

*(Agricultural Development Bank is incorporated as a public limited liability company in the Republic of Ghana under Companies Act, 2019 (Act 992), registration number no. CS474502014)*

Statement in lieu of a Prospectus for the Private Placement of 39,076,924 ordinary shares of Agricultural Development Bank to the Ghana Amalgamated Trust at a price of 3.25 per share

#### **Transaction Advisers**



Lead Manager and  
Sponsoring Broker



Legal Advisor



Escrow Bank

This Private Placement Statement in lieu of a prospectus was approved by the Securities and Exchange Commission of Ghana

Approval Date: January 2, 2020

## AGRICULTURAL DEVELOPMENT BANK PRIVATE PLACEMENT

*(Incorporated in Ghana as a limited liability company under the Companies Act, 2019 (Act 992) with 10,000,000,000 authorised shares)*

### **THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION**

AGRICULTURAL DEVELOPMENT BANK (“ADB” or the “Bank” or the “Company”), is a leading 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 over 80 branches and agencies across all the 16 regions in Ghana. ADB became a public limited liability on August 19, 2014 and subsequently listed on the Ghana Stock Exchange on December 20, 2016.

ADB intends to undertake a Private Placement (as defined below), under which it will offer 39,076,924 new ordinary shares at GHS 3.25 per share. The Private Placement Shares will carry the right to vote and to participate in all future dividends to be declared and paid on the ordinary shares of ADB. The Private Placement Shares will rank *pari passu* with all the issued ordinary shares of ADB.

This Private Placement Statement in lieu of the Prospectus (the "Document") gives details of:

1. the Private Placement; and
2. the listing of the Private Placement Shares on the main market of the Ghana Stock Exchange ("GSE").
3. description of the Bank and its business activities.

Responsibility for the accuracy of the information in this Document lies with the directors of the Bank.

**This Document has been reviewed and approved by the SEC in accordance with Section 3 of the Securities Industry Act, 2016 (Act 929) and the Securities and Exchange Commission Regulations, 2003 (L.I 1728). In its review, the SEC examined the contents of the Document to ensure that adequate disclosures have been made. The SEC also granted ADB an exemption, in accordance with Section 306 of the Companies Act, 2019 (Act 992), for a reporting accountant’s statement.**

**Approval has been obtained from the Ghana Stock Exchange for permission to deal in and for quotation of all shares of the issuer already issued as well as those which are the subject of this issue. Such approval is granted subject to the issuer being admitted to the main market of the Ghana Stock Exchange upon the issuer fulfilling all the listing requirements. The GSE assumes no responsibility for the correctness of any of the statements made, opinions expressed, and reports presented in this Document.**

Neither the Ghana Stock Exchange (the “GSE”) nor the Securities and Exchange Commission of Ghana (the “SEC”) assumes any responsibility for the correctness of any statements made, opinions expressed, or reports contained in this Document. Neither the GSE nor the SEC has verified the accuracy and truth of the contents of this Document or any other documents submitted to it, and the SEC and GSE will not be liable for any claim of any kind whatsoever.

The contents of this Document do not constitute and are not to be construed as legal, business or tax advice. The Qualifying Applicant should consult his/her/its own legal adviser, financial adviser or tax adviser for legal, financial and tax advice. **To ascertain the financial soundness or value of the**

**securities on offer, the investor is advised to consult a dealer, investment adviser or another professional for appropriate advice.**

ADB accepts responsibility for the information contained in this Document. To the best of the knowledge of ADB (having taken all reasonable care to ensure that such is the case), the information contained in this Document is in accordance with the facts as at the date hereof.

To the best of the knowledge and belief of the Lead Manager (as defined) and the Legal Adviser (as defined) or any of their respective directors, affiliates, advisers or agents, the Document constitutes fair disclosure of all material facts about the Private Placement and ADB.

The Lead Manager and the Legal Adviser have not independently verified the information contained herein. Accordingly, no representation or warranty, expressed or implied, is made by the Lead Manager or the Legal Adviser (or any of their respective directors, Affiliates, advisers or agents) with respect to the accuracy or completeness of such information, at any time, of this Document. Nothing contained in this Document, is to be construed as, or shall be relied upon as, a promise, warranty or representation, whether to the past or the future, by the Lead Manager or the Legal Adviser (or any of their respective directors, Affiliates, advisers or agents) in any respect.

The Bank has not authorised any person to give any information or to make any representation in relation to the Offer 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. Neither the delivery of this Document nor any sale hereunder shall, under any circumstances, create any impression that there has been no change in the affairs of the Bank since the date hereof or that the information contained herein is correct as of anytime subsequent to this date. Any material change in the affairs of the Bank, relevant to the Private Placement, during the Offer Period will be communicated to the SEC and the investor.

The distribution of this Document and the offering of the shares in certain jurisdictions may be restricted by law. The Bank requires persons into whose possession this Document comes to inform themselves about, and observe, any such restriction.

This Document 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.

Before deciding whether to apply for these Private Placement Shares, you should consider whether shares are a suitable investment for you. Their values can go down as well as up. Past performance is not necessarily indicative of future performance.

The information contained in this Document is accurate only as of the date of the Document, regardless of the time of delivery of this Document or any offering or sale of the Private Placement Shares.

