be receiving applications and payments from Qualifying Applicants under the Transaction. Full contact details of the receiving banks can be found in Part 10 of this Offer Document
<b>“Refund Date”</b>	06 December, 2016
<b>“Registrar”</b>	Central Securities Depository (GH) Limited
<b>“Regulations”</b>	The Regulations or constitutive document of ADB
<b>“RoA”</b>	Return on Asset
<b>“RoE”</b>	Return on Equity
<b>“SEC”</b>	Securities and Exchange Commission, Ghana
<b>“Selling Shareholder”</b>	The Bank of Ghana through its wholly owned subsidiary, Financial Investment Trust Limited (“FIT”)
<b>“Sponsoring Brokers”</b>	IC Securities and NTHC
<b>“Transaction”</b>	A public offer consisting of the sale of 69,326,036 Existing ADB Shares, an offer for subscription of 75,471,698 New ADB Shares at the Offer Price, and the primary listing of all the 155,451,524 Existing ADB Shares and 75,471,698 New Shares on the Ghana Stock Exchange
<b>“TSR”</b>	Total Shareholder Return
<b>“UMB”</b>	Universal Merchant Bank Ghana Limited, acting as Escrow Account Bank
<b>“USD” or “US\$”</b>	United States Dollars

## **PART 1 – THE TRANSACTION**

### **1.1 Legal Basis and Reasons for the Transaction**

#### **1.1.1 Legal Basis**

As required under Section 3 of the Agricultural Development Bank Act, 1965 (Amendment) Decree 1967 (NLCD 182), the Cabinet of the Government of Ghana and the Minister of Finance approved the listing of the Bank on the Ghana Stock Exchange on 24th April, 2014 and 16th June, 2014 respectively.

Pursuant to the listing:

- i. the Bank has been converted into a public limited liability company under the Statutory Corporations (Conversion to Companies) Act, 1993 (Act 461);
- ii. the BoG (through its wholly owned subsidiary Financial Investment Trust Limited) will sell all of its shares in ADB; and
- iii. the Bank may issue additional shares subject to Clause 1.8 (oversubscription).

ADB was converted into a public limited liability company on 19th August, 2014. Pursuant to the Companies Act, 1963, Act 179, the Shareholders at an Extra-Ordinary Shareholder Meeting passed a resolution on 16th November, 2016 authorising the Directors of ADB to list the Bank on the GSE by way of:

- i. a public Offer consisting of a sale of 69,326,036 Existing ADB Shares owned by the FIT; and
- ii. an Offer for subscription of 75,471,698 new Shares at a price of GHS 2.65 per share to raise GHS 200,000,000.

The shareholders and Directors believe that the Offer would give the larger Ghanaian public and its employees the opportunity to own shares in the Bank and share in its future.

#### **1.1.2 Reasons for the Offer**

The Bank is undertaking this Offer and subsequent listing on the GSE to raise additional capital to support the Bank's expansion plans and have the flexibility to finance future expansion and growth. ADB wishes to open up participation in the Bank and share its success with the investing public and Ghanaians in general. The BoG will also use this avenue to sell its existing stake in the Bank in order to focus on its core responsibility of regulating and monitoring the banking industry.

### **1.2 Key Terms of the Transaction**

#### **1.2.1 Number of Shares and Price**

The Transaction comprises a public share offer consisting of a sale of 69,326,036 existing ordinary shares, an offer for subscription of 75,471,698 new ordinary shares of no par value at GHS 2.65 per share issued and fully paid and a listing by introduction of 86,125,488 existing ordinary shares.

#### **1.2.2 Dealings**

The GSE has granted approval for the listing on the First Official List of all existing issued shares as well as new shares to be issued under the Offer. It is expected that dealings in the listed ordinary shares will commence on the Listing Date. Upon completion of the Transaction, dealings in ADB's ordinary shares can be done on the GSE.

#### **1.2.3 Use of Funds**

The Offer is expected to raise a total of GHS 383,713,995 through the sale of 69,326,036 Existing ADB Shares and the issue of 75,471,698 New ADB Shares at a price of GHS 2.65 per share. Part of the proceeds will go to an Existing Shareholder and part will be used to recapitalise the Bank. ADB intends to use the amount for the recapitalisation to finance new business lines, expand and refurbish its branch network and undertake other general corporate activities, subject to meeting the cost of the Transaction from such proceeds. Proceeds from the Offer will be used as follows:



<b>Expected Use of Funds</b>	<b>Amount (GHS '000)</b>
BoG Proceeds	183,714
Expansion & Refurbishment of Branch Network	54,807
Financing Working Capital	64,806
Business Applications	34,000
IT Upgrades & Other IT solutions	26,000
Expansion of ATM network	10,000
Offer Expenses	10,387
<b>TOTAL</b>	<b>383,714</b>

Exhibit 1: Expected use of funds

#### 1.2.4 Transfer of Funds

In the event that the Minimum Amount is raised and the Transaction is declared successful, then:

- i. funds from the first 75,471,698 ADB Shares taken up (the “First Tranche”) will be given to the Bank;
- ii. over and above the First Tranche, funds from the next 69,326,036 ADB Shares taken up (the “Second Tranche”) will be given to the Selling Shareholder; and
- iii. any additional funds raised over and above the First and Second Tranches will be given to the Bank.

#### 1.2.5 Terms of the Transaction

ADB Shares being listed and offered are subject to the terms of the Offer, the terms and conditions contained in the Application Form and the Regulations of the Bank. ADB Shares shall be ordinary shares and will rank equally in all respects with all other issued ordinary shares of the Bank, including voting rights and all other rights attached thereto. Purchase of shares offered and subsequent transfers thereof shall only be made subject to applicable laws.

#### 1.2.6 Employee Share Ownership Plan (ESOP)

An ESOP is being introduced for the employees of the Bank in order to reward employees for performance as well as motivate and retain employees and align employees’ interests with those of the Bank. If the Offer is fully subscribed, the ESOP is expected to have 11,546,161 shares at the close of the Offer representing 5% of the Expected Outstanding ADB Shares After Offer. The contribution towards the ESOP shares will come from GoG and BoG respectively, in proportion to their Pre-Offer shareholding. As such, GoG will contribute 5,983,828 shares and BoG will contribute 5,562,333 shares respectively. The mechanics of the ESOP will be administered by the Board of ADB.

#### 1.3 Availability of Prospectus

Copies of this Prospectus may be obtained from the offices of IC Securities, NTHC, and any of the Receiving Banks or Receiving Agents. The Prospectus may also be downloaded from [www.adbipo.com](http://www.adbipo.com).

#### 1.4 Lodgement of Completed Application Forms

All Qualifying Applicants resident in Ghana must deliver or lodge their duly completed Application Forms with the amount payable on application at the offices of IC Securities, NTHC or any of the named Receiving Banks or Receiving Agents during business hours and during the Offer Period. No application will be accepted for consideration by IC Securities or treated as binding after the Offer Period has expired.

Applicants who choose to mail their Application Forms to any of the Receiving Banks or Receiving Agents are advised to use registered mail services. However, all documents mailed to any of the Receiving Agents or Receiving Banks by applicants will be at the applicant’s own risk, and IC Securities may treat applications received after the Offer Period as invalid. Applicants are to note that Application Forms must be lodged at the same Receiving Bank or Receiving Agent’s office where payment is made for the ADB Shares applied for. The Receiving Bank or Receiving Agent will acknowledge receipt of Application Forms and funds from applicants.

#### 1.5 Unit of Sale

Each application under the Offer must be for a minimum of 100 ADB Shares amounting to GHS 265.00 and in multiples of 1 ADB Share thereafter.

## 1.6 Terms of Payment

Payment for ADB Shares must be in full on application. Payment by instalments will not be accepted. IC Securities reserves the right to reject multiple applications, applications not paid for in full or to be paid by instalments. Payment will be made in Ghana Cedis. Non-resident investors who pay in United States Dollars, Euros, British Pound Sterling, or a combination of any of these, will have their currency converted to Ghana Cedis only after shares have been allocated using the prevailing exchange rates at application. In this regard, the Ghana Cedi equivalent of the amount being paid by the applicant and the corresponding number of shares being acquired under the Offer will be communicated to the applicant at the point of application.

Payment may be in cash, cheque, postal, or money order. Cheques, postal and money orders presented for payment, should be made payable to ADB SHARE OFFER and should be crossed and marked "COMMISSION TO DRAWER'S ACCOUNT". This endorsement must be signed by the drawer. Applications in respect of which cheques are returned unpaid will be rejected. Bank commissions and transfer charges on application monies must be paid by the applicant.

## 1.7 Minimum Amount to Raise during Offer

The minimum amount to be raised for the Offer to be declared successful is GHS 100 million (the "Minimum Amount"). In the event that this amount is not obtained, then all monies paid for ADB Shares under this Offer and deposited into the Escrow Account will be returned to the Receiving Banks and Receiving Agents without interest for onward distribution to applicants after the Offer Period ends. In this case application monies are deemed to have been returned when notices have been given for Receiving Banks and Receiving Agents to collect monies received from applications that were lodged with them. If this condition is not complied with by ADB, then the monies will attract interest (calculated on a per annum basis) on the unpaid amounts equivalent to the prevailing Bank of Ghana Prime rate for each day of default until the refund is made to Receiving Banks and Receiving Agents.

<b>Expected Use of Funds</b>	<b>Amount GHS '000</b>
Working Capital	57,000
Expansion & Refurbishment of Branch Network	23,750
IT Upgrades & Other IT solutions	9,500
Business Applications	4,750
Offer Expenses	5,000
<b>TOTAL</b>	<b>100,000</b>

Exhibit 2: Expected use of minimum amount raised

## 1.8 Oversubscription

Should ADB receive applications for its shares in excess of the 144,797,734 ADB Shares being sold under the Offer, ADB may issue additional ADB Shares at the Offer Price up to a total consideration of GHS 100,000,000 to partly or fully satisfy the extra demand, subject to the sole and absolute discretion of the Board of Directors of ADB and any limitations applicable to ADB under its Regulations and laws applicable for the issuance of such additional shares. Any funds received from the issue of additional shares due to oversubscription will be used for the following:

<b>Expected Use of Funds</b>	<b>Amount GHS '000</b>
Working Capital	60,000
Expansion & Refurbishment of Branch Network	25,000
IT Upgrades & Other IT solutions	10,000
Business Applications	5,000
<b>TOTAL</b>	<b>100,000</b>

Exhibit 3: Expected use of oversubscribed funds

## 1.9 Allotment

The Directors reserve the right to accept or reject any Application in whole or in part for reasons given under Part 8 of this Offer Document. Applications which are received after the Offer has been closed will not be considered. If the total number of ADB Shares applied for under the Offer exceeds 144,797,734, the ADB Shares will be allotted to all Qualifying Applicants at the sole and absolute discretion of the Directors of ADB and subject to the Bank's Regulations and all applicable laws. As at the date of this Offer Document, the Bank had had discussions with the following potential anchor investors as part of its bookbuilding process: Belstar Capital, Starmount Development Corporation, SIC Financial Services Limited, Social

Security and National Insurance Trust (“SSNIT”), Ecobank Development Corporation and Stanlib Ghana Limited. One or more of these potential anchor investors may acquire more than 5% of the Offer. If any of these potential anchor investors enters into an investment and/or subscription agreement with the Bank prior to the completion of this Transaction, these agreements will be disclosed to the SEC.

#### **1.10 Refund of Excess Application Funds**

If any application is not accepted or is accepted for a fewer number of shares than applied for, the balance of the amount paid on application will be returned to the Receiving Banks and Receiving Agents not later than 10 days after receiving SEC approval of the Offer results for onward distribution to applicants. ADB will announce such refunds through a national daily newspaper with wide circulation within 72 hours of the making of such refunds.

If ADB does not make refunds of extra application monies available to the Receiving Banks and Receiving Agents by the Refund Date, then ADB will pay to investors, interest (calculated on a per annum basis) on the unpaid amounts from the day that follows the Refund Date at the prevailing Bank of Ghana prime rate for each day of default until the refund is made to Receiving Banks and Receiving Agents.

Non-resident investors who paid for their shares in foreign currency will receive any and all refunds in the same currency used for payment.

#### **1.11 Form of Shares**

The shares pertaining to this Offer will, when issued, be held in dematerialised form. In compliance with the requirements of the GSE, share certificates will not be issued for ADB Shares.

#### **1.12 Securities Symbol**

ADB Shares will be quoted as “**ADB**” on the GSE.

#### **1.13 Escrow Account**

All application monies collected will be deposited into an Escrow Account opened at Universal Merchant Bank Ghana Limited, head office branch, SSNIT Emporium-Airport City. A copy of the Escrow Account Agreement will be lodged with the SEC and is available for inspection at the office of IC Securities. Four Escrow Accounts have been created by UMB Ghana Limited for payments in Ghana Cedis and foreign currencies:

<b>Accounts</b>	<b>Account Number</b>
Ghana Cedi (GHS)	0251332328018
Great Britain Pound (GBP)	0251332328045
US Dollar (USD)	0251332328029
Euro (EUR)	0251332328037

**Exhibit 4: Escrow Account**

#### **1.14 Cost and Expenses of the Transaction<sup>2</sup>**

The total cost and expenses of the Transaction are not anticipated to exceed 5.00% of the Offer (assuming all ADB Shares in the Offer are applied for and issued). ADB will pay all fees out of the proceeds of the Transaction. Below are the summarised details of the cost of the Offer:

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<sup>2</sup> ADB tried to list in on the GSE in the first half of 2016, during that process it incurred and paid Regulatory, Legal, Reporting Accountant and Financial Advisory fees pursuant to agreed and documented services carried out by the respective advisory and regulatory institutions. In completing this Offer document, for this new listing application, the Bank has leveraged the Regulatory, Legal, Reporting Accountant and Financial Advisory work that was done in the earlier process in order to better manage its overall Transaction expenses

Item	Amount (GHS)	% of Offer
<b>Professional Fees</b>	<b>100,000</b>	<b>0.03</b>
<b>Brokerage Commissions and Receiving Agent Fees</b>	<b>7,371,402</b>	<b>1.85</b>
<b>Regulatory Fees</b>	<b>1,665,780</b>	<b>0.42</b>
GSE	1,566,166	0.39
SEC	99,614	0.03
<b>Media publicity, marketing, printing, logistics, VAT etc.</b>	<b>1,250,000</b>	<b>0.31</b>
<b>TOTAL ESTIMATED COST</b>	<b>10,387,182</b>	<b>2.61</b>

Exhibit 5: Cost of Transaction

### 1.15 Transaction Details

Key details of the Transaction are:

Authorised Shares	10,000,000,000
Issued Shares	155,451,524
Additional Listing of New ADB Shares	75,471,698
Sale of existing ADB Shares	69,326,036
Total ADB Shares on Offer	144,797,734
Expected Outstanding ADB Shares After Offer	230,923,222
Price per Share (GHS)	2.65
Expected Proceeds from the Offer (GHS)*	383,713,995
Market Capitalisation After Offer (GHS)*	<b>611,946,539</b>

Exhibit 6: Transaction Details

\*Approximate market capitalisation using Offer Price and assuming that all shares are subscribed to by investors

### 1.16 Offer Price Estimation

As part of the Transaction:

- (i) ADB is seeking to raise additional capital through an offer for subscription of 75,471,698 New ADB Shares; and
- (ii) The Selling Shareholder is seeking to sell 69,326,036 Existing ADB Shares

PwC undertook a valuation exercise to determine a fair value of the Bank for the purpose of determining the Offer Price. The valuation of the Bank was determined using two valuation techniques namely, market approach and residual income valuation. Based on the values obtained from these valuation techniques, the Board approved a share price of GHS 2.65 derived from a valuation of GHS 412.7 million.

The Offer Price of GHS 2.65 and the valuation of GHS 412.7 million are relatively reasonable based on the trading multiples of Ghanaian banks listed on the GSE. The Offer Price results in a P/B ratio of 1.2 times which compares with the median market P/B of 1.1 times for banking stocks listed on the GSE as at 30 June 2016.

Listed Banks	Share Price (GHS)	P/B(x)
CAL Bank Ltd	0.08	0.8
Ecobank Ghana Ltd	6.60	2.2
GCB Bank Ltd	3.07	1.0
HFC Bank Ltd	0.82	1.0
Societe Generale Bank Ghana Ltd	0.77	1.2
Standard Chartered Bank Ghana Ltd	14.24	2.6
<i>All – Median</i>		<i>1.1</i>
<b>Agricultural Development Bank Ltd</b>	<b>2.65</b>	<b>1.2</b>

Exhibit 7: Multiples of Listed banks in Ghana

Note: P/B multiples assume book value as at 30 June, 2016. The list of banks used in the valuation exclude UT Bank Ghana Limited

### 1.16.1 Caution on Valuation

For the avoidance of doubt, this valuation is based on the budget data provided by the Directors of the Bank and market-based data, and makes several assumptions about key variables that may affect the overall valuation. If new information about the existing liabilities or assets arises, the valuation will be impacted.

### 1.17 Selling Shareholders

The Bank of Ghana through its wholly owned subsidiary, Financial Investment Trust Limited (“FIT”), intends to sell 69,326,036 of its existing shares in the Bank through this Offer as the remaining 5,562,333 shares serve as its contribution to ESOP. The FIT is a private trust with a registered address of C/o Legal Department, Bank of Ghana. The FIT was set up to manage Bank of Ghana’s shares in ADB and other financial institutions. The Selling Shareholder currently has one (1) representation on the Board. As at the date of this Document, the Selling Shareholder holds 74,888,369 common shares in ADB representing 48.17% of ADB’s total shareholding.

### 1.18 Transaction Timetable

Activity	Date	Time
Commencement of Offer Period	24 November 2016	9:00am
End of Offer Period	05 December 2016	12:00pm
Application Forms review for allotment commences	05 December 2016	1:00pm
End of allotment and submission of results to the SEC	05 December 2016	5:00pm
Crediting of ADB Shares to successful applicants	06 December 2016	3:00pm
Commence dispatching letters to successful applicants	06 December 2016	3:00pm
Commencement of refunds to unsuccessful applicants	06 December 2016	3:00pm
Listing of all ADB Shares. First day of trading on GSE	07 December 2016	11:00am

**Exhibit 8: Transaction Timetable**

All dates provided are subject to change by IC Securities in consultation with the Directors of ADB (subject to obtaining the necessary regulatory approvals). All times provided are in Greenwich Mean Time (GMT), the time zone of the Republic of Ghana. Any amendment will be published in a national daily newspaper not later than 72 hours after receipt of regulatory approval.

## Part 2 - OVERVIEW OF THE GHANAIAN ECONOMY

### 2.1 Overview of the Economy

The Ghanaian economy since 2012, has experienced certain challenges characterised by slow growth, high inflation, wider fiscal deficits, rising debt and an energy crisis. The nation, which was the fastest growing economy in Sub-Saharan Africa (and one of the fastest in the world) with a real GDP rate of 14.4% in 2011, recorded growth rates of 4.0%, inflation of 17.0% and a full year currency depreciation of 30.0% in 2014. Notwithstanding the relatively lower economic growth, Ghana recorded a GDP growth of 4.1% in 2015, which was better than the forecasted 3.5% and the 3.8% Sub-Saharan Africa average GDP growth. This was amid a challenging global economy characterized by falling commodity prices, slowdown in the Chinese economy, and a strong dollar among others.

According to the IMF, despite the economic challenges, the medium-term prospects for Ghana are high with an estimated average growth rate of 7.0% between 2016 and 2018. The country enjoys increasing democratic participation and social stability that have boosted investor confidence and led to increased investment opportunities in the country.

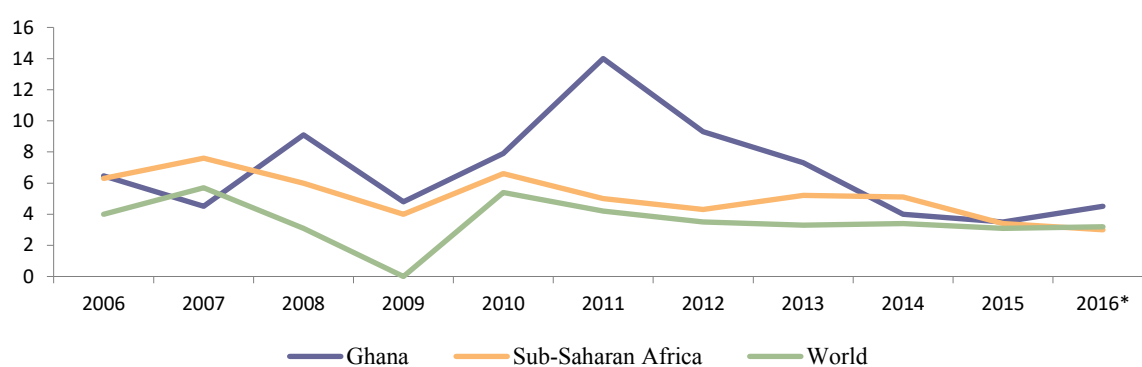


Exhibit 9: Ghana and Sub-Saharan Africa GDP Growth Rate<sup>3</sup>

In 2015, the Government of Ghana launched the process towards the preparation of a 40-year National Development Plan (2018-2057) aimed at transforming the nation from an agrarian state to an industrialized, inclusive and resilient economy as well as creating effective, efficient and dynamic institutions. Over the last three years, the government has also implemented a National Infrastructure Plan, Public Private Partnerships and the Ghana Infrastructure Investment Fund among others to deal with the infrastructure deficit and support the growing population.

In July 2016, the Minister of Finance presented to parliament a Mid-Year Review of the Budget Statement for the 2016 Financial Year. The Mid-Year Review identified developments in both the global and domestic economic environment that had affected certain assumptions which underpinned the 2016 Budget Statement and made some revisions. The overall GDP (including oil) projected growth has been revised from 5.4% to 4.1% and real GDP (excluding oil) projected growth has been revised from 5.2% to 4.6%. The government attributes these revisions to developments, including the revision of gold production forecasts, power supply bottlenecks and the impact of technical problems at the Jubilee Field which has adversely affected oil production. Based on the revised projected crude oil price of USD 45.35 per barrel and lower oil production volumes than originally budgeted, the Mid-Year Review revised projected total government petroleum revenues for 2016 to GHS 1,400.8 million (0.8% of GDP), compared to GHS 2,008.4 million (1.3% of GDP) in the 2016 Budget Statement. As a result of the revision to oil revenue estimates for 2016, total expenditure and arrears clearance has been revised downwards in the Mid-Year Review and the government is now targeting an overall budget deficit of 5.0% of GDP (compared to the original target of 5.3% of GDP).

<sup>3</sup> Source: Ghana Statistical Service & Sub-Saharan Figures: IMF

\*Projected 2016 figures

## 2.2 Political Background

Ghana is a unitary state governed by the Constitution of 1992. The President and members of parliament are elected by universal adult suffrage. The president serves a maximum of two four-year terms. The governance system also includes a well-structured local government system purposefully set up to ensure decentralisation of governance and allocation of resources. As a result of a robust democratic system built over two decades, Ghana held its sixth consecutive democratic election under the Fourth Republic in 2012, which resulted in the retention of the incumbent government. Following a challenge of the election results by the main opposition party, the Supreme Court confirmed the election results in September 2013, ending an eight-month period of political uncertainty. This judicial process was the first of its kind in Africa and demonstrates the commitment of the people of Ghana to democracy and political stability. As a result of the support from the international community and Ghana's robust state institutions, the stable political environment is expected to continue. The nation is preparing for another election in December 2016.