### **Transaction Advisers**

Serengeti Capital Markets Limited (“SCM”) is acting as Lead Manager and Sponsoring Broker to ADB in respect of the Private Placement and consents to act in the capacity stated and to its name being stated in this Document. SCM has relied on information provided by the Bank and, accordingly, does not provide any assurance of the accuracy of the information contained in this Document and does not

accept any responsibility or liability for the inaccuracy or incompleteness of the information contained in the Document. SCM confirms that, to the best of its knowledge and belief, the Document constitutes fair disclosure of all material facts about the Private Placement and ADB and, where appropriate, that the profit forecast has been stated by the ADB Directors (as defined below) after due and careful inquiry.

Adu-Kusi PRUC (“Adu-Kusi PRUC”) is acting as Legal Adviser to ADB in respect of the Private Placement and consents to act as legal adviser and to its name being stated in this Document. Adu-Kusi PRUC has relied on information provided by the Bank. Accordingly, Adu-Kusi PRUC does not provide any assurance of the accuracy of the information contained in the Document. Adu-Kusi PRUC confirms that, to the best of its knowledge and belief, the Document constitutes a fair disclosure of all material facts about the Private Placement and ADB. Adu-Kusi PRUC has not withdrawn its consent to its legal compliance letter being included in the Document, in the form and context in which it is included.

Shareholders should have regard, amongst other things, to the factors described in Part 3 of this Document, under the heading “Risk Factors”.

As at the date of this Document, SCM does not hold any ADB Shares. No employee or partner of Serengeti Capital Markets Limited or any of its associated persons holds or has any interest in ADB Shares. Adu-Kusi PRUC does not hold any ADB Shares. No employee or partner of Adu-Kusi PRUC or any of its associated persons holds or has any interest in ADB Shares.

### **Forward-Looking Statements**

This Document includes forward-looking statements that reflect ADB's intentions, beliefs or current expectations 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 Company expects to operate in the future.

Forward-looking statements are subject to known and unknown risks, uncertainties and 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 Document.

The Company undertakes no obligation to revise or update any forward-looking statement contained in this document, regardless of whether those statements are affected as a result of new information, future events or otherwise.

### **Rounding**

Some numerical figures included in this Document may have been subject to rounding adjustments. Accordingly, numerical figures shown as totals in certain figures may not be an arithmetic aggregation of the figures that precede them.

## Directors Responsibility Statement

The Management and Board of the Bank accept responsibility for the information contained in this Statement in lieu of a Prospectus.

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

No Director has been involved in any of the following events: (a) a petition under bankruptcy laws in any jurisdiction filed against such person or any partnership in which he/she is/was a partner or any corporation of which he/she is/was a director or chief executive officer (b) conviction by such person for fraud, misappropriation or breach of trust or any other similar offence and (c) such person being the subject of any order, judgment or ruling of any court of competent jurisdiction or administrative body preventing him/her from acting as an investment adviser, dealer's representative, investment representative, a director of a financial institution or engaging in any type of business or professional activity. None of the Directors intends to take part in the offer. Furthermore, the Board warrants that no takeover offer has been made in respect of the shares of the Bank over the past or current financial year.



Signature:

Dated: 23-10-2019

Name: Mr. Alex Bernasko

Board Chairman



Signature:

Dated: 23-10-2019

Name: Dr. John Kofi Mensah

Managing Director

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## Key Milestones and Timetable

Activity	Date	Time
Commencement of Private Placement Period	Friday, January 10, 2020	9.00am
End of Private Placement Period	Tuesday, January 14, 2020	5.00pm
Application Form Review for Allotment	Wednesday, January 15, 2020	9.00am
End of Allotment and Submission of Results to the SEC	Friday, January 17, 2020	5.00pm
Crediting of Shares onto the CSD	Monday, January 20, 2020	5.00pm
Listing of the Private Placement Shares	Tuesday, January 21, 2020	5.00pm

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

## AGRICULTURAL DEVELOPMENT BANK – CORPORATE INFORMATION

Directors:	Non-Executive Board Chairman Mr. Alex Bernasko
	Managing Director Dr. John Kofi Mensah
	Non-Executive Director Mrs. Mary Abla Kessie
	Non-Executive Director Prof. Peter Quartey
	Non-Executive Director Hon. Abena Osei-Asare
	Non-Executive Director Mr. Kwesi Korboe
	Non-Executive Director Mr. George K. Abankwah-Yeboah
	Non-Executive Director Hon Dr. Mark Assibey-Yeboah
Company Secretary:	Mr. Godwyll Ansah
Registered Office:	Accra Financial Centre, 3rd Ambassadorial Development Area, Ridge-Accra, P.O. Box 4191, Accra, Ghana Tel: +233 20 203 0100
Auditors:	Ernst & Young G15, White Avenue Airport Residential Area P.O. Box KA 16009, Airport Accra, Ghana Tel: +233 302 779 868 Fax: +233 302 778 894

## ADVISERS TO THE PRIVATE PLACEMENT

Lead Manager and Sponsoring Broker:	<p>Serengeti Capital Markets Limited                      5 Abafun Crescent                      Labone                      P O Box CT 2868, Accra                      Tel: +233 302 660 123, +233 303 939 385                      Fax: +233 302 768 966</p> <p>Contact: Richmond Agbesi                      Tel: +233 302 768 960                      Email: <a href="mailto:ragbesi@serengeticapital.com">ragbesi@serengeticapital.com</a></p>
Legal Adviser:	<p>Adu-Kusi, PRUC                      Third Floor, Teachers' Hall Complex                      Educational Loop, (Off Barnes Road)                      Adabraka                      P O Box AN 347, Accra North                      Tel: +233-302-257-732</p> <p>Contact: Kwabena Adu-Kusi                      Tel: +233- 244-215-838                      Email: <a href="mailto:k.adu-kusi@adu-kusi.com">k.adu-kusi@adu-kusi.com</a></p>
Registrars:	<p>Central Securities Depository (Gh) Ltd.                      4<sup>th</sup> Floor Cedi House,                      Accra, Ghana                      Tel: +233 302 689 313, +233 302 689 314                      Fax: +233 302 689 315                      Email: <a href="mailto:info@csd.com.gh">info@csd.com.gh</a></p> <p>Contact: Kwame Boa-Amponsem                      Tel: 0302 906 576/ 0303 972 254 / 0302 689 314                      Email: <a href="mailto:kwame.boa-amponsem@csd.com.gh">kwame.boa-amponsem@csd.com.gh</a></p>
Receiving/Escrow Bank:	<p>GCB Bank Limited                      Thorpe Road, High Street                      P. O. Box 134                      Accra                      Tel: +233 30 2663964</p> <p>Contact: Mr. Boasiako Antwi                      Tel: +233 24 3488612                      Email: <a href="mailto:bantwi@gcb.com.gh">bantwi@gcb.com.gh</a></p>

## DEFINITIONS

<b>“Advisers”</b>	Serengeti Capital Markets and Adu-Kusi PRUC
<b>“ADB” or the “Bank” or the “Issuer” or the “Company”</b>	Agricultural Development Bank
<b>“ADB Board” or “Board of Directors” or “Directors”</b>	The Board of Directors of ADB
<b>“ADB Shares”</b>	The shares of ADB
<b>“AGM”</b>	Annual General Meeting held on August 28, 2019 at the British Council Auditorium at 11am
<b>“Applicable Law”</b>	Any constitution, statute, law, rule, regulation, ordinance, judgment, order, decree, consent of a governmental authority, or any published directive, guideline, requirement or other governmental restriction that has the force of law, or any determination by, or interpretation of any of the foregoing by, any judicial authority, that is binding on ADB whether in effect as of the date hereof or as of any date thereafter
<b>“Application Form”</b>	Application form for the Private Placement
<b>“Application of Funds”</b>	Capital raised from the Private Placement
<b>“BoG”</b>	Bank of Ghana
<b>“Companies Act”</b>	Companies Act, 2019 (Act 992)
<b>“CSD”</b>	Central Securities Depository (Ghana) Limited
<b>“Document”</b>	This Statement in lieu of a Prospectus, dated January 2, 2020
<b>“Escrow Account”</b>	Temporary account set up with GCB where all Application Funds collected will be deposited until paid into ADB’s account after the close of the Private Placement
<b>“Escrow Account Agreement”</b>	A written agreement between GCB, the Sponsoring Broker and ADB regarding the movement of Private Placement Funds in the Escrow Account during the Offer Period and at the close of the Offer Period
<b>“GAT”</b>	Ghana Amalgamated Trust Plc
<b>“Ghana”</b>	The Republic of Ghana
<b>“GHS”</b>	Ghana Cedi
<b>“GoG”</b>	Government of Ghana
<b>“GRA”</b>	Ghana Revenue Authority
<b>“GSE” or “the Exchange”</b>	The Ghana Stock Exchange
<b>“GSS”</b>	Ghana Statistical Service
<b>“IFRS”</b>	International Financial Reporting Standards
<b>“IMF”</b>	International Monetary Fund
<b>“Offer Closure Date” or “Private Placement Closure Date”</b>	The closing date of the Private Placement, being Tuesday, January 14, 2020
<b>“Offer Commencement Date” or “Private Placement Commencement Date”</b>	The opening date of the Private Placement, being Friday, January 10, 2020

<b>“Offer Period” or “Private Placement Period”</b>	The period between the Private Placement Commencement Date and the Private Placement Closure Date
<b>“Offer Price”</b>	GHS 3.25
<b>“Private Placement” or “The Offer”</b>	Private Placement of 39,076,924 ordinary shares at GHS 3.25 per share
<b>“Private Placement Funds”</b>	Capital raised from the Private Placement
<b>“Private Placement Shares”</b>	39,076,924 new ordinary shares of ADB to be issued pursuant to the Private Placement in accordance with the terms of the Offer
<b>“Registrar”</b>	The registrar of ADB, being Central Securities Depository (Gh) Ltd at the date of this Circular
<b>“SCM” or “Lead Manager”</b>	Serengeti Capital Markets Limited, acting as Lead Manager
<b>“SEC”</b>	Securities and Exchange Commission of Ghana
<b>“Single Obligor Limit”</b>	The single obligor limit is the maximum amount a bank is allowed to lend to a single borrower or an individual in relation to its total shareholders fund. Bank of Ghana stipulates this limit to be 10% of the banks net own funds for unsecured loans and 25% of the banks net own funds for secured loans
<b>“VAT”</b>	Value Added Tax