## 2.3 Historical Economic Performance

Even though the Ghanaian economy is currently in its fifteenth consecutive year of expansion, GDP growth in 2015 fell to 3.9% compared to 4.0% in 2014 and 7.3% in 2013. GDP growth averaged ~7.7% between 2010 and 2015. The government attributes the lower growth rates since 2013 to disruptions to energy supplies, higher interest rates, falling world-wide commodity prices and rising input costs from the depreciation of the Ghana Cedi, which partly contributed to a reduction in the GDP growth rate of the industry sector and a significant slowdown of the services sector. In the first quarter of 2016, real GDP grew by 4.9% compared to growth of 4.1% during the same period in 2015.

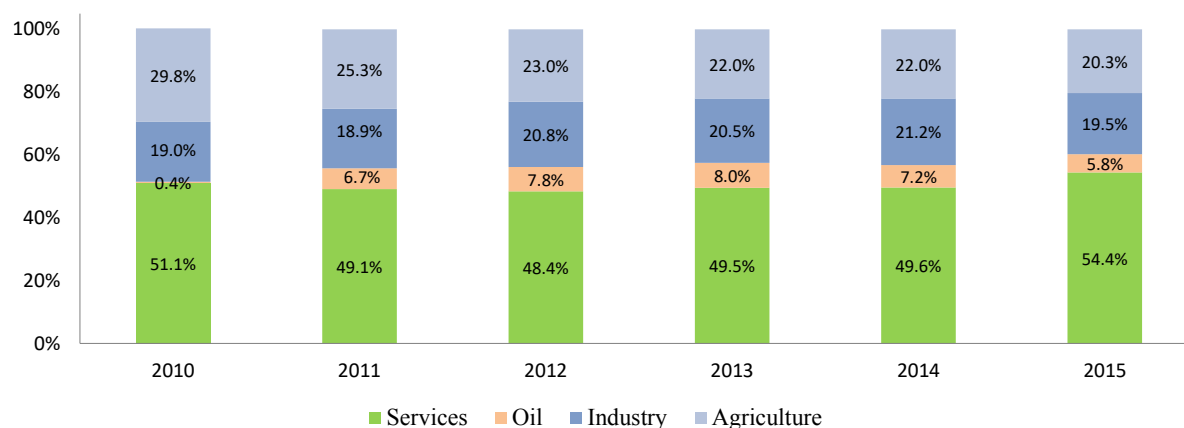


Exhibit 10: Contribution to GDP by the various sectors of the economy

In 2010, the GSS rebased the country's national accounts series from a 1993 base year to a 2006 base year. The change in base year resulted in a change in the national accounts which effectively qualified Ghana as a middle income country with a GDP of USD 44.15 billion in 2013. As a result of the rebasing, the GSS' GDP figures for 2010 revealed a GDP per capita of approximately USD 1,328. GDP per capita was at USD 1,668 in 2012, and is projected by the IMF to exceed USD 3,000 by 2017. The GSS estimates Ghana's GDP at USD 44.15 billion<sup>4</sup>.

### Oil – A New Frontier

Offshore oil was discovered in commercial quantities from the Jubilee field about 60 km off the Ghanaian coast in 2007. Commercial oil production began in mid-December 2010 and first lifting occurred in the first quarter of 2011. In 2013, production rose by 36.4% to reach 36.0 million barrels of crude oil. This significant leap in production is attributable to the strong efforts from major players in the industry — Tullow Oil Plc, Kosmos Energy, Anadarko Petroleum Corporation, Ghana National Petroleum Corporation (“GNPC”), Sabre and ENI. Ghana's oil exports however fell from USD 3.9 billion in 2013 to USD 3.72 billion in 2014 mainly due to falling global crude oil prices. Since the Jubilee field discovery in 2007, other discoveries have been made on the West Cape Three Points and Deepwater Tano blocks, including the Tweneboea, Enyenra, and Ntomme (TEN) Project and ENI's Sankofa and Gye Nyame fields. Production is expected to begin in these fields in 2016 and 2017, respectively. The Ghana National Petroleum Corporation (GNPC) expects to pump 190,000 barrels of crude per day by the end of 2016 and is set to tap markets again to raise more capital.

<sup>4</sup> Source: Ghana Statistical Service (GSS), September 2013

## 2.4 IMF Programme

In August 2014, the government requested an arrangement with the IMF to help support stronger policy adjustment, restore market confidence and revive Ghana’s transformation agenda. The Executive Board of the IMF approved a three-year arrangement under the Extended Credit Facility (ECF) for Ghana of up to USD 918 million in support of Ghana’s medium-term economic reform programme in April, 2015 with the aim of restoring debt sustainability and macroeconomic stability in the country to foster a return to high growth and job creation, while protecting social spending. Ghana has since received a total of USD 464.6 million, representing four of the eight tranches to be disbursed under the ECF after completing a third review of Ghana’s economic performance under the programme. The IMF is advocating for an ambitious and front-loaded fiscal consolidation exercise to help place public debt on a sustainable path and to allow monetary policy to be more effective in bringing down inflation by strictly limiting budget financing from the Bank of Ghana. Current efforts that have been made so far include the total removal of subsidies on petroleum products, mitigation of payroll irregularities, enhancement of public finance management & transparency and deregulation of the oil distribution sector. 2016 has also seen the introduction of new taxes aimed at strengthening state-owned enterprises in the utilities sector to avoid additional pressures on the national budget and ensuring that gains from fiscal consolidation are sustained over the medium term.

## 2.5 Monetary and Fiscal Policies and Debt

The Ghanaian government has been battling trade and fiscal deficits in recent times. Generally, the last 5 years have witnessed tighter fiscal policies from government aimed at stabilising the economy and managing inflation. Improved fiscal performance between 2009 – 2011 resulted in a decline in inflation rates from 19.3% in 2009 to single-digit levels of 8.7% in 2011. Inflation rates have however risen over the last few years from 8.7% recorded in 2011 to 17.7% at the end of 2015 due to fiscal pressures, currency depreciation as well as fuel and utility price hikes.

The last three years have witnessed tight monetary policies from government aimed at managing inflation. Inflation has since February 2013 remained above 10.0%. Improved fiscal performance from 2009 – 2011 resulted in a decline in inflation rates from 19.3% in 2009 to 8.7% in 2011. Inflation rates have, however, risen over the last few years from 8.7% recorded in 2011 to 17.7% at the end of 2015 due to fiscal pressures, currency depreciation as well as fuel and utility price hikes. The monetary policy rate (MPR) was maintained at 26.0% in May 2016 to help check a rising inflation rate and cushion up the value of the GHS. Despite the tight monetary space, inflation has displayed a measured response and remained high at 18.7% in April 2016.

**Ghana Inflation Trend**

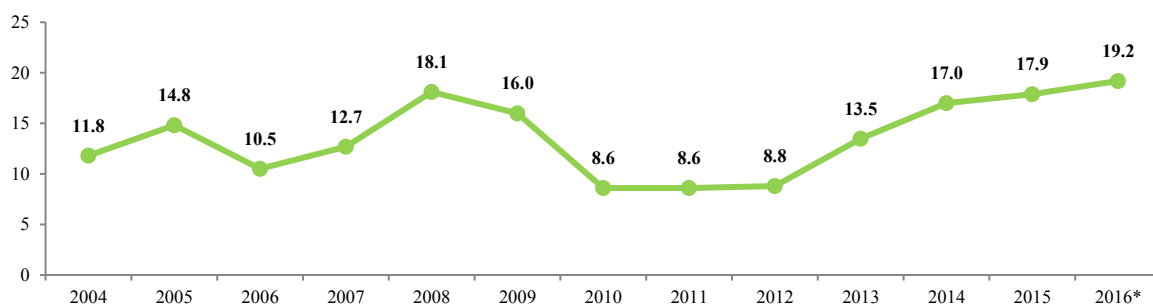


Exhibit 11: Ghana Inflation Trend (2004-2014)

**BOG Policy Rate**

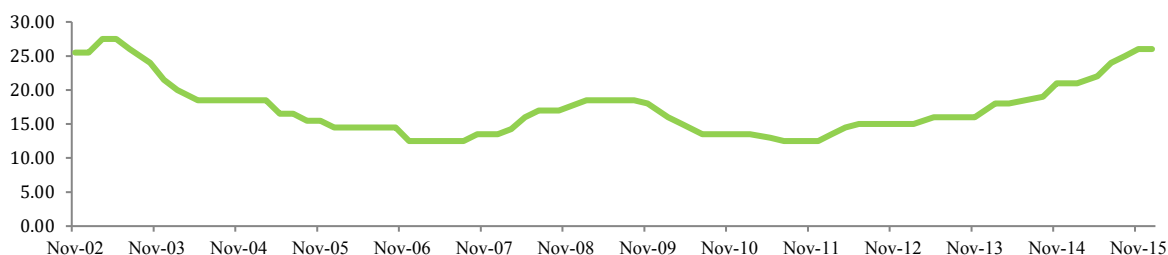


Exhibit 12: Policy Rate Trend (2009-2015)



Rates on short-term bills have been on the decline since early 2015 whereas rates on medium-term securities were relatively stable in the first half of 2015 but rose marginally in the second half of the year. The trend of falling rates on short-term securities is reflective of the Government of Ghana's strategy to roll short-term debt into longer dated maturities as part of its Medium-Term Debt Management Strategy (MDTS). Ghana's public debt stock stood at GHS 99.9 billion representing 71.4% of GDP as at December 2015. The depreciation of the GHS contributed to the rise in external debt which represents 60.0% of the total debt stock.

Fitch Ratings in March 2016 affirmed Ghana's Long-term foreign and local currency Issuer Default Ratings (IDR) at 'B' with a Negative Outlook. Fitch also affirmed the issue ratings on Ghana's senior unsecured foreign and local currency bonds at 'B', as well as the 'BB-' rating on Ghana's USD 1 billion partially guaranteed note. Ghana's Country Ceiling and the Short-term foreign currency IDR have been affirmed at 'B'. With the assistance of the IMF and the World Bank, the Government of Ghana has developed the MTDS to enhance debt sustainability as well as support fiscal consolidation and a tight monetary policy.

## **2.6 Economic Outlook**

The IMF projects Ghana's economic growth (real GDP growth) to be 4.5% and 7.7% in 2016 and 2017 respectively while GDP per capita is expected to increase consequently over the same period. Key contributors to this projected growth are banking, agriculture, fast moving consumer goods and the telecommunication sector. The industrial sector is expected to see significant improvement in growth while the services sector is expected to maintain its growth trajectory, spurred by a rising middle income class with an increased appetite for goods and services.

Beyond 2013 and 2014, the production of commercial oil, which commenced at the end of 2010, long expected to change the fortunes of the economy seems to have abated. Nonetheless, the IMF estimates that the Government could receive cumulative revenue of USD 20 billion from the Jubilee Field by 2030. The influence on capital markets of reforms to the pension industry is expected to significantly impact financial markets.

The Government is set to continue to benefit from record output from traditional export items such as gold and cocoa. Cocoa harvest in recent times crossed the 1 million ton threshold as the Government strives to make Ghana the largest cocoa producer in the world. Gold and other precious metals output is also expected to increase. Growth in the industry and services sectors is expected to continue, spurred by a rising middle income class with an appetite for goods and services. The IMF is projecting that Ghana's real GDP growth will average 6.25% from 2013 to 2018. Key sectors to benefit from this strong growth will be banking, insurance, fast moving consumer goods, and real estate.

## **Part 3 - OVERVIEW OF THE GHANAIAN BANKING INDUSTRY**

### **3.1 The Ghanaian Banking Industry**

The banking sector is the largest and most competitive segment of Ghana's financial services sector. Over the past decade there have been rapid developments in Ghana's financial services sector. Ghana prides itself as the gateway to West Africa and through the implementation of the Financial Sector Strategic Plan ("FINSSP"), the government intends to develop a financial sector that is responsive to the needs of the 21st century.

### **3.2 History and Background of Ghana's Banking Industry**

Commercial banking in Ghana dates back to 1894 when Bank of British West Africa (now Standard Chartered Bank Ghana) was established. Barclays Bank was set up in 1917 followed by the Bank of the Gold Coast in 1953. After independence in 1957, government established various commercial and development banks to meet the country's financing needs.

In 1953, the Bank of the Gold Coast was set up by the government and Alfred Engleston, formerly of the Bank of England. Eventually the Bank of the Gold Coast was divided into 2 entities: The Bank of Ghana, which operated as a bank of issue, to be developed into a complete central bank; and the Ghana Commercial Bank (now GCB Bank Limited), to be developed into a commercial bank and sole holder of accounts of public corporations.

After Ghana's independence from Great Britain, the Bank of Ghana took over the management of currency and in July 1958 issued its first national currency, the Cedi to replace West African currency notes. At the same time, the Ghana Commercial Bank assumed the role and functions of government bankers. Between 1957 and 1965, the Ghana Investment Bank, the Agricultural Development Bank, and the Social Security Bank were incorporated, established as state-owned banks and began operations.

In 1989, the Banking Law was enacted, which enabled locally incorporated entities to apply for licenses to operate as banks. Thus an additional number of banks were granted licenses to operate as banks, these included Meridian (BIAO) Trust Bank, CAL Merchant Bank, Metropolitan and Allied Bank and Ecobank. The Financial Institutions (Non-Banking) Law 1993 (P.N.D.C.L. 328) made provision for licensing of non-banking financial institutions.

In 1988 the Government initiated the Financial Sector Adjustment Programme ("FINSAP") as part of the Economic Recovery Programme ("ERP"), under FINSAP, the banking industry had to be restructured and revitalized. In the 1990s, a wave of privatization took place and the Government began to privatize the Ghana Commercial Bank and divested its interests in the Social Security Bank.<sup>5</sup>

The institutional restructuring of the financial system, under the FINSAP introduced 5 new banks and 20 non-bank institutions. This encouraged competition in the financial sector. The country continues to implement reforms in the banking sector as part of agreements it has with the World Bank and IMF and to deepen and ensure continued growth and financial stability of the economy.

### **3.3 Market Participants**

As of September 2016, The Ghanaian Universal Banking sector comprises the regulator, Bank of Ghana ("BoG" or the "Central Bank") and 33 licensed universal banks with 7 of them listed on the Ghana Stock Exchange. The listed banks are; GCB Bank Limited, HFC Bank Ghana Limited, CAL Bank, UT Bank Ghana Limited, Standard Chartered Bank Ghana Limited, Ecobank Ghana Limited and Societe General Ghana Limited. Some international banks such as Citibank, Exim Bank of Korea and Bank of Beirut have already opened representative offices in Ghana. The table below shows licensed banks in Ghana:

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<sup>5</sup> Vidal L. Buckle and Co. The History of Banking in Ghana, 12 April 1999

<b>Banks</b>	<b>Year of Incorporation</b>	<b>Majority Ownership</b>
Access Bank Ghana Limited	2008	Foreign
Agricultural Development Bank	1965	Local
ARB Apex Bank	2000	Local
Bank of Africa (Ghana) Limited	1997	Foreign
Bank of Baroda	2007	Foreign
Barclays Bank Ghana Limited	1917	Foreign
BSIC Ghana Limited	2008	Foreign
CAL Bank Ghana Limited	1990	Local
Capital Bank Ghana	2009	Local
Ecobank Ghana Limited	1990	Foreign
Energy Bank Ghana Limited	2010	Foreign
FBN Bank Ghana	2013	Foreign
Fidelity Bank Ghana Limited	2006	Local
First Atlantic Bank	1994	Foreign
First National Bank Ghana	2014	Foreign
GCB Bank Limited	1953	Local
GN Bank Limited	1997	Local
Guaranty Trust Bank Ghana	2004	Foreign
HFC Bank Ghana Limited	1990	Local
National Investment Bank	1963	Local
Omni Bank	2016	Local
Premium Bank	2016	Local
Prudential Bank Ghana	1993	Local
Societe Generale Ghana Limited	1975	Foreign
Sovereign Bank	2016	Foreign
Stanbic Bank Ghana Limited	1999	Foreign
Standard Chartered Bank Ghana	1896	Foreign
The Royal Bank Ghana Limited	2011	Local
Unibank Ghana Limited	1997	Local
United Bank for Africa Ghana	2004	Foreign
Universal Merchant Bank	1971	Local
UT Bank Ghana Limited	1995	Local
Zenith Bank Ghana Limited	2005	Foreign
<b>TOTAL</b>	<b>33</b>	

Exhibit 13: Banks in Ghana

### 3.4 Regulatory Environment

The main regulators of the banking industry are the BoG and the Ministry of Finance and Economic Planning (“MoFEP”). Within the last decade a number of reforms and new regulations have been introduced:

Year	Key Developments <sup>6</sup>
2003	Increase in the minimum stated capital of banks to GHS 7 million
2003	Maintenance, placing, and transfer fees charged by commercial banks abolished
2003	Universal Banking Licence (“UBL”) was introduced for banks with GHS 7 million in capital
2004	The Banking Act, 2004 (Act 673) replaced the Banking Law 1989 (PNDC Law 225)
2006	Secondary deposit reserves requirement (15.0%) was abolished
2006	Foreign Exchange Act 2006 (Act 723) (the “Foreign Exchange Act”) came into effect
2007	Credit Reporting Act 2007 (Act 726) (“Credit Reporting Act”) and Banking (Amendment) Act 2007 (Act 738) were passed
2007	National Reconstruction Levy was abolished
2007	Redenomination of the Cedi
2008	Introduction of E-Zwich; the biometric smart card
2008	The Borrowers and Lenders Act, 2008 (Act 773) (the “Borrowers and Lenders Act”) and the Anti-money Laundering Act, 2008 (Act 749) (the “Anti-money Laundering Act”) came into effect
2008	BoG set the minimum stated capital of GHS 60 million to maintain Class 1 banking status
2009	National stabilisation levy was introduced
2013	Increase in required capitalization of new Banks to GHS 120 million, new Finance Houses/Savings and Loans Companies to GHS 15 million and that of Microfinance companies from GHS 0.1 million to GHS 0.5 million
2015	BoG authorized special diagnostic external audit of commercial banks to review asset classification and valuation, provisioning and loan restructuring practices
2016	Parliament passes Banks and Specialised Deposit-Taking Institutions Bill

Exhibit 14: Key Regulatory Developments since 2003

Source: 2014 Ghana Banking Survey, PwC, ICS Research

In 2008, the BoG set the minimum capital requirement to obtain and operate a Class 1 banking license (universal banking) at GHS 60 million to expand the financial sector. Ghanaian-owned banks were given a deadline of December 2012; whilst banks with foreign majority share ownership had to meet the minimum capitalization by the end of 2009. In 2013, the minimum capital requirement for new banks to obtain a Class 1 banking license was increased to GHS 120 million.

#### 3.4.1 Bank of Ghana

The BoG is the overall supervisory and regulatory authority over banking and non-banking financial institutions in Ghana. Banks, non-bank financial institutions and forex bureaux operate under the following regulatory and legal framework:

- Bank of Ghana Act, 2002 (Act 612)
- Banking Act, 2004 (Act 673) as amended by the Banking (Amendment) Act 2007 (Act 738)
- Non-Bank Financial Institutions Act, 2008 (Act 774)
- Companies Act, 1963 (Act 179)
- Bank of Ghana Notices/Directives/Circulars/Regulations
- Anti-Money Laundering Act, 2008 (Act 749) and Regulations
- Foreign Exchange Act, 2006 (Act 723)

The BoG is charged with the responsibility of ensuring that there is a stable financial system that facilitates the creation of wealth, economic growth and development. The Central Bank’s functions and responsibilities as a regulator are defined in Act 612 and Act 673 as follows:

- i. Formulate and implement monetary policy aimed at achieving the objectives of the Bank;
- ii. Promote by monetary measure the stabilisation of the value of the currency within and outside Ghana;
- iii. Institute measures which are likely to have a favourable effect on the balance of payments, the state of

<sup>6</sup> 2014 Ghana Banking Survey, PwC/ IC Securities Research

- public finances and the general development of the national economy;
- iv. Regulate, supervise and direct the banking and credit system and ensure the smooth operation of the financial sector;
  - v. Promote, regulate and supervise payment and settlement systems;
  - vi. Issue and redeem the currency notes and coins;
  - vii. Ensure effective maintenance and management of Ghana's external financial services;
  - viii. License, regulate, promote and supervise non-banking financial institutions;
  - ix. Act as banker and financial adviser to the Government;
  - x. Promote and maintain relations with international banking and financial institutions and subject to the Constitution or any other relevant enactment, implement international monetary agreements to which Ghana is party; and
  - xi. Do all other things that are incidental or conducive to the efficient performance of its functions under this Act and any other enactment.<sup>7</sup>

The governing body of the BoG is the Board of Directors as stipulated in Act 612. The Board consists of the Governor, who is also the Chairman, 2 Deputy Governors and 9 Non-Executive Directors. The current Governor of the BoG confirmed in April 2016 is Dr. Abdul-Nashiru Issahaku.

### 3.5 Developments in the Banking Industry

Over the last 5 years, the Ghanaian banking industry has witnessed a number of consolidations and new entrants. Some consolidations include:

- The acquisition of Amalgamated Bank in 2011 by Bank of Africa
- The acquisition of Intercontinental Bank in 2012 by Access Bank
- The merger of The Trust Bank and Ecobank Ghana in 2012
- The acquisition of International Commercial Bank Ghana by First Bank of Nigeria in 2013
- The acquisition of HFC Bank by Republic Bank in 2015

Other new entrants include:

- Access Bank in 2009
- Energy Bank in 2011
- Royal Bank in 2012
- First Capital Plus Bank (formerly a Non-bank Financial Institution) in 2013
- FBN Holding (via the acquisition of International Commercial Bank Ghana) in 2013
- GN Bank (formerly a Non-bank Financial Institution) in 2014
- FirstRand Bank of South Africa in 2015
- Sovereign Bank in 2016
- Premium Bank (formerly City Investments Company, a Non-bank Financial Institution) in 2016

### 3.6 Performance of the Banking Industry

The banking industry is one of the most competitive sectors of the economy. The banking sector continues to record steady growth in assets, deposits and net worth. The BoG Financial Stability Report ("FSR") measures the financial soundness of the banking industry in terms of earnings, portfolio quality, liquidity, and capital adequacy. According to the BoG's February 2016 FSR, the banking industry continues to remain sound and solvent.

#### Growth

The balance sheet size of the banking sector has grown strongly in the last 5 years. The growth in the banking industry has been supported by strong economic growth, recapitalisation programme, increased competition due to new entrants and continuous initiatives to mobilise deposits.

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<sup>7</sup> Source: Bank of Ghana

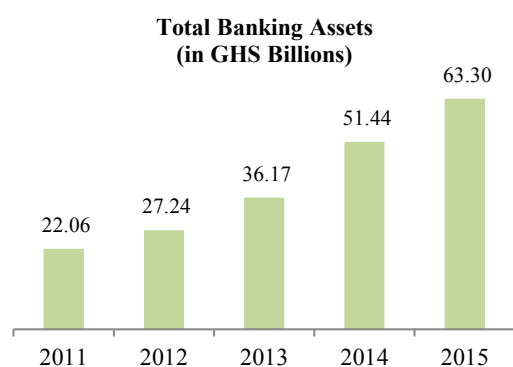


Exhibit 15: Total Bank Assets 2011 - 2015

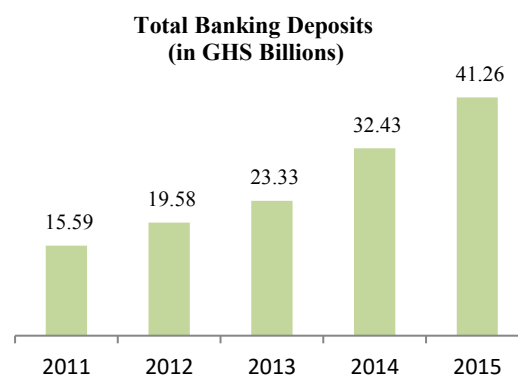


Exhibit 16: Total Bank Deposit growth 2011-2015

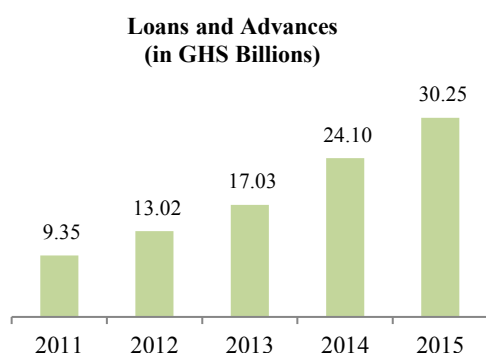


Exhibit 17: Total Gross Loans growth 2011-2015

Source: Bank of Ghana

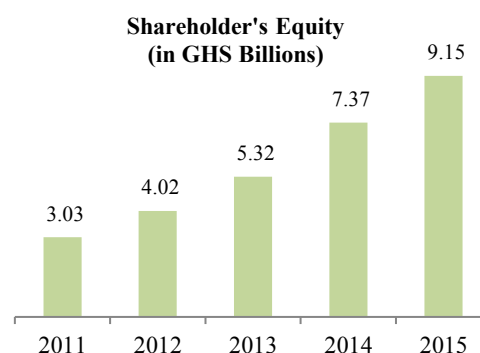


Exhibit 18: Shareholders Equity 2011-2015

### Soundness

The increase in equity, primarily due to the capital injection to meet the minimum capital, has made banks more robust. The industry capital adequacy ratio, which is a measure of a bank's financial strength expressed as a ratio of its capital to its risk-weighted exposures, has consistently remained well above the regulatory minimum of 10% over the last five years. Moreover, the growth has been matched by a strengthening of credit administration and recovery procedures across the industry. However, 2015 was a challenging year as most of banks were faced with higher non-performing loans. Overall average NPLs for the industry rose to 14.7% in 2015, from 11.0% in 2014.

### Profitability

The industry's ROE recorded a dip from 33.1% in 2014 to 22.2% in 2015, and the ROA also plunged from 6.6% in 2014 to 4.6% in 2015. The decline resulted from higher interest costs, high non-performing loans which led to high provision of for bad debts and high operating costs, due to an increased cost and shortage of power supply.

## 3.7 Banking Industry Outlook

The banking industry has performed remarkably over the last five years on the back of strong macro-economic growth, expansionary benefits from the recapitalisation and intense competition from new entrants.

The expected increase in Ghana's middle class and economic growth present opportunities for banks to provide more financial solutions to support business growth and growing consumer behaviours. Increased activity in key sectors such as oil and gas, telecommunications and construction are expected to spur growth in the banking sector. New consumer-focused products like mortgages which have traditionally not been offered by banks are expected to increase due to the growing housing deficit and consumer appetites for homes. There exists more headroom for growth due to the low penetration rate in the country. Banks have been unable to tap into the huge opportunities in Ghana's upstream oil and gas sector mainly due to capitalisation challenges. Significant capital is needed to address the funding needs of the upstream sector, hence, a continuation of the ongoing recapitalisation in the industry to help banks expand their

operations. Competition in the industry is expected to intensify as new banks enter the market and aggressive smaller banks raise capital to fund their expansion. The competition is expected to boost industry growth, as banks adopt more active approaches and invest in innovative products to capture customers, and encourage operational efficiency as banks invest in information technology to automate systems and processes. The competition may also result in consolidations as banks seek to meet regulatory capital requirements.

## Part 4 – AGRICULTURAL DEVELOPMENT BANK LIMITED

### 4.1 Overview

ADB is a leading financial institution in Ghana operating with a universal banking licence. ADB was established by Act 286 in 1965 as the Agricultural Credit and Cooperative Bank to provide and administer credit and other banking facilities in the agricultural sector. The Bank's name was later changed to Agricultural Development Bank in 1967 by the National Liberation Council (NLC Decree 182). ADB received its universal banking licence in 2004 and subsequently appointed a new Managing Director in August 2009. Pursuant to the appointment of the new Managing Director, a new management team was established to implement a restructuring exercise aimed at repositioning the Bank's market orientation to focus on agriculture and more in January 2010. In August 2014, the Bank was converted into a public limited company as part of the process of listing on the Ghana Stock Exchange.

ADB has grown consistently over the years to become one of the leading universal banks, in terms of assets, deposits and loans, and a well-recognised brand in the Ghanaian banking industry. Due to its steady performance, ADB has consistently remained in the top ten (10) banks, across key metrics, despite increasing competition from new entrants. As at the end of 2013, ADB was the 10<sup>th</sup> largest lender and the 10<sup>th</sup> largest bank by total assets. The Bank has one of the largest distribution channels in Ghana spread across the ten (10) regions of the country. As at September 2016, ADB's distribution channels comprised of a network of 78 branches and a broad range of electronic banking operations, including internet banking, mobile banking and other electronic payment systems. This has enabled the bank to efficiently serve its retail, corporate, small and medium scale enterprises ("SME") and agricultural financing clients.

#### 4.1.1 Vision

ADB's medium term objective is to be among the top-tier performing banks in the country.

#### 4.1.2 Mission

ADB is committed to building a strong customer-oriented bank, run by knowledgeable and well-motivated staff, providing profitable financial intermediation and related services for a sustained and diversified agricultural and rural development.

#### 4.1.3 Values

<b>Customer Excellence</b>	To enable its customers to have an efficient, productive, and enjoyable banking experience by providing them with what they want when they need it
<b>Teamwork</b>	To build effective teams with members who have complimentary competencies, hold themselves mutually accountable, exhibit effective communication and continually challenge each other to strive for excellence
<b>Creativity</b>	To create the environment that encourages its employees to generate a new idea and/or rethink an old idea and develop the idea into practical implementable products, processes, or solutions
<b>Aggressiveness (Market Place)</b>	To be fearless, bold, energetic and enterprising in pursuing actions or decisions in the market place that will ensure that the Bank is competitive, satisfies its customers and achieves sustainable growth
<b>Accountability</b>	To perform in a manner at all times that makes the Bank accountable, responsible, and answerable to its customers, partners, leaders, and other employees as well as external stakeholders

Exhibit 19: ADB's Values

### 4.2 Authorised Business of the Bank

The bank is authorised to carry the following businesses:

- To acquire and take over as a going concern the business of banking and allied services now being carried on at the Accra Financial Centre, 3rd Ambassadorial Development Area, Ridge, Accra with branches and offices in all the regions of the Republic of Ghana under the name and style of Agricultural Development Bank Limited established under the Agricultural Development Bank Act, 1963 (Act 28) as amended together with all or any of the assets and liabilities of the Agricultural



Development Bank pursuant to the Statutory Corporations (Conversion to Companies) Act, 1993 (Act 461);

- To carry on the business of banking in all its aspects;
- To provide finance in the form of term loans, overdraft and other credit facilities;
- To carry on the business of leasing goods, hire purchase and warehousing;
- To underwrite new issues of stocks, bonds, debentures and other securities;
- To transact all kinds of guarantee or indemnity business;
- To organize, lead, or co-lead or join or participate in consortia or syndications for the establishment and management of trust funds or to raise funds for financing specific projects;
- To undertake research studies, investigations and surveys in regard to the economic and technical feasibility of agricultural, agribusiness and other projects or enterprises; and
- To provide managerial, technical and administrative advice and assist in obtaining managerial, technical and administrative services to agricultural and agribusiness enterprises.

### 4.3 ADB Capital Structure and Ownership

#### 4.3.1 Stated Capital

Out of the 10,000,000,000 ordinary authorised shares of the Bank, 155,451,524 have been issued and fully paid up as at 30 September 2016. The issued shares are held by the Government of Ghana, through the Ministry of Finance and Economic Planning and the Bank of Ghana, through its wholly owned subsidiary Financial Investment Trust Limited. The Bank has no class of shares other than ordinary shares.

	Issued shares	Proceeds (GHS)
Issued for Cash	1,539,124	75,000,000
For Consideration other than cash	-	-
Transfer from Income Surplus	153,912,400	100,000
<b>Total</b>	<b>155,451,524</b>	<b>75,100,000</b>

Exhibit 20: ADB's Stated Capital Structure

	Number of shareholders	Number of shares	% Holding
Over 50,000,000	2	155,451,524	100.00%
<b>Total</b>	<b>2</b>	<b>155,451,524</b>	<b>100.00%</b>

Exhibit 21: ADB's Ownership Structure

#### 4.3.2 Debt Holdings

As at 30 September, 2016, the Bank had a total debt portfolio of GHS 248,946,847.00 comprising the following facilities:

Creditor	Amount	Weighted Average Rate	Maturity
Government of Ghana	GHS 63.2 million	5.57%	2015 – 2057
Ghana International Bank	USD 14.4 million	3.40%	2017
Agence Française de Développement	EUR 21.0 million	1.73%	2025
Local Institutions	GHS 19 million	25.27%	2016
Bank of Ghana	GHS 5.4 million	1.80%	2016-2032

Exhibit 22: ADB's Indebtedness

#### 4.3.3 Capital Structure

The capital structure of the Bank as at 30 September 2016 is:

Class of Shares	Authorised Shares	Issued Shares	Stated Capital (GHS)
Ordinary Shares	10,000,000,000	155,451,524	75,100,000

Exhibit 23: ADB's Capital Structure

#### 4.3.4 Share Issue History

At incorporation on August 19, 2014, ADB was registered with 100 million ordinary shares of no par value of which 1,539,124 shares were issued to the existing shareholders for capital of GHS 75 million. On 11

December, 2014 shareholders of ADB passed a resolution increasing the Bank's authorised shares to 10 billion effective 11 December, 2014, and authorised the transfer of GHS 0.1 million to stated capital from retained earnings as part of a bonus issue; issuing of 153,912,400 new shares (100:1) to all shareholders on the register of members as of August 31, 2014, thereby increasing the bank's issued shares to 155,451,524. With the issue, Government of Ghana now holds 80,563,155 shares and Financial Investment Trust Limited Trust holds 74,888,369.

#### 4.3.5 Capital Expenditure

The table below shows ADB's principal capital expenditure over the past five years:

<b>Fixed Assets in GHS</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>
Land & Building	138,000	0	1,000	12,668,318	8,639,759	1,199,840
Software	1,124,000	12,590,000	851,000	8,210,406	7,203,029	0
Leasehold Improvement	0	304,000	1,138,000	3,414,028	7,815,973	8,086,129
Computers	2,314,000	1,688,000	1,407,000	5,872,632	5,859,240	1,075,617
Furniture & Equipment	2,317,000	992,000	1,314,000	4,216,838	2,895,091	348,427
Motor Vehicles	116,000	479,000	0	1,083,213	2,009,549	0
Capital WIP	529,000	0	1,591,000	2,514,168	7,891,939	1,583,953
<b>Total</b>	<b>6,538,000</b>	<b>16,053,000</b>	<b>6,302,000</b>	<b>37,979,603</b>	<b>42,314,580</b>	<b>12,293,966</b>

Exhibit 24: ADB's Capital Expenditure

#### 4.3.6 Takeover Offers or Bids

ADB has neither received any takeover offers from third parties nor made any takeover bid for other companies' shares during the last and current financial year.

### 4.4 Products, Services and Key Business Overview

#### 4.4.1 Products and Services

ADB offers an extensive range of products and services to its existing and prospective clients in line with making banking more convenient and affordable. The Bank's main business lines include Consumer Banking, Corporate Banking, SME Banking, Agricultural Financing and Treasury activities. The Bank also provides transaction banking activities to its clients. ADB serves its clients through a diversified multichannel system comprising a network of ATMs and POS terminals, branches, internet banking, mobile phone banking (including SMS services and smartphone banking applications) and call centre.

#### 4.4.2 Categorisation of segments

In its core banking business, ADB categorises each customer as falling within one of its Consumer, Corporate, SME, Transaction and Investment banking segments and uses the following definitions for this purpose:

<b>Products/ Services</b>	<b>Main features</b>
<b>Consumer Banking</b>	Provide services targeted at individual and retail clients. Includes providing loans, receiving deposits from individuals, call centre operations, customer relations, complaints and enquiries to ensure customer satisfaction
<b>Corporate Banking</b>	Provide financial solutions to corporate clients to sustain profitable growth for their businesses. This includes local corporate institutions, multinationals and public sector institutions
<b>SME Banking</b>	Provide services to small and medium scale businesses and customers that are not included in the corporate segment, with focus on providing support and improving productivity of small and medium businesses
<b>Agricultural Financing</b>	Focus on providing financial solutions to customers in the agricultural sector to support production, processing and marketing of products
<b>Treasury</b>	Undertake funding and risk management activities via placements, and investing in liquid assets. Provides both retail and wholesale banking clients a wide array of money and foreign exchange market products such as time, call and savings deposits, treasury bills and funds management, spot and forward contracts as well as correspondent banking services

<b>Trade Finance</b>	Facilitate international trade payments by providing services for import and export businesses. Undertakes handling and processing on behalf of businesses including import/export letters of credits, import/export documentary collection, invoice discounting, guarantees, bonds and indemnities and direct payments
<b>Transaction Banking</b>	Provide state-of-the-art IT infrastructure to create convenience for clients and enable them become more efficient and profitable. This include internet and mobile banking services and debit cards

Exhibit 25: ADB's Key Products and Services

## **Consumer Banking**

### ***Overview***

ADB has developed a diversified consumer banking product mix, including the provision of traditional and innovative services designed to address the needs of its retail customers. Consumer banking offers an evolving privilege banking experience through constant innovation, technology, client-centered products and quality service. The consumer banking department identifies new markets/sales outlets and customer service delivery channels for the bank's operations. Consumer banking manages call centre operations, customer relations, complaints and enquiries to ensure customer satisfaction. The department offers a full range of loan, account and deposit products through its multichannel platform. ADB's management believes that the Bank's strong brand and reputation among its customers, results from its standards of service, the design of its branches and its qualified and well-trained staff. ADB offers different types of loan products to its retail clients, including mortgage loans, consumer loans, debit cards, automobile loans, student loans, instalment cards and overdrafts.

## **Corporate Banking**

### ***Overview***

ADB's corporate banking operations offers a unique banking experience through continuous product innovation, client-centered products and quality service to corporate institutions. These services and products include syndicated lending, accounts and term deposits, corporate cards, foreign exchange operations (including forwards and swaps), trade and project finance products (supplier finance, contract finance, distributor finance, invoice discounting and trade loan), working capital finance, payroll projects, escrow services, transactional services, cash collection and leasing services. The Corporate Banking department provides tailored financial solutions across all key corporate business sectors and utilizes a modern IT platform to ensure efficient and fast delivery of services. ADB has a strong corporate banking presence in a number of sectors including services, building and construction, commerce and finance.

## **Business Banking**

### ***Overview***

ADB's management considers the SME segment as core to Ghana's economic development with a high level of growth potential. ADB provides financial solutions to Business Banking customers through its diversified product range and is continuously developing new products and services for its Business Banking customers. ADB offers a wide variety of loan products that are tailored specifically to SME businesses in order to meet the needs of customers within this segment. These include short-to medium-term loans to finance working capital needs, equipment acquisitions and expansion of operations, as well as for other purposes.

## **Agricultural Financing**

### ***Overview***

The main focus of ADB is to provide credit facilities for the development and modernization of the agricultural and agro-allied sectors of the Ghanaian economy. This department focuses on providing financial services to its clients in primary production, agro-processing, agro-export and other agricultural related activities including warehousing, distribution and marketing. The department also works closely with key stakeholders (i.e. MDAs<sup>8</sup>, MMDAs<sup>9</sup> and international development agencies) to channel funds and increase access to agricultural credit lines and financing schemes. Some products and services offered by

<sup>8</sup> Refers to Ministry, Department and Agency

<sup>9</sup> Refers to Metropolitan, Municipal And District Assemblies

this department include: short, medium and long term loans to customers in the agricultural sector to finance working capital, purchase product input and expand operations.

## **Treasury**

### ***Overview***

ADB conducts treasury activities which include; currency trading and management of all exchange related transactions, money transfer operations, management of the Bank's liquidity and providing treasury products to its corporate clients.

## **Trade Finance**

### ***Overview***

ADB also provide services to import and export businesses. The trade finance team is made up of the sales and operations team which provide the following international trade services; establishment and advising of import letters of credits, import documentary collection, export letters of credit, export documentary collection, invoice discounting, guarantees, bonds and indemnities and direct payments. ADB has a wide network of correspondent banks dotted across the globe to facilitate international trade.

## **Transaction Banking**

### ***Overview***

Transaction banking provides state-of-the-art IT infrastructure to create convenience for clients and enable them to become more efficient and profitable. ADB has a full range of innovative, customized solutions in cash management, remittances, trade finance and mobile banking. These include:

1. A card centre aimed at granting clients an easy access to cash, with products such as Quickcash, ADB Visa Classic Debit Card, Ezwich and GH-Link;
2. Internet banking services which include mobile money transfer services (MTN Mobile Money), electronic bank statements (Quic Statement), electronic alert systems (Quic Mail), SMS alert (Quic Alert) and ADB Quicnet; and
3. Cash management services which include products such as direct debit, stock management and automated cash receipt systems (e.g. Transflow Services, NLA Fast Pay/Fast Credit, WAEC collection and payments and MTN stock management).

## **Bancassurance**

### ***Overview***

Under ADB's standard loan agreement, retail clients are required to maintain life and/or property insurance on their mortgage and consumer loans. ADB offers such insurance to customers as an intermediary in partnership with Vanguard Assurance, a member of the Vanguard Group.

## **Prospects of ADB**

ADB's medium term objective is to be among the top tier performing banks in Ghana by balancing market orientation with a development focus on agriculture. The Bank will be seeking to use the new capital raised through this Offer to undertake several growth initiatives including:

- expanding and providing sustainable growth to agriculture business
- refurbishing key branches and building new branches to enhance deposit mobilisation
- re-engineering the business processes and workflow as well as staff re-orientation to optimise the automation process
- establishing a pension fund custodian services business
- establishing an oil and gas desk
- establishing a mortgage banking department
- establishing a leasing subsidiary

The Board and management of ADB are confident that the Bank will continue to deliver excellent quality services to individuals, corporate customers, government and non-governmental organisations. ADB's goal in the coming years will be to grow into a strong customer-centric bank, providing profitable and diversified financial services for a sustained contribution to agricultural development and wealth creation.

#### 4.5 Distribution Network

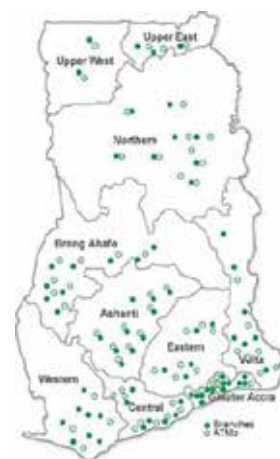
ADB has developed a leading sophisticated multi-channel distribution system that allows the Bank to serve its customers through a combination of branch network and a variety of electronic channels. These electronic channels include technological state-of-the-art options (such as internet and mobile phone banking) as well as more traditional options such as ATMs, cash-in terminals and a call centre.

##### **Branch network**

As at 30 September, 2016, ADB's branch network comprised 78 branches consisting of service centres and full branches. ADB has 78 branches located across the ten (10) regions in Ghana and 92 ATMs in all the ten (10) regions.

Region	Number of Branches	Number of ATMs
Greater Accra Region	22	31
Ashanti Region	8	10
Brong Ahafo Region	9	8
Northern Region	8	9
Volta Region	8	8
Western Region	7	5
Central Region	6	7
Eastern Region	5	6
Upper East	3	5
Upper West	2	3
<b>Total</b>	<b>78</b>	<b>92</b>

Exhibit 26: ADB's branches and ATM's across Ghana



#### 4.6 Shareholders

ADB is owned by the Government of Ghana through two institutions. As at 30 September 2016, ADB had 2 (two) shareholders.

Name	Number of shares	% of Issued Capital
Ministry of Finance and Economic Planning	80,563,155	51.83%
Financial Investment Trust	74,888,369	48.17%
<b>Total</b>	<b>155,451,524</b>	<b>100.00%</b>

Exhibit 27: Shareholders of ADB

## 4.7 Organisational Structure

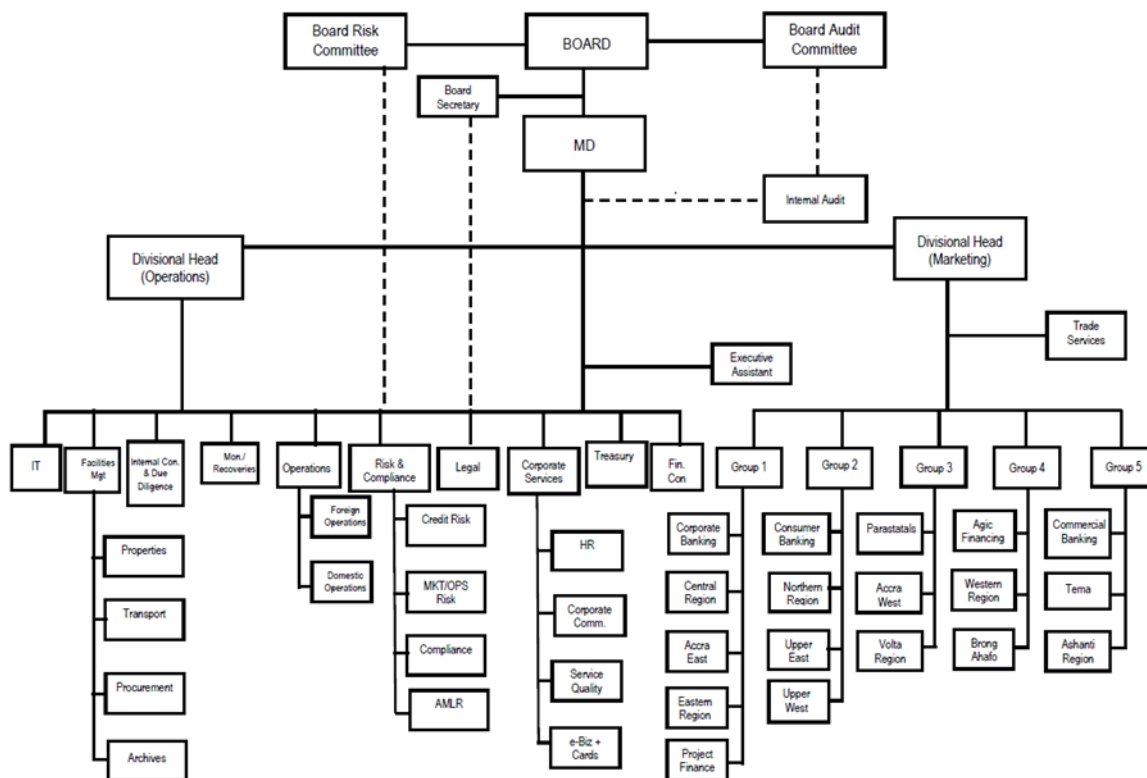


Exhibit 28: ADB's Organisational Structure

## 4.8 Corporate Governance Structures

The key guiding principles of the Bank's governance practices are:

- Good corporate governance enhances shareholder value;
- The respective roles of shareholders, Board of Directors and management in the governance architecture should be clearly defined; and
- The Board of Directors should have majority membership of independent directors, defined broadly as directors who are not employed by the Bank, or who are not affiliated with organizations with significant financial dealings with the Bank.