## Legal Adviser's Opinion



October 4, 2019

The Director-General  
Securities and Exchange Commission  
1<sup>st</sup> Floor, State Enterprises Commission Building  
Ministries, Accra

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

Dear Sir/Madam,

**Agricultural Development Bank Limited: Private Placement and additional listing of 39,076,924 ordinary shares on the Ghana Stock Exchange.**

### 1.0 Introduction

1.1 We have acted as Legal Advisors to Agricultural Development Bank Limited (ADB), a public limited liability company registered under the laws of Ghana, in connection with the proposed Private Placement to raise up to One Hundred and Twenty - Seven Million Ghana Cedis (GH¢127,000,000.00) additional capital and the additional listing of 39,076,924 new ordinary shares on the Ghana Stock Exchange(GSE)).

### 2.0 Examination conducted

2.1 For the purpose of giving this opinion we have examined a draft copy of the Private Placement Statement *in-lieu of* Prospectus (Prospectus) to be issued by ADB

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e: info@adu-kusi.com w: www.adu-kusi.com

2.2 Unless otherwise indicated, all expressions used in the Prospectus have the same meanings when used in this opinion.

2.3 We have examined originals or copies of the following documents:

2.3.1 The certificate of incorporation of ADB dated 19<sup>th</sup> August, 2014.

2.3.2 The certificate to commence business of ADB dated 20<sup>th</sup> August, 2014.

2.3.3 The Banking license of ADB. This was originally issued on 19<sup>th</sup> January, 1971 and subsequently re-issued on 19<sup>th</sup> January, 2015.

2.3.4 The Regulations of ADB adopted by Special Resolution dated 19<sup>th</sup> February, 2015 (**the Regulations**).

2.3.5 An extract of the Minutes of the Board of Directors of ADB dated 25<sup>th</sup> July, 2019.

2.3.6 An extract of the Minutes of the Members of ADB dated 28<sup>th</sup> August, 2019.

2.4 In addition, we have considered such other documents and certificates and have made such investigations of fact and law as we consider necessary or appropriate to give the opinion set forth below.

### 3.0 Opinion

We are of the opinion that:

#### 3.1 Legal status

3.1.1 ADB is incorporated under the laws of Ghana as a Public Limited Liability Company and accordingly: validly exists, has capacity to sue and be sued, to contract, to own the assets and/or property and to conduct the business it currently undertakes.

#### 3.2 Authorisations

3.2.1 ADB is authorised and licenced to conduct the business of Banking in Ghana.

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### **3.3 Regulatory approvals and consents**

3.3.1 The following approvals and consents are required:

3.3.1.1 The approval of Securities and Exchange Commission for the Private Placement, Additional Listing and this Offer Document.

3.3.1.2 The approval of the Ghana Stock Exchange for the additional listing

3.3.1.3 The approval of Bank of Ghana for the acquisition of the new shares

### **3.4 Internal approvals and consents**

3.4.1 The Members of ADB generally and unconditionally authorised the Board of Directors to undertake this Private Placement upon terms and conditions to be determined by the Board.

3.4.2 The Board of Directors of ADB have authorised this Private Placement and its terms.

### **3.5 Regulations**

3.5.1 The regulations of ADB satisfies the legal requirements on the contents of the regulations of a public company.

### **3.6 Contractual obligations**

3.6.1 To the best of our knowledge, there are no contractual agreements, obligations or undertakings preventing ADB from undertaking the Private Placement.

### **3.7 Registration and Fillings**

3.7.1 The Prospectus is required to be filed with the Registrar of Companies.

3.7.2 Except the requirement to file the final Prospectus with the Registrar of Companies, no registration of filing is required at any Registry in Ghana in order for the Private Placement to be valid, binding and enforceable in accordance with the terms of the Prospectus.

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#### 4.0 Scope and Limitations of this opinion

- 4.1 Our opinion is based on the laws of Ghana in force as at the date of this opinion.
- 4.2 We do not express any opinion on the financial statements or other financial information included in the Prospectus.
- 4.3 We have assumed and provided this opinion on the basis of:
- 4.3.1 the genuineness of all signatures on the documents supplied to us,
  - 4.3.2 the authenticity and completeness of all documents submitted to us and that all copies of original documents submitted to us conform to originals or certified copies,
  - 4.3.3 the fact that all resolutions were properly passed at a duly convened meeting of the Company.
  - 4.3.4 the fact that all disclosures made by ADB and its officers to us are true and correct.

Yours faithfully,



**Kwabena Adu-Kusi**

Partner

## **PART 1. THE PRIVATE PLACEMENT**

### **1.1 Rationale for the Private Placement**

The purpose of the Private Placement is to enable the Bank to meet the regulatory minimum capital requirement and support holistic growth given the anticipated improvement in macroeconomic conditions. The Private Placement will also further improve the Bank's single obligor limits and enable ADB to better serve the needs of its clients in a competitive environment.

### **1.2 Legal Basis for the Private Placement**

At the Annual General Meeting (AGM) held at the British Council on August 28, 2019, shareholders of ADB approved, amongst others, a resolution to issue shares by private placement of ordinary shares of the Company to Ghana Amalgamated Trust Plc (GAT) for consideration of GHS 127,000,000. The transaction has also been approved by the ADB Board through a Board Resolution dated October 17, 2019.

### **1.3 Use of the Private Placement Proceeds**

The Directors, in conjunction with the management team of the Bank, will utilise the proceeds from the Offer as follows:

**Table 1: Use of Offer Proceeds**

<b>Expense Item</b>	<b>Amount (GHS)</b>
<b>Working Capital</b>	124,637,363
<b>Offer Related Expenses</b>	2,362,637
<b>Total</b>	<b>127,000,000</b>

### **Oversubscription**

The Directors do not expect an oversubscription for the Private Placement shares considering that participation in the offer is limited to a single investor, GAT. However, should there be an oversubscription, the Directors shall not issue additional shares.

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

Any monies received in respect of applications which are not for allotted shares, after the consideration of Directors of the excess applications, will be returned to the applicants within 10 days of the date on which the allotments end. Refunds after this period will attract interest at the prevailing BoG monetary policy rate as stated on the BoG website under Monetary Policy section in the press release for the latest Monetary Policy Committee meeting.

## 1.4 Key Terms of the Offer

### Number of Shares

The Private Placement involves 39,076,924 ordinary shares, representing 13% of ADB's issued shares after the Private Placement. These Private Placement Shares will rank pari passu with the ordinary shares of ADB already in issue and listed on the GSE. This will bring the total number of ADB Shares listed on the GSE to 300,798,407.

The table below summarizes the resulting shareholding of ADB from the private placement.

**Table 2: Proforma ADB shareholding post private placement**

SHAREHOLDER NAME	SHARES HELD	% OWNERSHIP
1 FINANCIAL INVESTMENT TRUST	176,064,267	58.53%
2 GOVERNMENT OF GHANA	74,579,327	24.79%
3 GHANA AMALGAMATED TRUST	39,076,924	12.99%
4 ESOP	5,983,828	1.99%
5 DOE OSCAR YAO	2,631,681	0.87%
6 COFIE MARK BLEWUNYO KODJO	2,100,629	0.70%
7 NANA SOGLO ALLOH IV	54,800	0.02%
8 PARACELTUS PHARMACY & MARKETING CONSULTANCY LTD	50,000	0.02%
9 BONDZI-SIMPSON LESLIE	26,600	0.01%
10 MR JOHN BEKUIN-WURAPA	20,000	0.01%
11 GOGO BENJAMIN AKUETE	12,000	0.00%
12 LAING ARCHIBALD FERGUSON	11,048	0.00%
13 ARMAH-MENSAH EDWARD IAN NII AYITEY	10,000	0.00%
14 FIADJOE ABLA GRACE	7,500	0.00%
15 MARY EMMELLINE SAAH	6,060	0.00%
16 MR ISAIAH OFFEI-DARKO	5,000	0.00%
17 DUAH EUGENE KWAKU	4,500	0.00%
18 ODAME DESMOND YAW	3,424	0.00%
19 OFFEI DARKO ISAIAH	2,500	0.00%
19 AFREH BINEY KWASI	2,500	0.00%
20 TETTEVI ANGELINA NANA AKYAAH	2,000	0.00%
20 NUOTUO-KAMINTA BRIDGET LEKANONG	2,000	0.00%
20 MR. KWABENA ADABO KUFUOR	2,000	0.00%
20 GYEBI BERNARD APPIAH	2,000	0.00%
20 ASIEDU DANIEL	2,000	0.00%
20 BOSROTSI PETER PAO	2,000	0.00%
20 YEBOAH KWADWO ASARE	2,000	0.00%
<b>SUB – TOTAL</b>	<b>300,666,588</b>	<b>99.95%</b>
OTHERS	131,819	0.05%
<b>TOTAL</b>	<b>300,798,407</b>	<b>100.00%</b>

## **Pricing of the Shares**

The Private Placement Shares will be priced at GHS 3.25 per share.

## **Offer Price Estimation**

Serengeti Capital Markets selected two methodologies to arrive at a fair and reasonable price for ADB's shares, which was used as the basis for ADB's negotiations with GAT. Our primary methodology entailed the Public Comparables multiples analysis, which was further validated by a Precedent Transactions multiples analysis approach. Based on these methodologies, detailed in the Valuation Methodology section below, we concluded that a 1.24x Price/Book (P/B) ratio applied over ADB's half-year 2019 book value of GHS 686.5 million would accurately represent the bank's intrinsic value. This results in a valuation of approximately GHS 850 million, implying an offer price of GHS 3.25 per share.

For further information, see the supplementary Valuation Report.

## **Valuation Methodology**

Serengeti Capital Markets reviewed key factors including, but not limited to Ghana's macroeconomic outlook, the condition and outlook of the banking industry and ADB's financial condition & earning capacity. We selected two methodologies to value ADB, namely, Public Comparables multiples analysis and Precedent Transactions multiples analysis.

### *Exclusion of Discounted Cash Flow*

The underlying premise for a Discounted Cash Flow ("DCF") method is the basic valuation principle that an investment in a business is worth the present value of all the future cash flows produced for owners, with each expected future cash flow discounted back to present value at a discount rate that reflects the risk. Therefore, the application of this method requires a projection of future cash flows, a terminal value to reconcile with the going-concern assumption, and a discount rate, which appropriately reflects the risk.