These principles have been articulated in a number of corporate documents, including the Bank's regulations, rules of procedures for Boards, a code of conduct for Directors and rules of business ethics for staff.

## 4.9 Board Committees

The Board has three (3) active committees. These are; the Governance and Risk Management, the Audit and Compliance and the Remunerations and Nomination Committees.

### 4.9.1 Governance and Risk Management Committee

The governance and risk management committee is empowered to commission work and examine documents or staff in order to advise management and the Board on the nature and relative scale of the risks confronting the Bank, the appropriateness of the controls intended to manage these risks and whether the residual risk is within the parameters approved by the Board. The role of the governance and risk management committee includes:

1. Reviewing all risks to which the Bank is exposed, assess from time to time their relative importance and evaluate whether the resources and controls designed to manage each risk are proportionate to the

- quantum of risk involved.
2. To the extent that management accepts residual risk, because the resources required to reduce it further are considered to be disproportionate, the Committee determines whether it is within the parameters set by the Board. The risk parameters set by the Board is generally defined in terms of a proportion of the Bank's capital or profits that may be at risk of loss in the worst case if a risk crystallizes. The Committee takes into account the connectivity of risks.
  3. The review of risks with a frequency that it judges to be proportionate to their materiality to the Bank paying particular attention to new risks arising from changes in the Bank's business strategy and those arising from the wider current commercial, economic and political environment. The Committee reviews the comprehensiveness of record of risks from time to time and updates it where appropriate.
  4. The consideration prior to implementation of all new products, significant changes in the balance of the business of the Bank or scale of its operations in any area. The committee also considers of all proposed changes to key systems and operational controls, management structure and key responsibilities of the senior management team.
  5. Assisting management in the recognition of risks and also to ensure that the Board is made aware of changes in the risk profile.
  6. Overseeing the preparation of an overall risk assessment detailing changes in the risk environment over the period since the last review including:
    - Asset quality and concentration
    - Counterparty limits
    - Currency, maturity and interest rate mismatches
    - The external environment, including country risk for any country where the bank has a significant exposure
    - Business strategy and competition
    - Operational risk, including vulnerability to fraud, human resources and business continuity
    - Legal, compliance and reputational risk
  7. The committee annually reviews its terms of reference and modus operandi and makes recommendations for changes that it considers appropriate to the Board.

#### **4.9.2 Audit and Compliance Committee**

The role of the audit and compliance committee includes:

1. To recommend annually to the Board and Annual General Meeting ("AGM"), the appointment of the External Auditor, the audit fee and to advise the Board on any questions of resignation or dismissal of the External Auditors.
2. To keep under review the Bank's policy on non-audit services provided by the External Auditors and recommend this to the Board having due regard to ensuring that the provision of such services does not impair the External Auditor's independence or objectivity.
3. To discuss with the External Auditors before their audit commences, the nature and scope of the audit.
4. To discuss any issues arising from the interim or final audits, and any matters the External Auditors may wish to raise and to report on such matters to the Board.
5. To be responsible for reviewing the manner in which management ensures and monitors the nature, extent and effectiveness of the Bank's accounting financial and risk management control systems.
6. To ensure there are systems in place which provide reasonable assurance of the safeguarding of assets against unauthorized use or disposition.
7. To monitor the maintenance of proper accounting records and the reliability of financial information used within the business.
8. To authorize, direct and review the programme of the internal auditor. To receive reports from the Internal Auditor, consider the major findings of those reports and monitor follow up actions of management.
9. To keep the accounting policies of the Bank under review and make recommendations to the Board to renew or amend at least (usually at the time the Annual Statutory accounts are approved)
10. the request of the Board.

#### **4.9.3 Remuneration and Nomination Committee**

The remuneration and nomination committee proposes and makes recommendations on human resource issues and matters relating to terms and appointments of senior management. The role of the remuneration committee includes:

1. Proposing and making recommendations on Human Resource issues and matters relating to terms

and appointments of Senior Management.

2. Conducting the process for Senior Management Appointments, including obtaining all requisite legal and regulatory consents, evaluating the balance of skills, knowledge and experience of Management. The Committee would prepare a description of the role and capabilities required for a particular appointment.
3. Developing and effecting Human Resource policy for the Bank within guidelines approved by the Board.
4. Recommending levels of the remuneration of executive and non-executive directors for approval by the Board.
5. Reviewing all disciplinary cases involving staff above the grade of B5 and recommending appropriate sanctions for offending members of staff for approval by the Board.
6. Providing support and recommendations to the Board from time to time on succession planning.

#### 4.9.4 Code of Conduct

Management has communicated principles in the Bank's Code of Conduct to its employees to provide guidance in the discharge of their duties. This code sets the standards of professionalism and integrity required for the Bank's operations, which covers compliance with applicable laws, conflicts of interest, environmental issues, reliability of financial reporting, bribery and strict adherence to laid down principles, so as to eliminate the potential for illegal practices.

#### *Anti-Money Laundering*

The Bank also has an established anti-money laundering system in place in compliance with requirements of Ghana's Anti-Money Laundering Act 2008. These include due diligence for opening new accounts, customer identification, monitoring of high risk accounts, record keeping and training and sensitisation of staff on money laundering, which assist in reducing regulatory and reputational risks to its business.

#### 4.10 Board of Directors

The Board is responsible for governing the Bank as well as setting the strategic policies, appointing top management, an internal auditor, monitoring progress towards the achievement of objectives and compliance with policies and approving all policies. As at September 2016, the Board of Directors of Agricultural Development Bank Limited consisted of seven (7) members made up of a Non-executive Chairman, 5 (five) Non-executive Directors, and one (1) Executive Director. These board members have wide experience and in-depth knowledge in management, industry and the financial and capital markets, which enable them make informed decisions and valuable contributions to the Bank's progress.

Director	Educational Qualification	Position	Age	Nationality	Year of Appointment	Other Directorship
Nana Soglo Alloh IV	LLB (Hons.) Barrister at Law	Chairman	57	Ghanaian	2013	Sterling Bosch Investments (GH) Limited Quathlem Limited Broadband Home Limited Clydestone (Ghana) Limited HudsonPrice Data Solutions Ltd. Volta Region Development Agency
Daniel Asiedu	BSC( Mech Engineering) Chartered Accountant MBA (Finance)	Managing Director	46	Ghanaian	2016	Ghana International Bank PLC
Nancy Ampofo	B.A. (Law) B.L	Non-Executive Director	59	Ghanaian	2009	Legal Service Board National Service Scheme
M. S. Tara	ACMA BSc. (Accounting)	Non-Executive Director	66	Ghanaian	2009	Central Tender Review
Maurice Abisa Seidu	EMBA B.A. (Psychology)	Non-Executive Director	66	Ghanaian	2013	N.A
Caroline Otoo	LLB Barrister at Law Advanced Diploma in Legislative Drafting	Non-Executive Director	54	Ghanaian	2009	N.A



Solomon Djaba-Mensah	BA(Modern History) Post Graduate Studies In Management	Non- Executive Director	67	Ghanaian	2016	N.A
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Exhibit 29: Details of ADB's Directorships

At the apex of ADB's management is a seven-member Board of Directors. A brief profile of members of the board follows:

**Nana Soglo Alloh IV, Chairman, Ghanaian, Barrister, Non-Executive Director, 57 years**

Nana Soglo Alloh holds an LLB (Hons.) Degree from the University of Liverpool, UK. He passed out of the Ghana Law School in 2001 and was called to the Ghana Bar in the same year. He started his legal career as a Legal Advisor to the London Borough of Brent, Immigration and Race Relations Department in the United Kingdom from 1983 until 1988. He then went into private practice as a Legal Consultant on UK Immigration and Race Relations with Christopher Roberts & Co, a London-based Solicitors Law firm from 1988 to 1991. He set up and ran Alloh & Partners, an immigration law consultancy, in the UK from 1991 to 1999. After he was called to the Ghana Bar in 2001, he joined Awoonor Law Consultancy and, in 2004, set up Alloh & Partners for his law practice. Nana Soglo Alloh IV is the Paramount Chief of Likpe Traditional Area in the Volta Region of Ghana and the President of the Likpe Traditional Council. He is also a permanent member and Vice-President of the Volta Region House of Chiefs and member of the Local Government Service Council.

**Daniel Asiedu, Managing Director, Ghanaian, Executive Director, 46 years**

Mr. Daniel Asiedu who was appointed Managing Director in March 2016 is an experienced Banker, Chartered Accountant and Financial Analyst spanning a period of over twenty (20) years. He holds a Bachelor Degree in Mechanical Engineering from the University of Ibadan, Nigeria and an Executive Master's Degree in Business Administration (Finance Option) from the University of Ghana. He has also attended many courses both locally and internationally including Executive Management courses at Harvard Business School, Columbia University, The Wharton Business School, Kellogg School of Management, Stanford Graduate Business School, INSEAD and Euromoney Training. He has extensive expertise in auditing, business consulting, general banking, financial management, marketing, operations and investment. His working experience ranges from Zenith Bank Ghana, PricewaterhouseCoopers, Zenith Bank Plc, Volta River Authority and Standard Trust Ghana Ltd (now UBA (Gh) Ltd). He is also an honoured member of the International WHO'S Historical Society of Professionals and has won several awards and accolades in his working life as a banker.

**Major Mahama S. Tara (Rtd), Chartered Management Accountant, Non-Executive Director, Ghanaian, 66 years**

Major Tara (Rtd), a Chartered Management Accountant (ACMA) also holds a BSc Administration (Accounting Option) Degree from the University of Ghana. He is currently the Chief Director of the Ministry of Finance and before that Chief Director at the Ministry of Education. His rich experience in the public sector includes serving as Director of Finance and Administration for the Ghana Tourist Development Company Ltd., Director of Finance of the then Architectural and Engineering Services Corporation, and a Deputy Controller & Accountant-General. He had previously served at the Ministry of Finance as Director of Budgets and Acting Chief Director. Among his achievements are Head of the Technical Team that re-organized the Budgeting and Public Expenditure Management System within the Government machinery. He also introduced the Medium Term Expenditure Framework (MTEF) as the model for Governmental Accounting. He was appointed to the Board in June 2009.

**Nancy Dakwa Ampofo, Barrister, Non-Executive Director, Ghanaian, 59 years**

A Notary Public, Solicitor and Barrister, Ms. Ampofo graduated from the University of Ghana in 1979 with a B. A. (Combined) Degree in Law (with Political Science). She obtained a Professional Law Certificate in 1981 from the Ghana Law School and was called to the Ghana Bar on 20th November 1981. Ms. Ampofo has had a track record and expertise in legal consultancy acquired through undertaking legal work for both public and private sector institutions, as well as individuals and multinationals. In 1983, Nancy joined R. Kocuvie Tay and Co. as an associate. In 1988, she moved to Addae Twum and Company where she worked for over decade. Ms. Ampofo founded her own legal firm, N. D. Ampofo Associates in 2000 and has been offering legal consultancy services to both local and international clients in all areas of the law. She was appointed as Director of the Bank in June 2009.

**Maurice Tanco Abisa-Seidu, Public Servant, Non-Executive Director, Ghanaian, 66 years**

Mr. Abisa-Seidu holds an Executive Masters in Business Management from the Ghana Institute of Management and Public Administration and a B.A. (Psychology with Sociology) Degree from the University of Ghana. He is a former Chief Director of the Ministry of Food and Agriculture (MOFA) and now an Advisor at the MOFA. He worked for several years with Ghana Cotton Company Limited, first as General Manager and from 1993 to 2006 as the Managing Director. Mr. Abisa-Seidu is a Partner at Platinum DFL Limited, a consulting firm and also Associate of Continental Consultants.

**Caroline Otoo, Barrister, Non-Executive Director, Ghanaian, 54 years**

Mrs. Caroline Otoo holds LLB (Hons) Degree from the University of Ghana, BL from the Ghana School of Law, and Advanced Diploma in Legislative Drafting from the University of West Indies. She is a member of the Ghana Bar Association and International Bar Association. Mrs. Otoo worked previously at the Ministry of Justice and Attorney-General's Department and joined the Bank of Ghana in 1993. She is currently the Secretary to the Bank of Ghana and represents the Financial Investment Trust (a subsidiary of the Bank of Ghana) on the Board.

**Solomon Djaba- Mensah, Barrister, Non-Executive Director, Ghanaian, 67 years**

Mr Djaba-Mensah is an Educationist, Administrator and a veteran Labour & Trade Union Activist. He studied Modern History at the University of Ghana, had a Post Graduate Studies in Management in Bulgaria and International Relations in Moscow, USSR. As a professional teacher, he has served in many rural and urban communities both as a classroom Teacher and Headmaster in basic and senior high school. On the labour front, he was an outspoken advocate for industrial harmony in the education sector whilst serving as the District and Regional Chairman respectively of GNAT, He also served on the Ghana Integrity Initiative (GII) Eastern Region Public Education Team on Anti-Corruption.

**James K. Agbedor, Barrister, Board Secretary, Ghanaian, 60 years**

Mr. Agbedor holds a Bachelor-of-Laws Degree from the University of Ghana and a Professional Law Certificate from the Ghana School of Law. He joined the Bank in 1985 as a Legal Officer and was until 2014 when he was made the General Counsel of the Bank. He was appointed Board Secretary in 2006 which he still holds.

#### **4.11 Management Team**

ADB's management team includes the following:

**Mr. Daniel Asiedu, Managing Director (see Board of Directors)**

**James K. Agbedor (See Board of Directors)**

**Joseph Nii Adjei - Chief Finance Officer, Ghanaian, 39 Years**

Nii Adjei started his career with EY in 2002 as an Audit Associate rising to a Senior Associate in 2004. He joined Zenith Bank in September 2005 and by dint of hard work and commitment rose within a relatively short time to the position as of Chief Finance Officer. This is a role he handled excellently until June 2016 when he joined the ADB as CFO. He holds a Bachelor of Science degree in Computer Science from KNUST, MBA from Edinburgh Business School. He is a Chartered Accountant (ACCA).

**Eva Richter-Addo - Group Head, Corporate Services, Ghanaian, 47 Years**

She holds an LLB. (Hons) from the University of Ghana and an EMBA (HR option) from the University of Ghana Business School. She is an affiliate member of the Chartered Institute of Personnel Development – (CIPD – UK) and a member of the Institute of Human Resource Management Practitioners, Ghana. Eva has to her credit a rich experience spanning twenty (20) years in Human Resources Management & Development having spent ten (10) years as a Business Unit Head (HR) at KPMG Ghana with a proven track record in strategic human resource planning & management with a sound awareness of team dynamism and strategic decision making.

**Alfred Neneh A. Akotiah, Group Head, Consumer Banking, Ghanaian, 57 years**

Mr. Akotiah joined ADB in July 2013 as Executive Head, Retail Banking. He holds an Executive Masters in Business Administration (Marketing) from the University of Ghana Business School. An Associate of both the Chartered Institute of Bankers (UK) and Chartered Institute of Bankers (Ghana), with over 30 years of banking experience, Mr. Akotiah started his banking career at Barclays Bank Ghana Limited in 1982 and rose through the ranks to become the Head, Credit Operations (Retail). In 2009 he moved to the then SG-SSB Ltd. as Head, Retail Business Development, Sales & Service and, subsequently, Head, Retail Banking Division. He later joined CAL Bank Ltd. in June 2012 as Head, Retail & Business Banking before joining ADB in 2013. He is a member of the Institute of Management Specialists (UK).

**Bernard Appiah Gyebi, Chief Risk and Compliance Officer, Ghanaian, 46 years**

He joined ADB in January 2010 from Stanbic Bank Ghana Limited where he was the Head of Credit. Earlier, at Barclays Bank, he served in various capacities as Corporate Credit Manager, Compliance Officer/Executive Assistant to the Managing Director, and Head of Corporate Credit. He has a Diploma in Finance & Corporate Management and a BSc. in Planning.

**Edward Ian Armah-Mensah, Group Head, Corporate Banking, Ghanaian, 46 years**

He joined ADB in January 2010 from Barclays Bank Ghana Limited where he was Head of SME (Medium Unit). Edward had earlier worked at Stanbic Bank as an Account Relationship Manager and at NDK Financial Services Limited where he was the Credit and Marketing Manager. He holds an Executive Masters in Business Administration (Finance Option) from the University of Ghana Business School and a Bachelor of Science in Business Administration (Banking & Finance option).

**Maxwell Amoakohene, General Counsel, Ghanaian, 56 Years**

Mr. Maxwell Amoakohene holds a Bachelor of Arts Degree in Law from the University of Ghana and a Professional Law Certificate from the Ghana School of Law. He further holds a Masters of Business in Administration from the same University with focus on human resource management. He joined the bank in 1994 as a Legal Officer and rose through the ranks to become Principal Counsel of the bank in 2010. He was appointed General Counsel in January 2015.

**4.12 Remuneration and Compensation**

Employees of the Bank are paid monthly salaries in arrears based on a payment calendar which is published by the Bank. All staff are eligible to participate in the Performance Based Incentive Scheme/bonus plan. The amount to be distributed through the scheme is determined annually by the Board of Directors. The amount will be based on the performance of individuals and the general performance of the Bank. Employees are entitled to a medical scheme, loans, long service award, other allowance and benefits.

**4.12.1 Directors' Remuneration**

Remuneration of the Bank's Directors paid by ADB for the last five years are as follows:

(In GHS)	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015
Executive Directors	414,116	556,684	726,210	886,739	1,322,293	1,118,605
Non-Executive Directors	170,500	170,624	252,900	337,690	501,519	281,000
<b>TOTAL</b>	<b>584,616</b>	<b>727,308</b>	<b>979,110</b>	<b>1,224,429</b>	<b>1,823,812</b>	<b>1,399,605</b>

Exhibit 30: Details of Directors' Remuneration

**4.12.2 Managing Director's Remuneration**

The Managing Director received a total salary of GHS 818,000 during the 2015 financial year (this includes a basic salary of GHS 420,000.00 and an allowance GHS 398,000.00). He is entitled to an official car, furnished accommodation, life insurance, health cover and reimbursement of 60% of his monthly domestic water and electricity bills. Although the Managing Director is entitled to furnished accommodation, he lives in his private residence. As a result, his accommodation entitlement has been commuted to cash. He is paid a bonus based on a formula determined by the board. He is serving a fixed tenure, the duration of his

appointment as managing director would be determined by the Board of Directors of ADB in accordance with the company's regulations. Remuneration of the Managing Director of ADB for the last five years are as follows:

<b>(In GHS)</b>	<b>FY 2010</b>	<b>FY 2011</b>	<b>FY 2012</b>	<b>FY 2013</b>	<b>FY 2014</b>	<b>FY 2015</b>
Basic Salary	135,501.36	191,213.88	265,221.24	328,251.12	420,000.00	420,000.00
Allowances	132,629.45	152,636.23	158,800.00	255,958.06	374,000.00	398,000.00
<b>Total</b>	<b>268,130.81</b>	<b>343,850.11</b>	<b>424,021.24</b>	<b>584,209.18</b>	<b>794,000.00</b>	<b>818,000.00</b>

Exhibit 31: Details of Managing Director's remuneration

#### 4.13 Employees

##### 4.13.1 Staff Strength

The table below shows the breakdown of the average number of staff directly employed by ADB over the last five years:

<b>Category</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>
Permanent Staff	1,183	1,332	1,314	1,244	1,196	1,302
Contract Staff	0	1	2	1	0	1
<b>Total</b>	<b>1,183</b>	<b>1,333</b>	<b>1,316</b>	<b>1,245</b>	<b>1,196</b>	<b>1,303</b>

Exhibit 32: Details of ADB's employee size

##### 4.13.2 Relationship between Management and the Bank's Workforce

ADB has a collective bargaining agreement with the Union of Industry, Commerce and Finance Workers (UNICOF) of Ghana Trades Union Congress. The Collective Agreement dated 1st January 2012, is the latest and effective between ADB and the unionized workers, defines an employee as a member of the Bank's staff whose rank is not higher than B9.

#### 4.14 Subsidiaries and Associate Companies

As at 30 September 2016, the Bank held significant interests in a number of companies. These include:

<b>Company</b>	<b>Nature of Business</b>	<b>Holdings by ADB</b>
<b>Activity Venture Finance</b>	Venture Capital	20.00%
<b>Metro Mass Transit Limited</b>	Transportation	16.60%
<b>Agridev Real Estates</b>	Real estate industry	10.00%
<b>Ghana International Bank</b>	Banking	9.00%
<b>Ghana Textile Manufacturing Company</b>	Textile Manufacturing	5.00%
<b>Securities Discount Company</b>	Finance & Leasing	1.25%
<b>Cocoa Processing Company</b>	Cocoa processing	0.19%

Exhibit 33: Details of ADB's equity investments

#### 4.15 Material Contracts

##### Supplier and Maintenance Agreements

ADB has entered into thirty (30) supplier and maintenance contracts with several service providers for the supply, installation and maintenance of ADB's office and banking equipment, computers and accessories, vaults, IT systems and software. Other service agreements include daily janitorial, security and fumigation services in all of ADB's branches throughout Ghana. Some service providers and suppliers include Sylprin Company Ltd, J-Prompt Services, G & J Technical Services Ltd, Alsale Services Ltd, Intercom P & M Ltd, Devine Link Telecom, Dawuro Communications, GE-J Electrical Engineering Company Ltd, Philco IT Services Ltd, Safemetil Company Ltd, Virtual Ghana Microsystems, Plantinum Impex Ltd, Skones Security, Tropical Pest Control Services Ltd, among others. Under the terms of these agreements ADB pays the service providers lease and maintenance fees, faults fixing fees etc. in exchange for agreed services from the providers for agreed fees. The Bank also has an agreement with Superlok Technologies Ltd (STL) and pays fees quarterly for the provision of Wide Area Network services for its branches agreed across the country.

##### Other Material Agreements

ADB has entered into seven (7) Money Transfer Agreements with several service providers including Africa Remittance Company, Jamaica National Overseas (UK), Western Union Network (France), Continental Exchange Solutions Inc, Star Financial Services Limited, Ghana Post Company Ltd. and Nationwide

Financial Services to transfer funds to beneficiaries or customers of these providers in Ghana.

ADB has also entered into an agreement with Visa International Service Association in respect of ADB's VISA Membership obligations and security arrangements to secure the payment and discharge of ADB's membership obligations and reimbursement of VISA expenses.

#### **4.16 Litigation**

Two applications filed at the Supreme Court of Ghana for an order of Interlocutory Injunction and a writ to invoke the Original Jurisdiction of the Supreme Court Article 2,130,181(1) (3) and (5) of the 1992 constitution: Rule 45 of the Supreme Court Rules 1996(CI 16) by Dr Mark Assibey-Yeboah and the Union of Industry, Commerce & Finance ("UNICOF") respectively, were struck out as withdrawn by the Supreme Court of Justice of Ghana.

The Supreme Court of Justice of Ghana, upon a voluntary application by Dr Mark Assibey-Yeboah and UNICOF to withdraw their applications after a review of their legal position, on 22nd September 2015 and 29th September 2015 respectively, struck out both applications as withdrawn.