Given that the premise of this valuation methodology is a forecast based on macroeconomic, banking industry and bank-specific assumptions, the valuation outcome may be prejudiced by the scope of information available to us and we are unable to provide assurance on the achievability of the results forecasted because events and circumstances frequently do not occur as expected; differences between actual and expected results may be material.

Furthermore, the valuation is highly sensitive to the discount rate and terminal growth rate applied. This inhibits our ability to accurately calculate a narrow valuation range.

### *Public Comparables Multiples Analysis*

Prices of publicly traded stocks in the same or a similar industry provide objective evidence as to values at which investors are willing to buy and sell interests in companies in that industry. We identified companies considered to be comparable to ADB and then calculated pricing multiples to apply to ADB's book value.

There are 8 universal banks listed on the GSE that we considered to be comparable to ADB for this valuation exercise: Ecobank (“EGH”), Standard Chartered (“SCB”), GCB (“GCB”), CAL (“CAL”), Access (“ACC”), Societe Generale (“SG”), Republic (“RBGH”), and ADB. For this valuation, Serengeti employed a trailing twelve months average P/B ratio of the listed banks, rather than a single day’s computations, as this allows for a larger dataset which eliminates any biases or abnormalities that may arise during one specific trading session. This yielded an average P/B ratio of 1.28x for all listed banks, 1.18x for all banks excluding ADB, and 2.00x for ADB.

We excluded Ecobank Transnational Incorporated (“ETI”) from our analysis since it reflects the performance of the Ecobank Transnational Incorporation Group as a whole, and not exclusively its Ghanaian operations. Given the differences in size, macroeconomic environments and operating environments of the various countries constituting the Group, we believe ETI would not be an appropriate comparable trading stock. We also excluded the Trust Bank Gambia (“TBL”) from our valuation as their operations are based in the Gambia and not in Ghana and would therefore not be an appropriate comparison to ADB.

**Table 3: Select metrics of comparable GSE-listed banks as of October 31, 2019 <sup>1</sup>**

<b>Comp Sets</b>	<b>Banks</b>	<b>Market Cap</b>	<b>Price</b>	<b>Issued Shares</b>	<b>Book Value</b>	<b>Total Assets</b>	<b>Total Deposits</b>	<b>P/B</b>
<b>1</b>	<b>EGH</b>	2,548,155	7.90	322,551	1,555,564	10,937,674	8,914,982	1.64
<b>1</b>	<b>SCB</b>	2,021,377	15.00	134,758	1,039,810	6,960,981	4,947,551	1.94
<b>-</b>	<b>ADB</b>	1,324,311	5.06	261,721	686,465	4,040,710	2,954,693	1.93
<b>1</b>	<b>GCB</b>	1,287,900	4.86	265,000	1,500,696	11,060,671	8,647,556	0.86
<b>2</b>	<b>CAL</b>	501,269	0.80	626,586	846,171	6,247,370	3,834,408	0.59
<b>2</b>	<b>RBGH</b>	468,581	0.55	851,965	522,193	3,027,173	2,144,974	0.90
<b>2</b>	<b>ACC</b>	422,693	2.43	173,948	744,027	3,986,742	2,741,878	0.57
<b>2</b>	<b>SG</b>	418,393	0.59	709,141	721,338	4,043,528	2,575,393	0.58

<sup>1</sup> Based on unaudited financial statements for the 6 months ended June 30, 2019

**Table 4: Historical 12 month trailing P/B ratios for comparable GSE-listed banks<sup>2</sup>**

<b>Banks</b>	<b>30- Nov- 18</b>	<b>31- Dec- 18</b>	<b>31- Jan- 19</b>	<b>28- Feb- 19</b>	<b>29- Mar- 19</b>	<b>29- Apr- 19</b>	<b>31- May- 19</b>	<b>29- Jun- 19</b>	<b>31- Jul- 19</b>	<b>30- Aug- 19</b>	<b>30- Sep- 19</b>	<b>31- Oct- 19</b>	<b>Average P/B Multiple</b>
<b>EGH</b>	1.82	1.82	1.67	1.68	1.79	1.62	1.66	1.76	1.76	1.64	1.65	1.64	1.71
<b>SCB</b>	2.70	2.60	2.50	2.49	2.38	2.46	2.81	2.46	2.46	1.94	2.17	1.94	2.41
<b>ADB</b>	2.15	2.15	2.08	2.08	2.08	1.93	1.93	1.93	1.93	1.93	1.93	1.93	2.00
<b>GCB</b>	0.84	0.88	0.77	0.61	0.70	0.73	0.89	0.87	0.87	0.86	0.87	0.86	0.81
<b>CAL</b>	0.79	0.77	0.69	0.75	0.81	0.72	0.59	0.77	0.73	0.59	0.66	0.59	0.71
<b>RBGH</b>	1.17	1.35	1.14	0.90	1.03	1.02	1.02	1.05	1.05	0.90	0.90	0.90	1.03
<b>ACC</b>	0.98	1.12	0.76	0.96	1.01	0.94	0.94	0.79	0.70	0.57	0.60	0.57	0.83
<b>SG</b>	0.76	0.83	0.93	0.97	0.89	0.80	0.71	0.74	0.72	0.58	0.61	0.58	0.76
Average of all listed banks													1.28
Average of all listed banks excluding ADB													1.18
<b>Comparable Set 1 (top banks)</b>													<b>1.64</b>
<b>Comparable Set 2 (tier 2 banks)</b>													<b>0.83</b>

Two sets of comparable banks were selected for this valuation. The first comparable set included SCB, EGH and GCB. ADB's market capitalization and branch network is in line with this set. The second comparable set included CAL, ACC, SG and RBGH. ADB is comparable to Set 2 since total assets of these banks as at HY-2019 was within the same range as ADB's total assets over the same period.