The following summarises pending litigation in matters with a minimum claim value of GHS 500,000:

##### **Legal proceedings ADB has filed against third parties**

- i. ADB VS KRANE INTERNATIONAL AGENCIES GHANA SUIT NO. BFS/198/2012**  
ADB issued a Writ of Summons and Statement of Claim against the Defendant for the recovery of an amount of GHS 1,285,106.44. Judgment has been entered against the Defendant. Steps are being taken by ADB to execute the Judgment. In the meantime arrangements are being put in place for instalment payments.
- ii. ADB VS SILWOOD FARMS LTD SUIT NO. AB8/2010**  
ADB issued a writ of summons against the Defendant and obtained judgment against the Defendant for an amount of GHS 670, 637.73. The Defendant is making monthly instalment payment of GHS 3,000.00. Two auctions have taken place to have the mortgage property sold. A third and final auction is to be arranged.
- iii. ADB VS GYE NYAME EXPORTS SUIT NO. E2/124/09**  
ADB issued a writ of summons against the Defendant and obtained judgment against the Defendant for an amount of US\$722,941.80. The Defendant appeal and the registrar of the Court of Appeal is yet to fix a date for the hearing of the appeal.
- iv. ADB VS ASUTSUARE FARMS SUIT NO. AB112/2011**  
ADB sued the Defendant for an amount of US\$300,000 in respect of a facility granted to the Defendant. Judgment has been obtained and the Defendant is negotiating with ADB for an amicable settlement of the matter. The facility was secured. Proposals submitted did not meet management's acceptance. A new proposal has been requested short of which the court process would be revived. GHS 100,000.00 has been paid. The court process is to continue.
- v. ADB VS DARKO FARMS & 5 OTHERS SUIT NO. BFS/267/2010**  
ADB is claiming against the Defendants the following:
  - a. Recovery of the sum of GHS 4,698,008.39 being the amount due and owing in respect of the loans, L/C's and overdrafts advanced to the Defendants between 2000 to 2008;
  - b. Interest on GHS 4,698,008.39 at the prevailing commercial rate from 31st March 2010 until and inclusive of the date of final payment;
  - c. Damages for breach of contract; and
  - d. Costs or in the alternative; An order for the judicial sale of the under listed mortgages executed as collateral in favour of the Plaintiff:
    - i. farm structures at Esaase and Sepaase in the Ashanti Region;
    - ii. property situate on Plot No.4, Labadi Road, Light Industrial Area, Accra;
    - iii. property situated at Akropong, Kumasi (administration block, workshop and laboratory);
    - iv. property on Plot No. IND/A/31/7-8 at Heavy Industrial Area, Tema;
    - v. Ahodwo Farms, Kumasi;
    - vi. farm land situate at Manhyia on the Kumasi-Sunyani road;
    - vii. charge/assignment over processing plant and storage equipment;

viii. charge/assignment over stocks of birds at the farm.

There have been four attempts to settle the matter at the instance of the Defendant. The last attempt at settlement having broken down. Trial has begun in earnest.

vi. **ADB VS SUNRIPE & 2 OTHERS SUIT NO. AB2/2013**

The Bank is claiming a sum of GHS 1,017,603.14, together with interest in respect of a loan facility granted to the Defendants. Judgment was delivered in favour of the Bank. Defendants have filed a motion to set aside the judgment which was dismissed on the 24th of July 2014. The parties are negotiating to have the dispute amicably resolved. The Defendants have appointed transaction advisers to deal with the bank on its behalf.

vii. **ADB VS CLEAR SKIES & 6 OTHERS SUIT NO. BFS103/15**

The Bank has sued Clear Skies and 5 others for GHS 117,183,440.52. The Defendants have sent a request for proposals to be submitted for consideration by the Bank. Management intends going on with the prosecution of the matter. Indeed the issues for settlement have been isolated by the court and trial has begun. Trial has concluded. Awaiting evidence of a court appointed referee's report on reconciliation of accounts

viii. **ADB VS KWANIM GDK FARMS LIMITED**

The Bank has settled with the Defendant for a total payment of GHS 5.7million with a semi-annualised payment of GHS 600,000.00. The customer's properties have been fisaed. They are to be valued and auctioned

ix. **ADB VS JERUSALEM AGRICULTURAL INVESTMENT LIMITED**

The property used as security has been sold at an auction for GHS 2,977,500. A total of GHS 1,000,000.00 has been paid. Payments of GHS 100,000 is being received from the purchases since every month until the total liquidation of the amount of GHS 2,977,000, which was actually transferred into a term loan. They have almost finished payment.

x. **ADB VS NOGAHIL HOTEL LIMITED**

ADB has sued Nogahil Hotel Limited for GHS 4,532,901.63. Pleadings have closed. Trial has begun and is ongoing.

xi. **ADB VS MOZART ENT LTD. SUIT NO. BFS/72/12**

The Bank sued Mozart ENT Ltd. for GHS 1,604,313.68. Judgment has been taken and one of the collaterals sold for GHS 138,000.00. One other collateral which is the main collateral is to be valued for auction. However relatives of the mortgagor of the second property are contesting the action.

xii. **ADB VS COMMODORE MENSAH**

The Bank sued Commodore Mensah for GHS 790,385.00. Trial is ongoing with a request by the Bank to go into the accounts of the Defendant. Trial is on-going. In the meantime one property at Awoshie is to be valued and sold to defray the debt.

xiii. **ADB VS APPLE HEALTH LIFE EXPERTS**

The Bank sued the Defendant for GHS 6,954,714.58. The Defendant has been served with the writ and the case is going through trial.

xiv. **ADB VS BANO OIL LTD. (SUIT NO. RPC 17/13)**

The Bank had sued for GHS 1,071,863.44 and all processes filed. The property used as collateral has been attached by another judgement debtor. The Bank has interpleaded and there is an agreement that the property be sold for the Bank to recover its debts before the remaining be appropriated by the other judgement debtor. There is a second interpleader being resisted. In the meantime trial is to proceed. The case is to proceed after interpleaders have been dealt with.

xv. **ADB VS MAICO (GH) LTD**

The Bank counter-claimed in this action for GHS 5,185,724. The Defendant paid part of the amount leaving a balance of a little over GHS 2.0million out of which GHS1.0 million has been paid.

xvi. **ADB VS MANDIS**

The Bank sued for GHS 3,773,615.27 and it is in the process of taking judgement. Issues have been raised about the true of indebtedness of the customer. Reconciliation of account is almost through for trial to continue

**Legal proceedings filed against ADB**

xvii. **ZOOMLION V ADB Suit No. BFS104/2011**

Zoomlion filed a suit against ADB on the 9<sup>th</sup> day of March 2011 claiming mostly declaratory reliefs as well as special damages in the sum of US\$ 2million being Plaintiff's investment for the purchase of buses. ADB on the other hand filed a defence to Plaintiff's action and counterclaimed for the recovery of the sum of GHS6,845,114.36 being the total amount owed by Plaintiff as at 27<sup>th</sup> January 2014 with interest and cost. Trial has ended. As between Plaintiff and ADB trial has ended. However, upon an application by Plaintiff, the Attorney-General was joined to the suit as a Third Party. The third party is to open their defence on the 27<sup>th</sup> of October 2014. Suit has been concluded with none of the parties unable to provide its case. The Bank has landed an appeal.

xviii. **DR. GODWIN KOJO AYENOR VRS. ADB Suit No. AC 300/2011**

On the 21<sup>st</sup> day of March 2011, Plaintiff instituted this action against ADB claiming the following reliefs:

- a. A declaration that the decision of the Defendant dated 30<sup>th</sup> December, 2010, prompted by Homefoods Processing and Cannery Limited and very adverse to the Plaintiff is unfair, unreasonable, arbitrary, capricious and ill-motivated and the same is null and void;
- b. A consequential order setting aside the Defendant's decision dated 30<sup>th</sup> December, 2010;
- c. Punitive damages in the sum of US\$ 5 million or its cedi equivalent for inducing the Plaintiff to resign the employment of the Defendant and/or constructive dismissal;
- d. Any other relief (s) the justice of this case demands; and
- e. Costs, including lawyer's professional fees.

Plaintiff was a former employee of ADB. Plaintiff's case is that due to his professional pedigree, he was appointed as a senior manager of ADB. ADB ignored statutory provisions expressed in section 44 (1) of the Banking Act, 2004 and absorbed Plaintiff's indebtedness to Stanbic Bank Limited. On 18<sup>th</sup> October, 2010, a company by name of Homefoods Processing and Cannery Limited deployed the services of ADB to collect debt in the sum of GHS 7,250 allegedly owed ADB by the Plaintiff. Pursuant to this discovery a purported disciplinary hearing was held on the 9<sup>th</sup> December, 2010 and on 30<sup>th</sup> December, 2010, which resulted in the Plaintiff being demoted from Grade B11 to B09; and a further order directed at the Plaintiff to refund the sum of GHS 7,250 to Homefoods within 30 days or in default a review of the punishment to dismissal.

ADB's case is that Plaintiff acted in breach of ADB's Rules of Service and Pay ("Conditions of Service"), by engaging in a transaction that reflected on the integrity of ADB.

xix. **NATIONAL STEEL & AGRO INDUSTRIES VRS. SRIDHAR KANDRU, ADB AND ROOFING SOLUTIONS GHANA LIMITED - Suit No. RPC 33/11**

On the 26<sup>th</sup> day of January, 2011, the Plaintiff filed a Writ of Summons and a Statement of Claim against ADB demanding the following reliefs:

The sum of US\$1,328,289.60 or its cedis forex bureau buying equivalent at the date of payment being the cost of steel imported by 3<sup>rd</sup> Defendant which were unlawfully released by 2<sup>nd</sup> Defendant to 3<sup>rd</sup> Defendant contrary to express instructions.

Interest on the said sum at the prevailing commercial bank lending rate from July 2008 to date of final payment.

Costs inclusive of Counsel's fee.

Plaintiff is a limited liability company incorporated in India and engaged in the manufacturing of galvanized plain and corrugated sheets/coils and colour coated sheets/coils. The 1<sup>st</sup> Defendant is a director of the 3<sup>rd</sup> Defendant and a former agent of the Plaintiff. The Plaintiff, the Plaintiff's nominated bank, the State Bank of Travancore, ADB (being 3<sup>rd</sup> Defendant's nominated bank) and 3<sup>rd</sup> Defendant itself were parties to an arrangement known as Cash Against Document ("CAD"). Under this arrangement, the Plaintiff shipped materials to the 3<sup>rd</sup> Defendant but all documentation were sent through Plaintiff's bank in India, the State Bank of Travancore, to the 1<sup>st</sup> Defendant's nominated bank in Ghana which is ADB. ADB was to release the documents to the customers (3<sup>rd</sup>

Defendants) only upon receipt of payment. The Plaintiff's case was that 2nd Defendant breached the terms of the CAD arrangement and released the documents to 3rd Defendant even though payment had not been made.

The 2nd Defendant's case was that the terms of the CAD arrangement were varied by the Plaintiff through various letters it sent to 2nd Defendant through its agent, the 1st Defendant. On the 30th day of September, 2014, the court gave judgment in favour of the Plaintiff granting all the reliefs it sought with cost of GHS 100,000. ADB is negotiating to pay the judgment debt in instalments. Full judgement debt has been paid and case taken off the list. Attempts are being made to see if the Bank can mitigate its losses by going against Sridhar Kandru.

**xx. JOSEPH AYILIMBA & 40 OTHERS VS ADB**

The Plaintiffs have made a proposal for the payment of GHS 4,107,254.42 yet to be tabled before Management for its approval. Matter is still pending. No decision taken yet.

**xxi. GEORGE BAAH DANQUAH VRS. ADB**

On July 8 2015 the Plaintiff a former staff sued for a declaration that termination of Plaintiff's employment as Treasurer with Defendant Bank is wrongful, a nullity and invalid.

An order for re-instatement of Plaintiff as Treasurer of Defendant Bank.

An order for payment to Plaintiff of all salaries, benefits, bonuses, allowances and all other payment/emoluments to which Plaintiff is entitled as Treasurer of Defendant Bank. Further or other reliefs as to the Honourable Court may seem fit.

Trial is ongoing.

**xxii. AKUA KESSEY VRS. ADB**

The plaintiff, former staff of the bank sued for a declaration that the purported dismissal by the defendant of the plaintiff (by a letter dated 11th April, 2014) as an employee of the defendant with its attendant and consequential directives is wrongful.

An order for the payment of all salaries, allowances and other entitlements due to the plaintiff from the date of his dismissal/purported dismissal by a letter dated 11/04/2014 but with effect from the 18/02/2014 to date of final judgment in his matter.

**xxiii. OSUMANU ALI VRS. ADB**

The plaintiff, a former staff of the bank sued for damages for breach of contract. Trial is ongoing.

**xxiv. ABDUL-SAMED IDDRISU VRS. ADB**

In a suit filed on January 29 2016 the plaintiff, a former staff of the bank sued for a declaration that the Board of Directors of the Defendant lacks the authority to remove the Plaintiff as a Director of the Defendant and thus his removal as a director of the Defendant was unlawful, null and void;

A declaration that the Plaintiff lawfully remains a director of the Defendant;

General damages for unlawful removal of Plaintiff as a director.

Appearance has been entered and defence filed. However the parties are settling the matter out of Court.

**xxv. JOHN ZIGAH VRS. ADB**

In a suit filed on January 5 2016 the plaintiff, a former staff of the bank sued for damages for wrongful dismissal. There is an engagement with Plaintiff to have an out of Court of settlement.

**xxvi. CHARLES ODURO & 9 OTHERS VRS. ADB**

In a suit filed on November 11 2015 by 10 former staff that their dismissal was wrongful and unlawful and are seeking compensation of seven (7) years gross salary and GH¢50,000 each for further compensation for the embarrassment caused them among other reliefs. Trial is ongoing.

**xxvii. PETER CLAVER SANGBER-DERY VRS. ADB**

In a suit filed on June 10 2016 the plaintiff, a former staff of the bank sued for the following:

- a) A declaration that the termination of the plaintiff's employment by way of redundancy without agreeing with the plaintiff on the amount of the redundancy pay and the terms and conditions of the payment thereof is unlawful and in breach of the contract of employment of the plaintiff;



- b) An order directed at the defendant to pay the plaintiff redundancy pay calculated at 3 months of plaintiff's last salary for each of the year served by the plaintiff less the amount of GH¢406,156.34 paid by the defendant as severance pay into the plaintiff's a bank account;
- c) General damages for wrongful termination of plaintiff's employment;
- d) Interest on the amount in (II) above from November 2015 to date of final payment at the prevailing 91 treasury bill rate.
- e) Cost of these proceedings including the plaintiff's legal costs and counsel's
- f) Appearance entered and defence filed.

## Legal Advisor's Compliance Letter

November 16, 2016



The Director-General  
Securities and Exchange Commission  
30 3rd Circular Road Cantonments  
P.O. Box CT 6181  
Cantonments  
Accra

The Managing Director  
The Ghana Stock Exchange  
5th Floor, Cedi House  
Liberia Road  
P.O. Box 1849  
Accra-Ghana

Dear Sir/Madam,

### **AGRICULTURAL DEVELOPMENT BANK LIMITED: INITIAL PUBLIC OFFER AND LISTING ON THE GHANA STOCK EXCHANGE**

We have acted as Legal Advisors to Agricultural Development Bank Limited (ADB), a company registered under the laws of Ghana, with respect to the proposed Initial Public Offer (IPO) and listing on the Ghana Stock Exchange (GSE) of ADB shares.

We have examined and verified the regulations of ADB, resolutions of the Board of Directors and shareholders of ADB authorizing the IPO and listing on the GSE; letters of approval from GSE and the Securities and Exchange Commission approving the listing on the GSE and the Prospectus.

We have also examined such other documents and certificates and have made such investigations of fact and law as we consider necessary or appropriate to give the opinions set forth below. In making such examination, we have assumed the genuineness of all signatures, the legal capacity of all natural persons, the authenticity of documents submitted to us as originals or certified copies, the conformity to original documents of all documents submitted to us as facsimile, electronic, certified, or photo static copies, and the authenticity of the originals of such copies. As to various questions of fact material to such opinions, we have relied without independent investigation upon certificates of officers and other representatives of ADB, public officials, and the other appropriate persons.

We do not express any opinion as to matters governed by any law other than the laws of Ghana. Based upon and subject to the foregoing, we are of the opinion that:

1. ADB validly exists as a corporate entity in good standing under the laws of Ghana;
2. ADB has the corporate power to own, lease and operate its properties and to conduct its business as described in the Prospectus. The regulations of ADB comply with all legal requirements on the contents of the regulations of a public company;
3. The proposed IPO and GSE listing comply with the requirements for listing on the GSE and do not contravene any regulations of ADB;
4. ADB is licensed as a Bank and has complied with all regulatory requirements as are necessary for its operations;
5. ADB has obtained all relevant corporate authorization from the board of directors and shareholders. In addition, all regulatory, statutory approvals or authorizations of any regulatory body or government institution(s) needed for the IPO and listing on the GSE have been made or obtained;


6. Material contracts involving ADB are all in proper form for the particular matters to which they relate, are enforceable under the laws of Ghana and do not in any way inhibit the IPO and listing on the GSE;
7. To the best of our knowledge there is nothing that restricts or prohibits or prevents ADB from undertaking the IPO and listing on the GSE; and
8. That the Prospectus issued for the IPO and listing on GSE complies with all statutory or regulatory requirements
9. ADS has the corporate power to enter into the Underwriting Agreement and to issue, sell and deliver to the Underwriters the shares to be issued and sold by it.

We are not passing on and do not assume any responsibility for the accuracy, completeness, or fairness of any of the statements contained in the Prospectus, and our judgments as to materiality are, to the extent we deem appropriate, based in part upon the views of officers and other representatives of ADB. In the course of preparation by ADB of the Prospectus, we participated in conferences with certain officers of, the General Counsel to, and the independent accountants for, ADB and with your representatives and your Counsel relating to the matters contained in the Prospectus. The purpose of our professional engagement was not to establish or confirm factual matters set forth in the Prospectus and we have not undertaken to verify independently any of such factual matters. Subject to the foregoing, and on the basis of information that we gained while performing the services referred to above, but without independent check or verification, we advise you that nothing has come to our attention that leads us to believe that:

- a) The Prospectus as of its date and as of the date hereof contained or contains any untrue statement of a material fact or omitted or omits to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, misleading; and
- b) We have not been asked to comment on, and we express no comment or belief as to, the financial statements, financial data, supporting schedules, and statistical data included in the Prospectus;

As used herein, the phrase "to our knowledge" or words of similar import, means the actual knowledge of lawyers at our firm who have been principally involved in the preparation and review of the Prospectus.

This letter is furnished by us as counsel for ADB to you solely for your benefit and may not be relied upon for any other purpose or made available to or relied upon by other person without our prior written consent

Yours faithfully  
  
Tony Lithur

#### 4.17 Disclosure of Interests by Directors

As at 30 September 2016, none of the Directors held directly or indirectly relevant interests in the Ordinary Shares of ADB.

#### 4.18 Disclosure of Interests by Advisors

As at the date of this Document:

- i. IC Securities holds no ADB Shares. No employee or principal of IC Securities holds any interest in any ADB Shares;
- ii. EY Ghana holds no ADB Shares. No employee or partner of EY Ghana holds any interest in ADB Shares; and
- iii. Lithur Brew & Co. holds no ADB Shares. No employee or partner of Lithur Brew & Co. holds any interest in ADB Shares.

#### 4.19 Other Disclosures

None of the Directors of the Bank has:

- i. had any convictions relating to fraudulent offences within the last five years;
- ii. been declared bankrupt or has entered into any individual voluntary arrangements, or been associated with any bankruptcy, receivership or liquidation in their capacity as a director within the last five years;
- iii. been a director or a member of the administrative, management or supervisory body, or a manager of any company within a 12 month period preceding any receivership, compulsory liquidation, creditors voluntary liquidation, administration, company voluntary arrangement or any composition or arrangement with such company's creditors generally or any class of creditors of such company;
- iv. been a partner of any partnership within a 12 month period preceding any compulsory liquidation, administration or partnership voluntary arrangement of such partnership;
- v. held assets which have been subject of a receivership;
- vi. been a partner of any partnership within a 12 month period preceding any receivership of the assets of such partnership; or
- vii. within the previous five years received any official public incrimination and/or sanction by any statutory or regulatory authorities (including designated professional bodies) and has not been disqualified by a court from acting as a director of a company or from acting in the management or conduct of the affairs of a company.

#### 4.20 Dividend History

Below are the dividends paid by ADB in the last six financial years:

Date	Dividend Per Share (GHS)
2015	0.00
2014	0.00
2013	0.00
2012	0.00
2011	0.00
2010	0.39

Exhibit 34: Dividend history of ADB

#### 4.21 Additional Information

- Save as disclosed in this Prospectus, there has been no material change in the financial or operating position of ADB other than in the ordinary course of business since 31 December 2015 the date to which the last audited accounts of ADB were prepared.
- Save as disclosed in this Prospectus, ADB has not engaged in any litigation or arbitration of material

importance to affect its financial position, and the Directors are not aware of any such litigation or arbitration.

#### **4.22 Historical Financial Statements**

The full year financial statements that follow have been extracted without change from ADB's historical Annual Reports. Further information on ADB financial affairs, including its accounting policies, notes to its financial statements and the independent auditor's report can be obtained by referring to pages 25 to 90 of its 2015 Annual Report. The 2015 Annual Report is available at the registered offices of ADB and IC Securities during normal business hours of any working day and can also be obtained on the Bank's website: <http://www.agricbank.com/>. In addition we have included the 2016 half year unaudited financial statements.

#### **Significant Trends**

ADB's medium term objective is to be among the top-tier performing banks in the country. The Bank has therefore undertaken various initiatives over the last five (5) years to realise this objective. These initiatives include: a company-wide restructuring and rebranding exercise to improve the Bank's image and customer perception; an establishment of an SME division to meet the large unmet demand in that market; a review of the loan book and an improvement in credit review policies; an improvement in operations aided by a spin-off of non-core activities; and a continuous leveraging of information technology to introduce new products geared at creating value for the customers.

These initiatives enabled ADB to perform remarkably over the last five years (2011-2015) despite limited capital. The Bank managed to almost double its total assets from GHS 1.2bn to GHS 2.1bn over the last five years, representing a CAGR of 15.3%. Branch rebranding and expansion efforts resulted in deposits CAGR of 16.3% from GHS 0.8bn to GHS 1.5bn. Operating income of the Bank grew at a CAGR of 13.7% from GHS 0.2bn to GHS 0.3bn.

The year 2015 marked the Bank's first year of implementing its five-year strategic plan to achieve sustainable growth through balancing agricultural business financing and commercial orientation. The Bank re-engineered its business processes and workflow, rolled out new products to meet the evolving needs of its customers and deployed a mobile banking application, in its efforts to improve performance. The capital to be raised from this Offer will aid the Bank to further improve its operations, expand its retail footprint and undertake larger high-margin transactions.



The Board of Directors  
Agricultural Development Bank Limited  
Accra Financial Center  
3rd Ambassadorial Development Area,  
Accra, Ghana

Dear Sirs,

## **INDEPENDENT AUDITORS REVIEW REPORT TO THE BOARD OF DIRECTORS OF AGRICULTURAL DEVELOPMENT BANK LIMITED**

We have reviewed the annual audited financial statements of Agricultural Development Bank Limited that comprise the statement of financial position as at 31 December 2013, 2014 and 2015, the statement of income and cash flows for the years then ended and a summary of significant accounting policies and other explanatory notes as set out in the financial statements.

KPMG Chartered Accountants of Accra have acted as auditors of Agricultural Development Bank Limited throughout the period covered by our review (2013 to 2015). The auditors issued an unqualified opinion on the financial statements of Agricultural Development Bank Limited from 2013 to 2015.

The financial information from 2013 to 2015 set out in the following sections have been prepared from the audited financial statements of Agricultural Development Bank Limited after making such adjustments as we considered necessary.