Given that ADB exhibits hybrid characteristics possessed by the two sets, a fair public comparable ratio was applied on ADB's book value, by taking a weighted average of the P/B ratio of the two sets of comparable banks. The weights assigned to each set were based on the following:

#### Characteristics of ADB similar to Comparable Banks Set 1

1. Branch Network<sup>3</sup> – Industry-wide, ADB has the 3<sup>rd</sup> highest branch footprint after GCB and Consolidated Bank of Ghana, which yields several tangible and intangible benefits to the Bank. It presents strong potential for growth in loan book and customer deposits due to a larger presence and proximity to target customers. ADB had 82 branches as of June 2019, compared with 184 for GCB, 67 for EGH, and 40 for SCB.
2. Market Capitalization – As presented in table 3, ADB's market-driven equity value was the 3<sup>rd</sup> highest of all the comparable listed banks considered for this valuation as of October 31, 2019, in line with Set 1. Empirical evidence suggests bigger and better performing banks command higher multiples on the GSE. ADB's market capitalization stood at GHS 1.32 billion compared to GHS 2.55 billion for EGH, GHS 2.02 billion for SCB, and GHS 1.29 billion for GCB. In contrast, the highest market capitalization among comparable Set 2 banks was GHS 501 million as at the same period.

<sup>2</sup> July, August, September & October P/B ratios were calculated using unaudited HY-2019 financials.

<sup>3</sup> Source: Bank of Ghana report, company websites and annual reports, SCM analysis.

## Characteristics of ADB similar to Comparable Banks Set 2

1. Customer Deposits<sup>4</sup> – ADB’s market share of customer deposits was 4% as at FY-2018. During the same period, the average market share of Set 2 banks was also 4%, while that of Set 1 banks was 8%. ADB’s market share has consistently remained 4% +/- 0.5% over the past few years, increasing its semblance to Set 2.
2. Loans and Advances<sup>5</sup> – ADB’s market share of gross loans in the industry was 4% as at year-end 2018, compared to 8% for CAL, 3% for ACC, 5% for SG and 4% for RBGH.

The resulting weights assigned to the two comparable sets was ~50% to comparable bank Set 1 and ~50% to comparable bank Set 2. This yielded a P/B ratio of 1.24x representing the rate applied to ADB’s book value.

**Table 5: Results of Public Comparable Analysis**

Comparable Banks Set	P/B Ratio	Weighting	Weighted P/B Ratio
<b>Set 1</b>	1.64	50%	0.82x
<b>Set 2</b>	0.83	50%	0.42x
<b>Total</b>			<b>1.24x</b>

The offer price was computed based on the weighted average P/B multiple applied to the book value. This implies a multiple of 1.24x over ADB’s half-year 2019 book value of GHS 686.5 million. The resulting offer price was **GHS 3.25**, as outlined in table 6.

**Table 6: Offer Price for the Private Placement**

<b>Valuation</b>	<b>GHS’ M</b>
Half Year 2019 Book Value	686.5
Weighted Average P/B Ratio	1.24x
Valuation	850.6
<b>Private Placement</b>	
Private placement funds	127.0
Valuation	850.6
<b>Offer price</b>	<b>GHS 3.25</b>
ADB current price	GHS 5.06
Implied discount	-35.8%

## Precedent Transaction Comparables Analysis

The precedent transactions comparables analysis relies on the premise that the value of a company can be estimated by analysing the prices paid by purchasers of similar companies under similar circumstances. This analysis assists in the understanding of (i) multiples and premiums paid in a specific industry and (ii) how other parties assess "private market" valuations. The purpose is similar to that of public comparables analysis, except that examining

<sup>4</sup> Source: Bank of Ghana report, company websites and annual reports, SCM analysis.

<sup>5</sup> Source: Bank of Ghana report, company websites and annual reports, SCM analysis.

prior acquisitions can give a sense of the premium paid to gain control of the target (the "control premium"). Because of this control premium, transaction multiples are generally higher than trading multiples. However, in the case of this private placement, GAT will acquire ~13% of outstanding shares hence a "control premium" will not apply. We have also included precedent Rights Issues that were executed by some listed banks as part of the industry-wide recapitalization exercise in response to the new MCR.

This valuation approach was treated as a secondary valuation, to validate the results of the Public Comparable multiple. This is because the nature of this Private Placement by GAT differs considerably from the transactions included in the Precedent Transactions multiple analysis as multiple subscribers (mostly existing shareholders, unless renounced) were involved in the case of the Rights Issues, and significant stakes were involved in the cases of the other precedent transactions presented below.