### **Directors' Responsibility**

The company's directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards (IFRS) and the requirements of the Companies Act, 1963 (Act 179) and for such internal control as the directors determine necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

### **Independent Reviewer's Responsibility**

Our responsibility is to express a conclusion on the annual audited financial statements based on our review. We conducted our review in accordance with International Standard on Review Engagements (ISRE) 2400, Engagements to Review Historical Financial Statements. ISRE 2400 requires us to conclude whether anything has come to our attention that causes us to believe that the financial statements, taken as a whole, are not prepared in all material respects in accordance with the applicable financial reporting framework. This Standard also requires us to comply with relevant ethical requirements.

A review of financial statements in accordance with ISRE 2400 consists primarily of making inquiries of management and others within the entity involved in financial and accounting matters, applying analytical procedures, and evaluating the sufficiency and appropriateness of evidence obtained. A review also requires performance of additional procedures when we become aware of matters that cause us to believe the financial statements as a whole may be materially misstated.

We believe that the evidence we obtained in our review is sufficient and appropriate to provide a basis for our conclusion.

### **Conclusion**

Based on our review, nothing has come to our attention that causes us to believe that the annual financial statements as restated do not present fairly, in all material respects, the financial position of Agricultural Development Bank Limited as at 31 December 2013, 2014 and 2015 and of its financial performance and cash flows for the years then ended, in accordance with the International Financial Reporting Standards (IFRS) and the requirements of the Companies Act, 1963 (Act 179).

This report is intended for the sole use of Agricultural Development Bank Limited in support of its Initial Public Offering (IPO). No responsibility to any third party is accepted. The report should not be disclosed to any third party without our prior written consent.

Yours faithfully



**Signed by Pamela Des Bordes (ICAG/P/1329)**  
For and on behalf of Ernst & Young (ICAG/F/2016/126)  
Chartered Accountants  
Accra, Ghana  
Date: 8 November 2016

**Historical Profit & Loss Account****CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME AT DECEMBER 31, FOR THE YEARS ENDING (2011-2015)**

<b>Income Statement (In millions of GHS)</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>
Interest income	119	199	231	308	315
Interest Expense	(39)	(41)	(56)	(100)	(134)
<b>Net Interest Income</b>	<b>80</b>	<b>158</b>	<b>175</b>	<b>208</b>	181
<b>Net Fee and Commission Income</b>	<b>37</b>	<b>42</b>	<b>44</b>	<b>38</b>	<b>51</b>
Net Trading income	28	33	25	67	30
Other operating income	18	9	37	15	12
<b>Net Non-Interest Revenue</b>	<b>83</b>	<b>84</b>	<b>105</b>	<b>120</b>	<b>93</b>
<b>Operating Income</b>	<b>164</b>	<b>242</b>	<b>280</b>	<b>328</b>	<b>273</b>
Other Income	3	-	3	-	-
Impairment losses on loans and advances	8	(26)	(20)	(59)	(110)
Impairment loss on investments	-	-	(14)	-	(1)
Personnel Expenses	(68)	(107)	(115)	(130)	(142)
Depreciation and Impairment	(4)	(10)	(7)	(10)	(14)
Other operating expenses	(64)	(72)	(43)	(94)	(107)
<b>Operating Profit</b>	<b>36</b>	<b>27</b>	<b>84</b>	<b>35</b>	<b>(100)</b>
Post tax profit/(loss) of Associated Company	-	-	-	-	-
Profit/(loss) from disposal of NC Assets	3	-	-	-	-
Profit/(Loss) from disposal of Associate Companies	6	-	-	-	-
Profit/(Loss) from Disposal of Subsidiary	2	-	-	-	-
<b>Profit/(Loss) before Tax and National Stabilization Levy</b>	<b>46</b>	<b>27</b>	<b>84</b>	<b>35</b>	<b>(100)</b>
Income Tax Expense	-	-	-	15	21
National Fiscal Stabilization Levy	(2)	-	(3)	(2)	-
<b>Profit/(Loss) after Tax and National Stabilization Levy</b>	<b>44</b>	<b>27</b>	<b>81</b>	<b>48</b>	<b>(79)</b>



**Historical Balance Sheet****CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT DECEMBER 31, FOR THE YEARS ENDING (2011-2015)**

<b>Balance Sheet (In millions of GHS)</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>
<b>Assets</b>					
Cash and balances with BoG	82	176	275	462	484
Investment in Government securities	210	343	272	370	286
Due from other banking institutions	90	-	-	-	-
Investment in other Securities	35	45	53	79	88
Derivative asset held for risk management	-	-	-	2	-
Investment in Associate companies	1	1	1	1	1
Investment in Subsidiaries	14	14	-	-	-
Loans and advances to customers (net)	679	774	914	1,124	1,088
Asset Held for Sale	-	-	-	4	-
Other assets	65	67	68	58	46
Intangible Assets	12	8	8	7	6
Property and equipment	18	17	30	35	108
National Fiscal Stabilization Levy	-	-	-	2	2
Deferred Tax Asset	-	-	-	13	12
Corporate Tax Asset	-	-	-	-	14
<b>Total Assets</b>	<b>1,206</b>	<b>1,444</b>	<b>1,622</b>	<b>2,157</b>	<b>2,134</b>
<b>Liabilities</b>					
Customer deposits	828	965	1,061	1,462	1,514
Borrowed funds	161	214	209	279	223
Other liabilities	40	68	69	68	65
Derivative liabilities held for risk management	-	-	-	2	-
Corporate Tax Liability	-	-	-	2	-
National Fiscal Stabilization Levy	-	-	2	-	-
<b>Total liabilities</b>	<b>1,030</b>	<b>1,247</b>	<b>1,341</b>	<b>1,813</b>	<b>1,802</b>
<b>Capital</b>					
Share capital	75	75	75	75	75
Revaluation surplus	2	2	2	2	57
Income Surplus	4	18	45	54	(35)
Credit Risk Reserve	26	31	60	93	103
Statutory reserve	52	59	79	85	85
Available for Sale reserve	18	13	20	35	48
<b>Shareholders' funds</b>	<b>176</b>	<b>197</b>	<b>281</b>	<b>344</b>	<b>333</b>
<b>Non-Controlling Interest</b>					
<b>Total liabilities and Shareholders' funds</b>	<b>1,206</b>	<b>1,444</b>	<b>1,622</b>	<b>2,157</b>	<b>2,134</b>

**Historical Cash Flow Statement**  
**CONSOLIDATED CASH FLOW STATEMENT AS AT DECEMBER 31, FOR THE YEARS ENDING**  
**(2011-2015)**

<b>Cash Flow Statement (In millions of GHS)</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>
<b>Operating activities</b>					
Cash generated from operations	113	76	32	206	158
National Stabilization Levy	(2)	-	-	-	-
<b>Investing activities</b>					
Purchase of property and equipment	(12)	(5)	(6)	(20)	(9)
Proceeds from disposal of property and equipment	4	-	4	-	-
Acquisition of Intangible assets	(13)	(1)	(3)	(2)	(2)
Proceeds from disposal of associated company	10	-	-	-	-
Proceeds from disposal subsidiary	3	-	-	-	-
Increase in other investment securities	(9)	(9)	(8)	-	-
Increase in associates	-	-	-	-	-
<b>Net cash used in investing activities</b>	<b>(16)</b>	<b>(15)</b>	<b>(12)</b>	<b>(22)</b>	<b>(11)</b>
<b>Financing activities</b>					
(Payments)/Receipts of borrowed funds	(60)	53	(5)	70	57
Dividend Income/ (paid)	1	-	(1)	(3)	-
<b>Net cash (used) /generated from financing Activities</b>	<b>(59)</b>	<b>53</b>	<b>(6)</b>	<b>67</b>	<b>57</b>
<b>Increase in cash and cash equivalents</b>	<b>35</b>	<b>114</b>	<b>14</b>	<b>252</b>	<b>91</b>
Cash and cash equivalent at 1 January	137	172	286	304	543
Effect of exchange rate fluctuations on cash	-	-	5	13	(1)
<b>Cash and cash equivalents at 31 December</b>	<b>172</b>	<b>286</b>	<b>304</b>	<b>543</b>	<b>633</b>

UNAUDITED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE PERIOD ENDED JUNE 30, 2016<sup>10</sup>

Income Statement (In millions of GHS)	HY 2016
Interest income	164
Interest Expense	(63)
<b>Net Interest Income</b>	<b>100</b>
<b>Net Fee and Commission Income</b>	<b>28</b>
Net Trading income	10
Other operating income	5
<b>Net Non-Interest Revenue</b>	<b>43</b>
<b>Operating Income</b>	<b>143</b>
Other Income	-
Impairment losses on loans and advances	(15)
Impairment loss on investments	-
Personnel Expenses	(65)
Depreciation and Impairment	(8)
Other operating expenses	(51)
<b>Operating Profit</b>	<b>4</b>
Post tax profit/(loss) of Associated Company	-
Profit/(loss) from disposal of NC Assets	-
Profit/(Loss) from disposal of Associate Companies	-
Profit/(Loss) from Disposal of Subsidiary	-
<b>Profit before Tax and National Stabilization Levy</b>	<b>4</b>
Income Tax Expense	2
National Fiscal Stabilization Levy	-
<b>Profit after National Stabilization Levy</b>	<b>6</b>

<sup>10</sup> The Half year unaudited financial Statements have not been reviewed by EY

UNAUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT JUNE 30, 2016

Balance Sheet (In millions of GHS)	HY 2016
<b>Assets</b>	
Cash and balances with BoG	530
Investment in Government securities	502
Due from other banking institutions	-
Investment in other Securities	88
Derivative asset held for risk management	-
Investment in Associate companies	1
Investment in Subsidiaries	-
Loans and advances to customers (net)	1,100
Asset Held for Sale	-
Other assets	68
Intangible Assets	4
Property and equipment	105
National Fiscal Stabilization Levy	2
Deferred Tax Asset	15
Corporate Tax Liability	13
<b>Total Assets</b>	<b>2,429</b>
<b>Liabilities</b>	
Customer deposits	1,822
Borrowed funds	234
Other liabilities	34
Derivative liabilities held for risk management	-
Corporate Tax Liability	-
National Fiscal Stabilization Levy	-
<b>Total liabilities</b>	<b>2,090</b>
<b>Capital</b>	
Share capital	75
Revaluation surplus	58
Income Surplus	(35)
Credit Risk Reserve	109
Statutory reserve	85
Available for Sale reserve	47
<b>Shareholders' funds</b>	<b>338</b>
<b>Non-Controlling Interest</b>	<b>-</b>
<b>Total liabilities and Shareholders' funds</b>	<b>2,429</b>



The Board of Directors  
Agricultural Development Bank Limited  
Accra Financial Center  
3rd Ambassadorial Development Area,  
Accra, Ghana

Dear Sir,

**REPORTING ACCOUNTANTS' REPORT ON FINANCIAL FORECAST AND PROJECTIONS TO THE BOARD OF DIRECTORS OF AGRICULTURAL DEVELOPMENT BANK LIMITED**

We have examined the accounting policies and calculations for the prospective financial information for the years ending 31 December 2016 to 2020, in accordance with International Standard on Assurance Engagement (ISAE) 3400, The Examination of Prospective Financial Information. The Directors are responsible for the prospective financial information and the assumptions on which it is based.

The forecast and projections have been prepared for inclusion in this Circular for the purpose of the Initial Public Offering (IPO). These forecasts and projections have been prepared using a set of assumptions that include hypothetical assumptions about future events and management's actions that are not necessarily expected to occur. Consequently, readers are cautioned that these assumptions may not be appropriate for purposes other than those described above.

Based on our examination of the evidence supporting the assumptions, nothing has come to our attention which causes us to believe that these assumptions do not provide a reasonable basis for the projections. Further, in our opinion, the prospective financial information, so far as the accounting policies and calculations are concerned, have been properly compiled on the basis of the assumptions made by the Directors of Agricultural Development Bank Limited and are presented on a basis consistent with the accounting policies normally adopted by the Company.

We do not express an opinion as to whether the actual results for the prospective period will approximate the forecast and projected figures, because events and circumstances do not frequently occur as expected, and those differences may be material.

Yours faithfully,

**Signed by Pamela Des Bordes (ICAG/P/1329)**  
For and on behalf of Ernst & Young (ICAG/F/2016/126)  
Chartered Accountants  
Accra, Ghana  
Date: 8 November 2016

#### 4.23 Projected Financial Statements

##### Projected Income Statement (2016 – 2020)

GHS MILLION	2016F	2017F	2018F	2019F	2020F
Interest Income	378	617	897	1,133	1,376
Interest Expense	(155)	(314)	(377)	(509)	(662)
<b>Net Interest Income</b>	<b>223</b>	<b>303</b>	<b>520</b>	<b>624</b>	<b>715</b>
Fees & Commissions	64	92	119	156	193
Trading Income	17	102	135	180	225
Other Income	9	19	21	25	32
<b>Operating Income</b>	<b>313</b>	<b>515</b>	<b>796</b>	<b>985</b>	<b>1,164</b>
Operating Cost	(261)	(319)	(367)	(422)	(444)
<b>Trading Profit</b>	<b>52</b>	<b>196</b>	<b>428</b>	<b>562</b>	<b>720</b>
Impairment	(46)	(52)	(67)	(86)	(106)
<b>Profit before NSL &amp; Tax</b>	<b>6</b>	<b>143</b>	<b>361</b>	<b>476</b>	<b>614</b>
National Stabilisation Levy (NSL)	(0)	(7)	(18)	(24)	(31)
Corporate Tax	(2)	(36)	(90)	(119)	(153)
<b>Profit after NSL &amp; Tax</b>	<b>4</b>	<b>100</b>	<b>253</b>	<b>333</b>	<b>430</b>

##### Projected Balance Sheet (2016 – 2020)

GHS MILLION	2016F	2017F	2018F	2019F	2020F
<i>Assets</i>					
Cash/Bank	343	394	501	669	681
Investments	1,755	2,341	2,941	3,739	4,225
Advances	1,164	1,339	1,674	2,057	2,658
Equity Investments	79	79	79	79	79
PPE	110	112	114	115	117
Intangibles	6	14	15	16	17
Other Assets	80	81	82	84	87
Deferred Tax Asset	-	-	-	-	-
<b>Total Assets</b>	<b>3,537</b>	<b>4,361</b>	<b>5,406</b>	<b>6,759</b>	<b>7,863</b>
<i>Liabilities</i>					
Deposits	2,500	3,181	4,142	5,191	5,814
Borrowings	421	462	292	261	302
Other Liabilities	78	80	81	83	93
<b>Total Liabilities</b>	<b>2,999</b>	<b>3,723</b>	<b>4,515</b>	<b>5,535</b>	<b>6,209</b>
<i>Shareholders' Funds</i>					
Stated Capital	275	275	275	275	275
Reserves	262	363	615	949	1,378
<b>Total Equity</b>	<b>537</b>	<b>638</b>	<b>890</b>	<b>1,224</b>	<b>1,653</b>
<b>Total Equity and Liabilities</b>	<b>3,537</b>	<b>4,361</b>	<b>5,406</b>	<b>6,759</b>	<b>7,863</b>

## **Assumptions Underlying Projections**

### **Taxation**

ADB was exempted from paying corporate tax under the Agricultural Development Credit and Co-Operative Bank Act, 1965 (Act 286) which established the Bank. The exemption has been withdrawn after the Bank became a private company in 2014. ADB has reasonably considered the impact of both corporate (25%) and deferred taxes on expected profitability and financial position going forward.

### **Customer deposits**

Customer deposits is expected to grow by Cumulative Average Growth Rate (CAGR) of 23.5% over the next 5 years (from GHS 2.5bn in 2016 to GHS 5.8bn by 2020); 25 additional branches will be set up over the next 5 years to capture additional deposits. The Bank will use rebranding and refurbishments to boost deposit mobilization. Historically, the Bank has increased its branches from 55 to 78 representing 23 additional branches. The Bank has currently set up an aggressive mobilisation team to gather funds. Management also intends to invest in IT system and related services which are expected to attract customers and will increase deposits.

### **Loans & Advances**

Loans and advances are expected to grow by CAGR of 22.9% over the next 5 years (from GHS 1.2bn in 2016 to GHS 2.7bn by 2020). ADB expects retail and corporate business units to be the main contributors of growth.

### **Investments**

Investments are expected to grow by CAGR of 24.6% over the next 5 years (from GHS 1.8bn in 2016 to GHS 4.2bn by 2020). The Bank will maintain about 20% of assets in government securities. ADB's investments and loan portfolio will be funded mainly from customer deposits

### **Total Assets**

Total asset is expected to grow by CAGR of 22.1% over the forecast period (from GHS 3.5bn in 2016 to GHS 7.9bn by 2020) via Bank-wide initiatives and branch expansion. The 22 additional branches established resulted in a 55% increase in total assets.

### **Property, plant and equipment (PPE)**

PPE is expected to grow by CAGR of 1.5% over the next 5 years (from GHS 110.2mn in 2016 to GHS 117.1mn by 2020). The Bank's 25 additional branches to be established and branch improvements are expected to increase PPE. The Bank will also focus on leasing rather than owning branch properties as it has practiced in previous years. The Bank plans to spend more than 60% of new capital on Capex and other software upgrades and business applications to enhance operations.

### **Interest income**

Interest income is expected to grow by CAGR of 38.2% over the next 5 years (from GHS 377.9mn in 2016 to GHS 1,376mn by 2020). This is based on loan growth of 22.9% and investment growth of 24.6% as well as a competitive pricing of its product offerings.

### **Interest expense**

Interest expense is expected to grow by CAGR of 43.7% over the next 5 years (from GHS155.3mn in 2016 to GHS 661.6mn by 2020). Largely due to an expected deposit growth of 23.5%.

### **Non-interest income**

Non-interest income is expected to grow by CAGR of 49.5% over the next 5 years (from GHS 90.0mn in 2016 to GHS 449.2mn by 2020). The Bank will maintain net fees and commissions between 3-5% of loans and deposits. The Banks plan to invest in trading systems and restructure its trading operations to increase treasury product offerings, increase trading volumes and ensure profitable margins

### **Operating cost**

Operating cost is expected to grow by CAGR of 14.2% over the next 5 years (from GHS260.6mn in 2016 to GHS 443.6mn by 2020). ADB plans to reduce its cost-to-income ratio from 83.3% in 2016 to 38.1% in 2020 via effective cost-cutting measures such as:

- Staff restructuring and rationalisation
- Outsourcing of non-core functions; and

- Automation of processes

**Impairment**

Impairment provision is expected to grow by CAGR of 23.6% over the next 5 years (from GHS 45.6mn in 2016 to GHS 106.3mn by 2020). ADB will maintain an impairment provision as 2% of gross loss book.

**Dividend pay-out**

The dividend pay-out is projected at 30% of net profit after tax and statutory reserves.



## **PART 5 – RISK FACTORS**

### **5.1 Risk Factors**

An investment in ADB involves certain risks, thus prospective investors considering a purchase of ADB's ordinary shares should carefully consider the potential risks, including any relevant information contained in this Document. This section presents information about the more common risks affecting ADB and the Bank's objectives, policies and processes for measuring and managing these risks.

#### **5.1.1 Market Risks**

Market risk is the risk that changes in market prices such as interest rates, foreign exchange rates and credit spreads (not relating to changes in the obligor's/issuer's credit standing), that will affect the Bank's income or the value of its holdings of financial instruments. Ghana is vulnerable to international oil and commodity price swings. Such swings introduce market risks including liquidity risks, exchange rate fluctuations, interest rate and commodity price volatilities. These economic parameters have a direct impact on the performance of ADB and its share price. The Bank may suffer financial loss as a result of adverse changes in the market.

#### **5.1.2 Credit Risks**

Credit risk is the risk of financial loss to the Bank if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Bank's loans and advances to customers and other banks and investment securities. For risk management reporting purposes, the Bank considers and consolidates all elements of credit risk exposure. As the Bank continues to pursue a proactive approach to expand its SME and Agric financing business, its credit risks could increase.

#### **5.1.3 Operational Risks**

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the Bank's processes, personnel, technology and infrastructure and also from external factors other than credit, market and liquidity risk such as those arising from legal and regulatory requirements and generally accepted standards of corporate behaviour. It is the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events. They also include risks of temporary closing of business in the aftermath of damages to infrastructures (fire, terrorist attacks, acts of God, and sabotage by employees), strikes and departure of key staff or system down time due to viruses or crashes. ADB depends significantly on its information technology systems to process a large number of transactions on an accurate and timely basis, and to store and process all the Bank's business and operating data.

#### **5.1.4 Liquidity Risk**

Liquidity risk is the risk that the Bank is unable to meet its payment obligations associated with its financial liabilities when they fall due and be able to replace funds when they are withdrawn. The consequence may be the failure to meet obligations to repay depositors and fulfil commitments to lend. This may be caused by the Bank's inability to liquidate assets or to obtain funding to meet its liquidity needs. Liquidity problems can have an adverse impact on the Bank's earnings and capital and, in extreme circumstances, may even lead to the collapse of the Bank which is otherwise solvent.

#### **5.1.5 Financial Risk**

Financial risk is the probability that the Bank's profitability, liquidity and solvency may be at risk of falling below acceptable levels by failure to adopt appropriate financial controls, policies, programs and interventions.

### **5.2 Risk Management and Supervision**

The Board of ADB has the overall responsibility for the establishment and oversight of the Bank's risk management framework. The Board has established an Audit and Risk Management Committees and a risk department to assist in the discharge of this responsibility. The Board has also established the Credit Committee, which is responsible for developing and monitoring risk management in their respective areas.

The Bank's risk management policies are established to identify and analyse the risks faced by the Bank, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions, products and services offered. The Bank, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment, in which all employees understand their roles and obligations.

The Bank's Audit and Risk Management Committees are responsible for monitoring compliance with the Bank's risk management policies and procedures, and for reviewing the adequacy of the risk management framework in relation to the risks faced by the Bank. The Audit and Risk Management Committees are assisted in these functions by the Internal Audit and the Risk Management departments. Internal Audit undertakes both regular and ad-hoc reviews of risk management controls and procedures, the results of which are reported to the Sub-Board Audit Committee.

The Bank has a risk management department organised into credit control, recoveries and operational control. Under the credit control department, it has credit administration, credit risk appraisal and credit monitoring. The department is responsible for managing all risks to which the Bank is exposed (operational risk, credit risk, liquidity risk, interest rate risk and foreign currency risk.) The Risk Management department is currently developing a risk management framework for the Bank.

The Bank treats all branches as independent business units which generate their own income, run their own profit and loss and statement of financial position. The head office consolidates these and exercises oversight responsibility over all the branches. Credit is generated at the branch level and is then channelled through the credit control unit of the Risk Management Department where a credit risk appraisal is performed to assess whether to engage the client or not. The client's file is then moved to the head of risk management and to the other appropriate levels (Credit Committee, Board and other groups) for final approval before credit is granted. There is also the monitoring aspect where the head office credit monitoring team monitors the loans and their performance in addition to the monitoring performed at the branch level. Where a loan goes beyond current, it is classified as either other loans especially mentioned (olem), substandard, doubtful or loss, as recommended by the Central Bank of Ghana. Where a loan goes beyond current, a recovery team will move in to assist in recovering loan losses.

### 5.2.1 Market Risks

The objective of the Bank's market risk management is to manage and control market risk exposures within acceptable parameters to ensure the Bank's solvency while optimising the return on risk. The Bank recognizes market risk as the exposure created by potential changes in market prices and rates, such as interest rates, equity prices and foreign exchange rates. The Bank's exposure to market risk arises principally from customer driven transactions. Overall authority for market risk is vested in the Asset-Liability Committee (ALCO). The Risk Management unit is responsible for the development of detailed risk management policies (subject to review and approval by ALCO) and for the day-to-day review of their implementation.

**Interest rate risk:** The Bank uses the Reuters system to monitor live interest and exchange rates to facilitate trading by the treasury department. This helps the Bank to know what is happening at any moment in time on the markets and where opportunities are present to make gains from higher interest rates. The Bank has also instituted a Basel II compliance committee which is scheduled to meet throughout the year to review various risks that the Bank faces.

**Foreign exchange risk:** Foreign exchange risk is measured through the income statement. The Bank takes on exposure to the effects of fluctuations in the prevailing foreign currency exchange rates on its financial position and cash flows. The Board sets limits on the level of exposure by currency and in aggregate for both overnight and intra group. The Bank manages its use of trading instruments in response to changing market conditions. Exposure to market risk is formally managed in accordance with risk limits set by senior management by buying or selling instruments or entering into offsetting positions.

**Exposure to other market risks (non-trading portfolios):** The principal risk to which non-trading portfolios are exposed is the risk of loss from fluctuations in the future cash flows or fair values of financial instruments because of a change in market interest rates. Interest rate risk is managed principally through monitoring interest rate gaps and by having pre-approved limits for repricing bands. ALCO is the monitoring

body for compliance with these limits and is assisted by Central Treasury in its day-to-day monitoring activities.

### **5.2.2 Credit Risks**

The Board has delegated responsibility for the management of credit risk to its Credit-Committee and Sub-Board Risk Management Committee. A separate Credit Department, reporting to the Executive Committee, is responsible for oversight of the Bank's credit risk, including:

- Formulating credit policies in consultation with business units, covering collateral requirements, credit assessment, risk grading and reporting, documentary and legal procedures, and compliance with regulatory and statutory requirements.
- Establishing the authorisation structure for the approval and renewal of credit facilities. Authorisation limits are allocated to business units. Larger facilities require approval by the Executive Committee members and the Board (Sub Committee) on risk management.
- Reviewing and assessing credit risk. The Credit Department assesses all credit exposures in excess of designated limits, prior to facilities being committed to customers by the business unit concerned. Renewals and reviews of facilities are subject to the same review process, limiting concentrations of exposure to counterparties, geographies and industries (for loans and advances), and by issuer, credit rating band, market liquidity and country (for investment securities).
- Developing and maintaining the Bank's risk grading in order to categorise exposures according to the degree of risk of financial loss faced and to focus management on the attendant risks. The risk grading system is used in determining where impairment provisions may be required against specific credit exposures. The current risk grading framework consists of 5 grades reflecting varying degrees of risk of default and the availability of collateral or other credit risk mitigation. The responsibility for setting risk grades lies with the Board. Risk grades are subject to regular reviews by the Risk Management Department.
- Reviewing compliance of business units with agreed exposure limits, including those for selected industries, country risk and product types. Regular reports are provided by the Credit Department on the credit quality of portfolios and appropriate corrective action is taken.
- Providing advice, guidance and specialist skills to business units to promote best practice throughout the Bank in the management of credit risk.

### **5.2.3 Operational Risks**

Risk Management, under the supervision of the Policy and Risk Management Committee of the Board, is entrusted with monitoring the entire spectrum of risk exposures of the Bank, including operational risk. Operational risks are recognised through a continuous process of controls and verifications conducted by the Internal Audit unit in the subsidiaries in all areas of operations.

The Bank's objective is to manage operational risk so as to balance the avoidance of financial losses and damage to the Bank's reputation with overall cost effectiveness and to avoid control procedures that restrict initiative and creativity. The primary responsibility for the development and implementation of controls to address operational risk is assigned to senior management within each business unit. The responsibility is supported by the development of overall Bank's standard for the management of operational risk in the following areas:

- Requirement of appropriate segregation of duties, including the independent authorisation of transactions;
- Requirements for the reconciliation and monitoring of transactions;
- Compliance with regulatory and other legal requirements;
- Documentation of controls and procedures;
- Requirements for the periodic assessment of operational losses faced and adequacy of controls and procedures to address risks identified;
- Requirement for the reporting of operational losses and proposed remedial action;
- Development of contingency plans;
- Training and professional development;
- Ethical and business standards; and
- Risk mitigation including insurance where this is effective.

Compliance with Bank's standards is supported by a program of periodic reviews undertaken by internal audit, risk and compliance departments. The results of these reviews are discussed with the management of the business unit to which they relate, with summaries submitted to executive committee, audit and compliance committee, governance and risk committee and the Board.

#### 5.2.4 Liquidity Risk

The Bank's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Bank's reputation. The Treasury Department maintains a portfolio of short-term liquid assets, largely made up of short-term liquid investment securities, loans and advances to banks and other inter-bank facilities, to ensure that sufficient liquidity is maintained within the Bank as a whole.

The Risk Management Department is responsible for the independent risk oversight function of liquidity risk. The oversight function involves frequent sight of Asset Liability Management (ALM) management information, routine formal meetings with ALM role players (of which minutes must be kept) and periodic review of ALM methodologies, including assumptions as well as the participation in liquidity contingency planning and stress testing. Compliance with all limits and guidelines should be clearly documented, up-to-date and readily accessible to the Chief Risk Officer/Risk Management Department.

**Exposure to liquidity risk:** The key measure used by the Bank for managing liquidity risk is the ratio of net liquid assets to deposits from customers. For this purpose, net liquid assets are considered as including cash and cash equivalents and investment grade debt securities for which there is an active and liquid market less any deposits from banks, debt securities issued, other borrowings and commitments maturing within the next month.

#### 5.2.5 Financial Risk

The Board and senior management are responsible for establishing effective processes to manage financial risk arising from financial transactions. The Board and senior management review the size and depth of the Bank's financials and reporting regimes, and establish the appropriate risk-taking guidelines. These guidelines shall take into account the Bank's ability to fund its business.

In line with the Board's appetite for financial risks, the Bank is exposed to changes in profitability, solvency and liquidity. These will be kept within approved management and regulatory limits.

## PART 6 – OVERVIEW OF THE GHANA STOCK EXCHANGE

### 6.1 Overview of the Ghana Stock Exchange

The GSE was incorporated as a company limited by guarantee in July 1989 with trading commencing on November 12, 1990. A nine-member Council governs the bourse. The operations of the GSE are regulated by the SEC, which is empowered by the Securities Industry Act (later amended by the Securities Industry (Amendment) Act, 2000 (Act 590). Criteria for listing on the GSE include capital adequacy, profitability, spread of shares, years of existence and management efficiency.

### 6.2 Developments and Trends

The GSE commenced operations with 11 listed companies which grew to 26 stocks, 4 corporate bonds and 2 government bonds in 2002. As at September 2016, 39 listed equities on the GSE - 35 on the main bourse and 4 on the alternative exchange, 1 Exchange Tradable Fund, 1 preference share, 1 depository and a number of government bonds.

The GSE has witnessed a number of delisting transactions since 2002 and some have been as a result of mergers and acquisitions involving GSE listed companies. The latest company to delist is CFAO in 2011 and this was as a result of the resolution by CFAO Group to delist all subsidiaries from stock exchanges. On the upside, a new member, MAC, a Ghanaian investment company, was introduced in April 2014, the first of its kind on the Ghana Stock Exchange, bringing the total membership on the First official List to 35.

In 2007, the Central Securities Depository Act, 2007 (Act 733) was passed to permit the issue of uncertificated or dematerialised shares, where shareholders and board of directors of an issuer have so authorised. The passing of the law paved the way for the GSE to achieve several milestones in its development. These milestones include the incorporation and operation of the GSE Securities Depository Company Limited and the establishment of a Clearing and Settlement System. The Bank of Ghana Securities Depository was established in 2004 to manage the issuance, redemption and maintenance of ownership records of securities issued by the Government of Ghana, BoG and CocoBod. On January 1, 2014 the Ministry of Finance facilitated discussions between the BoG and the GSE toward a merger of the two depositories. This was because the capital market in Ghana was not big enough to be served by two depositories. The CSD Ltd is the surviving entity of the merger.

Further to that, the GSE has completed the automation of its trading system with the support of the Government of Ghana's Economic Management and Capacity Building project. The GSE introduced major changes in trading activities in 2011 to complement the automated trading regime. Trading hours, which were initially 09.30 hours to 13.00 hours, have been extended, and the new trading period is from 09.30 hours to 15.00 hours. This is to afford dealers more time to interact with clients during the day, also allowing non-resident investors in different time zones some slack time to participate in the trading session through their local brokers.

#### **Ghana Alternative Market ("GAX")**

The Ghana Alternative Market ("GAX") is a parallel market to the Ghana Stock Exchange First Official List focusing on businesses with potential for growth. The GAX will accommodate companies at various stages of their development, including start-ups and existing enterprises, both small and medium. There are several benefits for the small to medium scale companies that qualify to be listed on this market. GAX will afford companies the opportunity for securing long term capital, broaden their investor base and provide liquidity for their shareholders/investors<sup>11</sup>. The GAX currently has four listed equities.

#### **Ghana Fixed Income Market ("GFIM")**

The Ghana Fixed Income Market ("GFIM") is a market created to facilitate the secondary trading of all fixed income securities and other securities to be determined from time to time. The market has been established by key stakeholders in the financial market to operate based on the existing license that the Ghana Stock Exchange (GSE) has to operate a market for securities. The GFIM will within the initial years of its existence, operate under a governing committee of stakeholders. The GFIM which is not a separate company yet will be under the responsibility of the Council of the GSE.

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<sup>11</sup>Ghana Stock Exchange: Ghana Alternative Market (GAX) Rules and Benefits

### 6.3 Performance of the GSE

Performance of the GSE has been remarkable in recent years, experiencing high volume trades and increased market capitalization following the listing of big players like Tullow Oil Plc. and Ecobank Transnational Inc.

Market capitalization of listed securities as at the end of December 2015 was GHS 57,116.82 million compared to the December 2014 end figure of GHS 64,352.42 million, a decrease of 11.24% year on year. Domestic market capitalization recorded a 19.37% decrease ending December 2015 with GHS 11,194.22 million compared to GHS 13,874.22 million recorded for the same period in 2014.

The market's benchmark indices, the GSE Composite Index ("GSE-CI") at the end of December 2015 was 1,994.91 points representing a loss for the year of 11.77% compared to a gain of 5.40% at 2,261.02 points in 2014. The GSE Financial Stock Index ("GSE-FSI") lost 13.98% in 2015, a contrast to the gain of 25.58% in 2014, resulting from a fall in the index from 2,243.63 points in 2014 to 1930.06 points in 2015.

The total value of equities traded for the year 2015 was GHS 246.91 million and the total value of equities traded for the same period in 2014 was GHS 345.96 million, representing a drop of 28.4%. The total volume of equities traded on the bourse recorded a rise of 18.8% from the 2014 volume of 207.13 million in 2014 to 246.23 million in 2015.

The negative market indicators of the Ghana Stock Exchange for the period ended 2015, was accounted for by the prevailing difficult economic environment, characterised by worsened power crisis, global drop in commodity prices and poor performance of the cedi against the dollar.

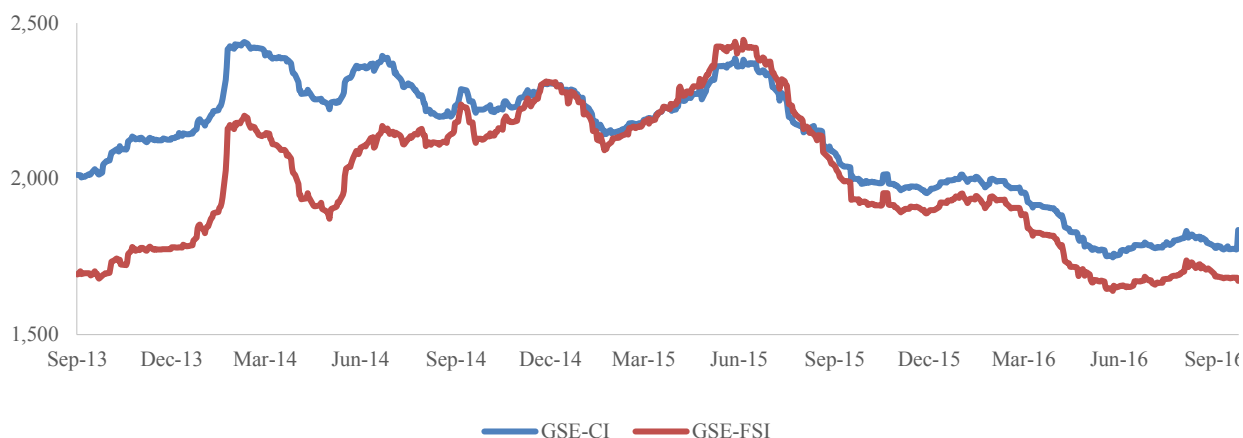


Exhibit 35: GSE Performance 2011-2015

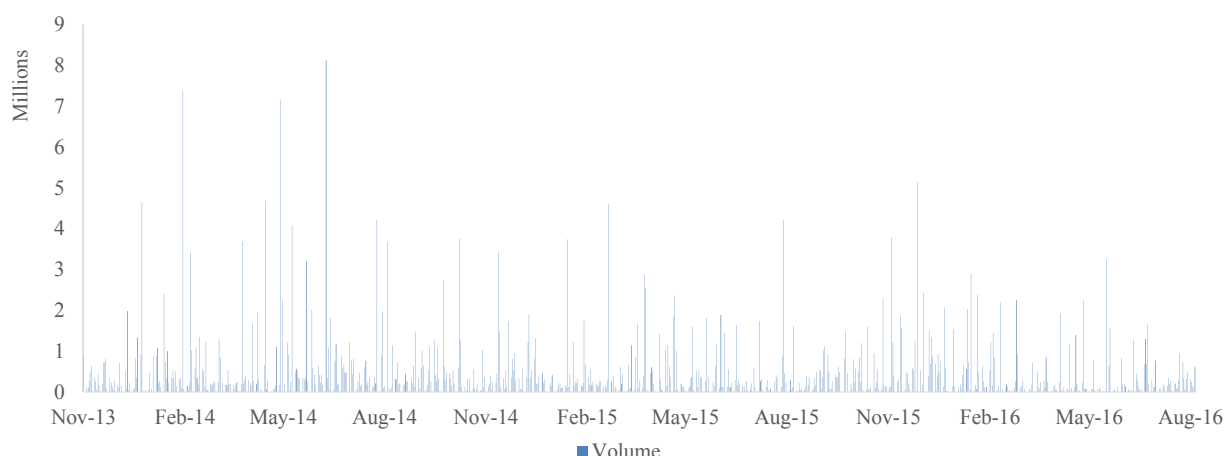


Exhibit 36: Volume Traded on the GSE from 2011-2015

#### 6.4 Other Information

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<b>Trading Days</b>	Trading takes place every working day
<b>Trading Hours</b>	Pre-Opening period: 9:30hrs to 10:00hrs (GMT) Market opens for continuous trading: 10:00hrs to 15:00hrs (GMT)
<b>Clearing &amp; Settlement</b>	Trade Settlement is done electronically using a web-based application. Settlement occurs three business days (T+3) after the trade date. The System allows for mutual settlement of trade on T+0 or T+1 basis

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Trade and general information on the GSE can be found on the GSE website - <http://www.gse.com.gh>; Bloomberg.

## PART 7 – ADDITIONAL INFORMATION

### 7.1 Listing of Ordinary Shares

The GSE has granted permission to list all the issued ADB Shares and an additional 75,471,698 ADB Shares pursuant to the Listing and the Offer on the First Official List of the GSE, respectively. It is expected that dealings in ADB Shares will commence on the GSE on the Listing Date. Following the completion of the Listing and Offer, all dealings in ADB Shares can be done on the GSE after the conclusion of the Transaction. Where applicable, dealings would need to be announced on the GSE in accordance with its rules.

### 7.2 Regulations of Agricultural Development Bank Limited

Regulations: The nature of the business, which the Bank is authorized to carry on as provided by its Regulations, is:

- To acquire and take over as a going concern the business of banking and allied services now being carried on at the Accra Financial Centre, 3rd Ambassadorial Development Area, Ridge, Accra with branches and offices in all the regions of the republic of Ghana under the name and style of Agricultural Development Bank established under the Agricultural Development Bank Act, 1963 (Act 28) as amended together with all or any of the assets and liabilities of the Agricultural Development Bank pursuant to the Statutory Corporations (Conversion to Companies) Act, 1993 (Act 461);
- To carry on the business of banking in all its aspects;
- To provide finance in the form of term loans, overdraft and other credit facilities;
- To carry on the business of leasing goods, hire purchase and warehousing;
- To underwrite new issues of stocks, bonds, debentures and other securities;
- To transact all kinds of guarantee or indemnity business;
- To organize, lead, or co-lead or join or participate in consortia or syndications for the establishment and management of trust funds or to raise funds for financing specific projects;
- To undertake research studies, investigations and surveys in regard to the economic and technical feasibility of agricultural, agribusiness and other projects or enterprises; and
- To provide managerial, technical and administrative advice and assist in obtaining managerial, technical and administrative services to agricultural and agribusiness enterprises.

### 7.3 Directors

- a. **Power to vote on a proposal, arrangement or contract in which a director is materially interested:** Subject to compliance with section 207 of the Companies Act, a director may enter into any contract with ADB and such contract or any other contract of the Bank in which any director is in any way interested shall not be liable to be avoided nor shall any director be liable to account for any profit made thereby by reason of the director holding the office of director. Also subject to compliance with section 207 of the Companies Act, any director may act by himself or his firm in a professional capacity for ADB, except as an auditor, and he or his firm shall be entitled to proper remuneration for professional services as if he were not a director.
- b. **Power to vote on compensation:** All fees and remuneration payable to directors in whatever capacity is subject to approval of shareholders of the Bank in accordance with section 194 of the Companies Act.
- c. **Directors borrowing powers:** Subject to section 202 of the Companies Act, the Board may exercise all such powers of the Bank, including power to borrow money and to mortgage or charge its property and undertaking or any part thereof and to issue debentures as are by the Companies Act or the Regulations required to be exercised by the members in a general meeting.
- d. **Retirement and non-retirement of directors:** Appointment of directors is governed by sections 181, 298 and 299 of the Companies Act. There is no retirement age for directors.
- e. **Number of qualifying shares to be held by a director:** A director need not hold any shares in the Bank.



## 7.4 Description of the Shares of ADB

Holders of ADB Ordinary shares are entitled to the following rights and obligations attached to their shares:

**Dividend Rights:** Dividends are declared at the discretion of the directors in accordance with legal requirements applicable to the Bank. There is no right to dividends unless declared by the directors.

**Voting Rights:** Each ordinary share is entitled to one vote at any meeting of the shareholders of the Company. Any member of the Bank is entitled to attend and vote at a meeting of the shareholders of the Bank and shall be entitled to appoint a proxy to attend and vote in his place.

**Rights to share in ADB's profits:** Apart from entitlement to declared dividends, shareholders have no right to share in the Bank's profits.

**Rights of members to share in any surplus in the event of liquidation:** If ADB is wound up, the liquidator may, with the approval of a special resolution and any other sanctions required by the Companies Act, divide amongst the members in specie or kind, the whole or part of the assets of the Bank and may determine how such divisions shall be carried out between the members or different classes of members.

## 7.5 Liability of Shareholders to Further Capital Calls by ADB

Shareholders have no obligation to provide additional equity capital to the Bank.

## 7.6 Convening of Annual General Meetings and Extraordinary General Meeting

All meetings of shareholders of the Bank are convened by the directors in accordance with section 150 of the Companies Act, subject to the rights of shareholders to requisition meetings of the shareholders of the Bank in accordance with section 297 of the Companies Act.

## 7.7 Taxation

The following is a general guide to the material taxation consequences in the Republic of Ghana arising for investors regarding the ownership and disposition of ordinary shares in the Bank. The summary, which is intended as a general guide only, does not purport to be an exhaustive analysis of all possible tax considerations and investors should in all cases satisfy themselves as to the tax consequences of the ownership or disposition of shares by consulting their own tax advisers.

*If you are in any doubt as to your taxation position or if you are subject to tax in any jurisdiction other than the Republic Ghana, you should consult an appropriate professional adviser immediately.*

### 7.7.1 Dividend Withholding Tax

There is a final withholding tax of 8% on all dividends received by shareholders.

### 7.7.2 Capital Gains

Under the Income Tax Act, 2015 (Act 896) exemptions granted on capital gains tax on listed securities have been withdrawn. Capital gains tax is payable by a person at the rate of 15% on capital gains for resident individuals and 20% for non-resident individuals. Resident and Non-resident companies are taxed a rate of 25%

### 7.7.3 Stamp Duty

Under the Stamp Duty Act, 2005 (Act 689) transfers of shares in a company are exempt from stamp duty.

## **7.8 Exchange Controls**

Exchange control is currently governed by the Foreign Exchange Act 2006, (Act 723). Under the current foreign exchange regime, no regulatory approval is required for non-residents to invest in the ADB Shares. Further, non-residents are guaranteed free transferability of their capital and income through authorised dealer banks.

## **7.9 Documents Available for Inspection**

Copies of the following documents in respect of the business and affairs of ADB and the Listing may be inspected at the registered offices of ADB and IC Securities (each as described on pages 7 and 8) during normal business hours of any working day:

- i. The Regulations of ADB;
- ii. The Certificate of Incorporation and Commencement of ADB;
- iii. The extract from the minutes of a meeting of the Board of Directors and shareholders resolving to list ADB on the Ghana Stock Exchange;
- iv. The Bank's audited annual reports for the five years ending 31 December 2015;
- v. Management Accounts as of June 2016
- vi. The Legal Due Diligence report;
- vii. The Financial Due Diligence report;
- viii. A copy of the escrow agreement; and
- ix. This Prospectus; which can also be downloaded from [www.adbipo.com](http://www.adbipo.com)

## **PART 8 – ADDITIONAL TERMS OF THE OFFER/LISTING**

### **8.1 General Conditions**

If you receive a copy of this Offer Prospectus and/or the Application Form in any territory other than Ghana, you should not treat it as constituting an offer or an invitation to the Offer, nor should you use such application form, unless you are in a territory where such Offer or invitation may lawfully be made to you without compliance with any securities registration or other legal requirements by the Bank.

If you are in a territory outside Ghana in which this Offer may lawfully be made, it is your responsibility if you wish to make an application, to satisfy yourself as to the full observance of the laws of the relevant territory in connection with your application, including obtaining any governmental or other consents and compliance with other necessary formalities, and paying transfer or other taxes or duties required to be paid in such territory in respect of the shares acquired by you under this Offer Prospectus.

### **8.2 Application**

#### **Qualifying Applicant:**

Any natural person who is 18 years or over, or a corporation, partnership or other unincorporated associations who are resident/incorporated in Ghana or some other state, or country provided that the Offer to and acceptance by such an applicant of this Offer is not in contravention of the laws of either that state or country.

### **8.3 Offer to Purchase ADB Shares**

- a. You offer to purchase such number of ADB's Shares which when multiplied by the Offer Price, is nearest but not more than the amount indicated in your Application Form, on these terms and conditions and subject to the Regulations of the Company.
- b. You agree to provide a clear photocopy of a valid identity document (ID) in support of your application.
- c. You agree that your application to acquire shares cannot be revoked after the end of the Offer Period or such later date as the Directors and the Manager may agree, and promise that any cheque, banker's draft or money or postal order will be honoured on first presentation and that this paragraph constitutes an agreement between you and ADB.
- d. If your Application Form is not completed correctly or is amended, or you do not include the required identification as spelt out in 8.3 (b) above, or if any cheque, banker's draft, money or postal order is found to be less than the amount stated on your application form, it may still be treated as valid. In such cases, the Manager's decision as to whether to treat the application as valid, and how to construe, amend or complete it shall be final. You will not, however, be treated as having applied to purchase a number of shares which, when multiplied by the Offer price, is more than the amount of remittance upon allotment of shares.
- e. An application may be rejected in whole or in part at the discretion of the Manager and the Board of ADB if the application is incomplete or illegible, or it is determined that the applicant is not eligible to participate in this offer, and the application money returned.

### **8.4 Acceptance of the Offer**

- a) Acceptance of your offer will be made if your application is received, valid, processed and not rejected.
- b) The acceptance may be of the whole or any part thereof and in the latter event the number of shares you offer to purchase may be scaled down.

- c) If your application to purchase shares is accepted (in whole or in part), there will be a binding contract under which you will be required to purchase the shares in respect of which your application has been accepted and has not been terminated.

## **8.5 Payment for ADB Shares**

- a) You undertake to pay the purchase price for the shares in respect of which your application is accepted. Payment will be made in Ghana Cedis. Non-resident investors, who pay in United States Dollars, Euros, British Pound Sterling, or a combination of any of these, will have their currency converted to Ghana Cedis only after shares have been allocated using the prevailing exchange rates at application. In this regard, the Ghana Cedi equivalent of the amount being paid by the applicant and the corresponding number of shares being acquired under the Offer will be communicated to the applicant at the point of application. The cheque or banker's draft or other remittances may be presented for payment before acceptance of your application, but this will not constitute acceptance of your application, either in whole or in part.
- b) If the application is invalid, rejected or not accepted in full, or if the amount of the application divided by the Offer price does not result in a whole number of shares or if the circumstances described in paragraph 8.3 (c) do not occur prior to the dates respectively specified therein, the proceeds of the cheque or other remittances or the unused balance of those proceeds (as the case may be) will be refunded without interest.
- c) If the remittances are not honoured on first presentation, then at any time until the Bank has received cleared funds in respect of the Share Offer, the Manager, on behalf of ADB, may terminate the agreement to purchase that share.
- d) The Manager will convert payment received in a currency other than the Ghana cedi at the prevailing inter-bank rate at the time value is given.

## **8.6 Warranties**

You warrant and represent that:

- a) You are qualified to apply;
- b) The Applicant on whose behalf you are applying is qualified to apply;
- c) You will submit a complete application including all supporting documents required under the terms of the Offer;
- d) In making your application you are not relying on any information or representation concerning the Bank not contained in this Prospectus. You agree that no person responsible for the Offer Document or any part of it will have liability for any such other information or representation;
- e) If any person signing, or making a thumb print on the Application Form is not the Applicant, that person warrants that he/she has authority to do so on behalf of the Applicant and that this authority is vested in him or her; and
- f) If the Applicant is other than a natural person, the person signing the Application Form warrants that he/she has authority to do so on behalf of the Applicant.


## **8.7 Supply and Disclosure of Information**


The Bank, Directors, Sponsoring Broker and their agents shall have full access to all information relating to, or deriving from, the cheque or banker's draft or other remittance accompanying your application and its processing. If the Directors or their agents request any information about your application you must promptly disclose it to them.

## 8.8 Miscellaneous

- a) The rights and remedies of the Bank and the Manager, under these terms and conditions are in addition to the rights and remedies, which would otherwise be available to each of them, and the exercise or partial exercise of one will not prevent the exercise of others.
- b) If you deliver your Application Form to the Bank, you authorize the Bank to send any money returnable to you in the same manner. You also authorise the Bank to send to you notification for the number of shares for which your application is accepted by registered mail, posted to the address provided on the application form or to be collected by you at the office of the Bank.
- c) All documents and monies sent or delivered by you will be sent or delivered at your own risk. Any cheque will be made payable to you (or first person named in any joint application).
- d) You agree to be bound by the Regulations of the Bank once the shares you have agreed to purchase have been transferred to you.
- e) Your application and the acceptance of that application and the contract resulting there from will be governed by, and construed in accordance with the laws of Ghana. You irrevocably submit to the jurisdiction of the Ghanaian courts in respect of the matters relating to this transaction. This does not prevent an action being taken against you in any other jurisdiction.
- f) Words defined in the Offer Prospectus and not defined in these terms and conditions have the same meaning in these terms and conditions, in your Application Form and in the guide to the Application Form. In the case of joint Applicants, references to an Applicant in these terms and conditions are to each of the joint Applicants and their liability is joint and several.

Signed on behalf of the Agricultural Development Bank (ADB)

Name: MAJUR M.S. TARA RPH  
Signature:   
Date: 16-11-2016

Name: DANIEL ASIENU  
Signature:   
Date: 16-11-2016

## **PART 9 – ESCROW AND RECEIVING BANKS**

### **Escrow Bank**

Universal Merchant Bank  
SSNIT Emporium, Airport-City,  
P.O. Box GP 401, Accra-Ghana  
Tel: +233 (0) 302 686218

### **Receiving Banks**

Agricultural Development Bank Limited  
Accra Financial Centre  
3rd Ambassadorial Development Area, Ridge,  
Accra  
Tel: +233 (0) 302 782 038/770403/781762  
Fax: +233 (0) 302 784 893 / 770 411

Standard Chartered Ghana Limited  
Standard Chartered Bank Building  
6 John Evans Atta Mills High Street  
Accra  
Tel: +233 (0) 302 664591/8  
Fax: +233 302 667751

## PART 10 – RECEIVING AGENTS

**IC Securities (Ghana) Limited**  
 No. 2, 2<sup>nd</sup> Ridge Link North Ridge  
 Tel: +233 (0) 302 252 621/3  
 Contact Person: Kwabena Osei-Boateng

<p><b>African Alliance Securities Ghana Limited</b>                  2nd Floor, Heritage Towers, 6th Avenue                  Ridge Ambassadorial Enclave                  PMB 45 Ministries, Accra                  Tel: +233 (0) 302 610 610/ 679 761                  Email: <a href="mailto:securities_gh@africanalliance.com">securities_gh@africanalliance.com</a></p>	<p><b>Bullion Securities Limited</b>                  No.8 Quartey Papafio Avenue                  Airport Residential Area                  P.O. Box CT 10027, Cantonments                  Tel: +233 (0) 544 312 462                  Email: <a href="mailto:info@bullion.com.gh">info@bullion.com.gh</a></p>	<p><b>CAL Brokers Limited</b>                  6th Floor, World Trade Center                  Ridge Ambassadorial Enclave                  P.O. Box 14596, Accra                  Tel: +233 (0) 302 680 051/ 680 061-9                  Email: <a href="mailto:info@calbrokersghana.com">info@calbrokersghana.com</a></p>
<p><b>CDH Securities Limited</b>                  CDH House                  36 Independence Avenue, North Ridge                  P.O. Box 14911, Accra                  Tel: +233 (0) 302 667 425-8/ 671 050                  Email: <a href="mailto:info@cdhfinancialholdings.com">info@cdhfinancialholdings.com</a></p>	<p><b>Chapel Hill Advisory Partners Ghana</b>                  Suite 2, The Labone Office Park                  N. Sithole Street, Labone                  Tel: +233 (0) 302 766 865                  Email: <a href="mailto:ghana.info@chapelhilldenham.com">ghana.info@chapelhilldenham.com</a></p>	<p><b>Databank Brokerage Limited</b>                  No.61, Barnes Road, Adabraka, Accra                  PMB, Ministries Post Office, Accra                  Tel: +233 (0) 302 665 124/ 663 763                  Email: <a href="mailto:info@databankgroup.com">info@databankgroup.com</a></p>
<p><b>EDC Stockbrokers Limited</b>                  Third Floor, Valco Trust House                  22 Ambassador Re-development Area                  Ridge, Accra                  Tel: +233 (0) 302 251 720/4/9                  Email: <a href="mailto:edc@ecobank.com">edc@ecobank.com</a></p>	<p><b>Fidelity Securities Limited</b>                  Ridge Towers - Ridge                  PMB 43, Cantonments, Accra                  Tel: + 233 (0) 302 214 490                  Email: <a href="mailto:info@myfidelitybank.net">info@myfidelitybank.net</a></p>	<p><b>First Atlantic Brokers Limited</b>                  3 Dr. Isert Road, North Ridge                  P.O. Box CT 1620, Cantonments, Accra                  Tel: +233 (0) 302 218 030/38                  Email: <a href="mailto:brokers@firstatlanticbank.com.gh">brokers@firstatlanticbank.com.gh</a></p>
<p><b>FirstBanC Brokerage Services Limited</b>                  12th Floor, World Trade Centre                  Ridge Ambassadorial Enclave, Accra                  P.O. Box 1464, Osu-Accra                  Tel: +233 (0) 302 250380/250636                  Email: <a href="mailto:brokerage@firstbancgroup.com">brokerage@firstbancgroup.com</a></p>	<p><b>Gold Coast Brokerage Limited</b>                  5 Mozambique Link, North Ridge                  P.O. Box GP 17187, Accra                  Tel: +233 (0) 302 211 411/5                  Email: <a href="mailto:info@gcsinvestments.com">info@gcsinvestments.com</a></p>	<p><b>HFC Brokerage Services Limited</b>                  No.6, Sixth Avenue                  Ambassadorial Area, Ridge                  P.O. Box CT 4603, Cantonments, Accra                  Tel: +233 (0) 302 683 891-2/ 665 095                  Email: <a href="mailto:info@hfcinvestments.com">info@hfcinvestments.com</a></p>
<p><b>Liberty Securities Limited</b>                  Chez Julie Plaza                  30 Paa Grant Street, Comm.10, Tema                  P.O. Box CS 8876, Community 7, Tema                  Tel: +233 (0) 303 301 486                  Email: <a href="mailto:info@libertygh.com">info@libertygh.com</a></p>	<p><b>New World Securities Limited</b>                  1st Floor, NALAG House                  Behind Gulf House, near the Tetteh Quarshie                  Interchange Okponglo, Accra                  Tel: +233 (0) 302 660 163/ 676 979                  Email: <a href="mailto:services@newworldgh.com">services@newworldgh.com</a></p>	<p><b>NTHC Securities Limited</b>                  Martco House, Okai-Mensah Link, Off                  Kwame Nkrumah Avenue, Adabraka                  P.O. Box KIA 9563, Airport, Accra                  Tel: +233 (0) 302 238 492/3, 235 814-6                  Email: <a href="mailto:info@nthc.com.gh">info@nthc.com.gh</a></p>
<p><b>Prudential Securities Limited</b>                  No. 8, Nima Avenue, Kanda                  Ring Road Central, Accra                  P.O. Box CT 628 Accra, Ghana                  Tel: +233 (0) 302 771 284/770 936                  Email: <a href="mailto:info@prudentialsecurities.com.gh">info@prudentialsecurities.com.gh</a></p>	<p><b>SBG Securities Ghana Limited</b>                  Stanbic Heights, 215 South Liberation Link                  Airport City, Accra                  P.O. Box CT 2344, Cantonments, Accra                  Tel: +233 (0) 302 687 670-8                  Email: <a href="mailto:brokerage@stanbic.com.gh">brokerage@stanbic.com.gh</a></p>	<p><b>SIC Brokerage Limited</b>                  No. 67 A&amp;B Switchback Road                  Cantonments, Accra                  PMB CT 314, Cantonments                  Tel: +233 (0) 302 767 051                  Email: <a href="mailto:info@sic-fsl.com">info@sic-fsl.com</a></p>
<p><b>Strategic African Securities Limited</b>                  14th Floor, World Trade Centre                  Independence Avenue, Accra                  P.O. Box KA 16446, Airport, Accra                  Tel: +233 (0) 302 251 546/ 661 770                  Email: <a href="mailto:info@sasghana.com">info@sasghana.com</a></p>	<p><b>UMB Stockbrokers Limited</b>                  Sethi Plaza                  123 Kwame Nkrumah Avenue, Adabraka                  P.O.Box 401, Accra                  Tel: +233 (0) 302 226 112/ 220 952                  Email: <a href="mailto:stockbrokers@myumbbank.com">stockbrokers@myumbbank.com</a></p>	<p><b>Worldwide Securities Limited</b>                  H80 Ringway Link                  Yeboah Afari Plaza                  Osu RE, Accra                  Tel: +233 (0) 256 001/2, 764 578/9                  Email: <a href="mailto:info@worldwidesecurities-gh.com">info@worldwidesecurities-gh.com</a></p>

## PART 11 – GUIDE TO COMPLETING APPLICATION FORMS

*It is important that the Application Form is correctly completed. Applicants in doubt should consult any of the Receiving Banks or Receiving Agents for assistance. The Offer is open from 9:00am on 24 November 2016 and closes at 12:00pm on 05 December 2016. Applications received after the Offer has closed shall not be considered.*

*A sample copy of the Application Form is included in this Offer Document for reference. Qualifying Applicants may obtain Application Forms from the Receiving Banks or Receiving Agents whose details are shown in Part 9 and Part 10, respectively, of this Offer Document. Please note that terms defined in the Offer Document have the same meaning when used in the Application Form. All Applicants are advised to read the Offer Document in its entirety and consult a licenced professional before filling the Application Form.*

1. There are multiple sections of the Application Form for this Offer. The sections to be filled by Applicants will be determined by the Applicant's status as an individual Applicant with a Central Securities Depository (CSD) Account or an individual applicant without a CSD Account or a corporate applicant. Please ensure that you complete the appropriate sections of the Application Form and return the completed form to a Receiving Bank or Receiving Agent together with supporting documents and full payment for your application.

*Corporate Applicants without CSD Accounts should submit their Application Forms directly to the Sponsoring Broker, or any of the other Receiving Agents listed in Part 10 of this Offer Document, so that CSD Accounts are opened for them.*

2. The Application Form must be completed in block letters and returned to a Receiving Bank or Receiving Agent with full payment before the end of the Offer Period.
3. Only Qualifying Applicants can subscribe for shares to be registered in their own name. Shares may be bought for a minor by a parent, grandparent or guardian of the minor who may complete an application to buy shares in his/her name.
4. Power(s) of attorney must be enclosed if anyone is signing on behalf of an Applicant other than a minor.
5. For the purpose of this Offer, a valid ID constitutes a national passport, driver's licence and voter's ID card for individuals, and registration documents, Registrar General's Form A or Form 3 or a duly executed resolution from organisations or institutions, clubs and other bodies. Persons applying on behalf of minors must submit valid IDs for the minor, and for this purpose, a valid ID constitutes a national passport, birth or baptismal certificates of the minor.
6. A photocopy of the Application Form will be accepted only if it is clear and legible.

### GUIDE TO COMPLETING THE APPLICATION FORM

#### **Section 1 – Individual Application (This section is to be filled by individual Applicants only)**

Insert in Section 1 your surname, all your other names and the title you are addressed as (i.e. Mr, Ms, Miss, Mrs, Dr, etc). State the form of identity document being used and the identity document number. A photocopy of a valid identity document must be submitted with your application. Information on joint applicants or minors may be inserted in the additional text boxes provided after ticking the appropriate dialogue box.

Applications on behalf of minors must include photocopies of the parents/guardian's identity document as well as the minor's identity document. Applications for persons other than minors must have attached to the form, a valid identity document and a power of attorney from the beneficiary.

#### **Section 2 – Corporate Application (This section is to be filled by corporate Applicants only)**

Complete Section 2 with the organisation's name and registration number as quoted on its certificate of incorporation or certificate to commence of business, if applicable. Applications from corporations and partnerships must bear the institutions common seal/stamp if applicable and be completed under the hand of a duly authorised official who should also state his/her designation/title in Section 5.

#### **Section 3 – Subscription Information (This section is to be filled by all applicants)**

Insert number of shares and the amount due in Ghana cedis for the application. Payment must be realised in its full amount before the end of the Offer Period.

Insert corresponding address (if applicable) and postal address. The address must be current and reliable and in case



of any change in address you should immediately inform your broker or the Registrar, whichever is the case. Provide a valid email address, telephone and fax (if applicable) number.

Applicants should provide their bank account information. This will enable ADB to pay the successful Applicants' dividends directly into their bank accounts. Applicants who leave this blank will have their dividend payments warrant mailed to them at their stated address.

#### **Section 4 – Declaration**

Multiple applications are not permitted. Please read the declaration carefully before you sign (or, if unable to sign, make your thumb print) in the space provided. By signing or thumb printing this Section, you will be applying for the ADB Shares under the terms and conditions set out in the Prospectus and this Application Form. Proceedings may be instituted against anyone knowingly making a false declaration. This applies whether an application is made solely or jointly with other persons.

Power(s) of Attorney must be enclosed if anyone is signing on behalf of any joint Applicant(s).

#### **SUPPLEMENTARY INFORMATION FOR INDIVIDUALS WHO WISH TO OPEN CSD ACCOUNTS**

Sections 5 to 10 of the Application Form are to be completed by individuals without CSD Accounts who are applying through any of the Receiving Banks. Information provided in these Sections will enable the Sponsoring Broker to open CSD Accounts on behalf of individual Applicants to enable them to receive dematerialised ADB Shares following a successful application.

#### **Section 5 – Individual and Joint Application**

Please insert your date of birth, occupation, date and place of issue of identity document indicated in Section 1 of the Application Form and your mobile telephone number. Please note that there are allowances in this Section for joint applications.

#### **Section 6 – Financial and Investment Profile**

Please tick the appropriate boxes to indicate your approximate income, net worth, investment horizon, objectives, investment knowledge and risk tolerance.

#### **Section 7 – Next of Kin**

Please provide information on your next of kin indicating their name, relationship to you, address and identity document type, identity document number and date of birth.

#### **Section 8 – Residential Status**

Indicate your residential status as appropriate.

#### **Section 9 – Statement Delivery Method**

Please indicate the method of delivery for your CSD Account Statements.

#### **Section 10 – Declaration**

Please read the declaration carefully before you sign (or, if unable to sign make your thumb print) in the space provided.



SERIAL NUMBER:

**AGRICULTURAL DEVELOPMENT BANK LIMITED SHARE OFFER APPLICATION FORM**

1	<b>Individual Application</b>										<b>Joint:</b> <input type="checkbox"/>										<b>In Trust For:</b> <input type="checkbox"/>									
	<input type="checkbox"/> Mr. <input type="checkbox"/> Mrs. <input type="checkbox"/> Miss. <input type="checkbox"/> Ms. <input type="checkbox"/> Dr. <input type="checkbox"/> Other										<input type="checkbox"/> Mr. <input type="checkbox"/> Mrs. <input type="checkbox"/> Miss. <input type="checkbox"/> Ms. <input type="checkbox"/> Dr. <input type="checkbox"/> Other										<input type="checkbox"/> Mr. <input type="checkbox"/> Mrs. <input type="checkbox"/> Miss. <input type="checkbox"/> Ms. <input type="checkbox"/> Dr. <input type="checkbox"/> Other									
	First Name:										First Name:										First Name:									
	Other Names:										Other Names:										Other Names:									
	Surname:										Surname:										Surname:									
	Previous Names:										Previous Names:										Previous Names:									
	ID Type:										ID Type:										ID Type:									
ID Number:										ID Number:										ID Number:										

2	<b>Corporate Application</b>																													
	Name:																													
	Registration Number:																													
	Registered Address:																													
	Place of Business:															Contact Name:														
	Tel. Number:															Fax Number:														

3	<b>Subscription Information</b> <small>(Individuals without CSD Accounts should form-overleaf and complete the supplementary information section.)</small>																													
	CSD Account Codes:															CSD Broker Code:														
	Number of Shares:															Amount Due GHS:														
	Email:																													
	Telephone:															Fax:														

4	<b>Declaration</b>																													
	<p>I/We hereby apply for ADB Shares under the terms and conditions set out in the Prospectus. In my/our knowledge there is no other application being made for my/our benefit (or that of any persons for whose benefit I am/we are applying) for ADB Shares for which I/we have applied for on this form. I/we certify that all statements made in this application are correct and that the responses are my/our own.</p>																													
	Name:															Name:														
	Designation:															Designation:														
	(for Corporate Applicant)															(for Corporate Applicant)														
	Signature:															Signature:														
Date:															Receiving Agent:															
Company Stamp:															Receiving Agent Stamp:															

**SUPPLEMENTARY INFORMATION FOR INDIVIDUALS WHO DO NOT HAVE CSD ACCOUNTS**

Individual Application		Joint Application	
Date of Birth:	<input type="text"/>	Date of Birth:	<input type="text"/>
Occupation:	<input type="text"/>	Occupation:	<input type="text"/>
Date of Issue of ID:	<input type="text"/>	Date of Issue of ID:	<input type="text"/>
Place of Issue:	<input type="text"/>	Place of Issue:	<input type="text"/>
Fax Number:	<input type="text"/>	Fax Number:	<input type="text"/>

**Address & Bank Details**

Correspondence Address:

Town/City:  Country:

Applicants Postal Address:

Town/City:  Country:

Bank:

Account Name:

Branch:  Account Number:

**Financial and Investment Profile**

Approximate Income (GHS)	Net Worth (GHS)	Investment Horizon	Objectives	Investment Knowledge	Risk Tolerance
<input type="checkbox"/> Under 2,000 p.a.	<input type="checkbox"/> Under 25,000	<input type="checkbox"/> Under 1 year	<input type="checkbox"/> Security	<input type="checkbox"/> Professional	<input type="checkbox"/> 0 Zero
<input type="checkbox"/> 2,000 - 4,999	<input type="checkbox"/> 25,000 - 49,999	<input type="checkbox"/> 1 - 2 years	<input type="checkbox"/> Income	<input type="checkbox"/> Sophisticated	<input type="checkbox"/> 1
<input type="checkbox"/> 5,000 - 9,999	<input type="checkbox"/> 50,000 - 99,999	<input type="checkbox"/> 3 - 5 years	<input type="checkbox"/> Balance	<input type="checkbox"/> Good	<input type="checkbox"/> 2 Low
<input type="checkbox"/> 10,000 - 24,999	<input type="checkbox"/> 100,000 - 249,999	<input type="checkbox"/> 5 - 10 years	<input type="checkbox"/> Growth	<input type="checkbox"/> Fair	<input type="checkbox"/> 3
<input type="checkbox"/> 25,000 - 49,999	<input type="checkbox"/> 250,000 - 500,000	<input type="checkbox"/> 10 + years	<input type="checkbox"/> Aggressive	<input type="checkbox"/> Limited	<input type="checkbox"/> 4 Medium
<input type="checkbox"/> 50,000 - 100,000	<input type="checkbox"/> Over 500,000		<input type="checkbox"/> Speculation	<input type="checkbox"/> Novice	<input type="checkbox"/> 5
<input type="checkbox"/> Over 100,000p.a.					<input type="checkbox"/> 6 High

**Next of Kin**

Title:  Surname:

First Name:  Other Names:

Relationship to Applicant:

Address:

ID Type:  ID Number:

**Residential Status (Tick where applicable)**

Resident Ghanaian  Resident Foreigner  Non-Resident Ghanaian  Non-Resident Foreigner

**Statement Delivery method:**

Email  Post  Hold

**Declaration**

I/We declare that I/we do not have valid CSD Accounts and therefore authorise that a CSD Account is opened on my/our behalf using the information provided on this application form. This will enable me/us to receive dematerialised ADB Shares following successful application.

Individual Applicant	Joint Applicant
Signature: <input type="text"/>	Signature: <input type="text"/>







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