**Table 7: Precedent Transaction Multiples in Ghana's Banking Sector**

Year	Target	Investor	% Acquired	TV/Book Multiple
2017	CAL Bank	Arise BV (Netherlands) – (Key shareholders are Norfund, Rabobank & FMO)	27.7%	1.4
2016	ADB	Government of Ghana Belstar Capital Limited	32.3% 24%	1.2x
2015	HFC Bank	Republic Bank of Trinidad & Tobago	17%	2.5x
2014	ADB Bank	Amethis, Rothschild, Tiso	Minority	2.7x
2012	The Trust Bank Limited	Ecobank Ghana	100%	1.8x
2012	UT Bank	IFC & DEG	33%	1.6x
2012	Cal Bank	DPI Int. (PE)	29%	0.8x
2011	Amal Bank	Bank of Africa	60%	8.0x
2011	First Atlantic Bank	Kedari Nominees (PE)	62%	1.5x

This valuation methodology yields a range of Transaction Value to Book Value ("TV/B") ratios between 0.8x and 2.7x, excluding the outlier Amal Bank. On a TV/B ratio basis, the valuation of ADB ranged from GHS 549.20 million to GHS 1,853.55 million. The resulting offer prices from this valuation methodology are seen in table 8.

**Table 8: Precedent Transactions in Ghana's Banking Sector**

<b>Valuation (GHS'M)</b>	<b>Minimum</b>	<b>Maximum</b>
ADB Half Year 2019 Book Value	686.50	686.50
TV/B Ratio	0.8x	2.7x
Valuation	549.20	1,853.55
<b>Private Placement</b>		
Private placement funds	127.00	127.00
Valuation	549.20	1,853.55
<b>Offer price</b>	<b>GHS 2.10</b>	<b>GHS 7.08</b>
ADB current price	GHS 5.06	GHS 5.06
Implied premium/discount	-59%	+40%

**Table 9: Precedent Rights Issues in Ghana's Banking Sector**

<b>Year</b>	<b>Bank</b>	<b>Offer</b>	<b>Offer Price (GHS)</b>	<b>Discount to Prevailing Price</b>	<b>Amount Raised (GHS'M)</b>
2019	ADB	Rights Issue	4.76	20%	146.6
2018	Societe Generale	Rights Issue	0.81	35%	165.4
2018	Access Bank	Rights Issue	3.96	1%	221.2
2018	RBGH	Rights Issue	0.55	58%	255.0
2017	RBGH	Rights Issue	0.55	60%	50.0
2016	Access Bank	IPO	4.00	n.a	29.6
<b>Mean</b>				<b>35%</b>	
<b>Median</b>				<b>35%</b>	

As presented in table 9, the discount on the offer price of the precedent Rights Issue transactions over prevailing trading share price ranged from 1% to 60%, as at the time the Rights Issue Offers. This implies a mean and median discount rate of 35% over prevailing trading price. Applying the 35% discount to the current stock price of ADB (GHS 5.06 as at October 31, 2019) yields an offer price of GHS 3.28, which is very much inline with the results of the Public Comparable multiple analysis, yielding an offer price of GHS 3.25.

In conclusion, we adopted the Public Comparable multiple as the primary methodology for this Private Placement valuation and offer price estimation. Using the weighted average Price/Book multiple on ADB's current book value resulted in a valuation of **GHS 850.6 million** and a corresponding offer price of **GHS 3.25**.

**Table 10: Private Placement Valuation Summary**

Valuation Methodology	Multiple		Value of ADB (GHS'M)	Offer Price (GHS)
<b>Primary</b>				
Public Comparables	P/B	1.24x	850.6	3.25
<b>Secondary</b>				
Transaction Comparables (acquisitions)	Min TV/B	0.8x	549.2	2.10
	Max TV/B	2.7x	1853.6	7.08
Transaction Comparables (rights issues)	Implied discount to prevailing stock px		ADB current Stock Price <sup>6</sup> (GHS)	Offer Price (GHS)
	35%		5.06	3.28

### Lodgement of the Completed Application Form

GAT must deliver their duly completed Application Form with the amount payable at the office of the Sponsoring Broker. The Sponsoring Broker will acknowledge receipt of the Application Form and funds from GAT.

### Unit of Sale

GAT will apply for a minimum of 39,076,924 million Private Placement Shares amounting to GHS 127 million.

### Payment of Shares

The currency of the Private Placement is Ghana Cedis.

### Allotment

The Directors will be responsible for the allotment of the Private Placement Shares.

As of the date of this Statement in lieu of a Prospectus, to the extent known to ADB, no person(s) besides GAT, neither intends nor is authorized to subscribe for more than 5% of the offering.

<sup>6</sup> As at October 31, 2019

## Form of the Private Placement Shares

The Private Placement Shares will, when issued, be held in dematerialised form and registered electronically with the CSD. The Private Placement Shares may be held in accordance with procedures implemented by the CSD.

## Ticker Symbol

Agricultural Development Bank Limited's Shares are quoted as "ADB," on the GSE.

## Escrow Account

All Private Placement Funds collected will be deposited in the Escrow Account. A copy of the Escrow Account Agreement has been lodged with the SEC.

## Cost of the Private Placement

The total cost of the Offer is not expected to exceed 5.00% of the amount being raised. ADB will pay all fees out of the proceeds of the Private Placement. Below are the summarised details of the cost of the Offer:

**Table 11: Estimated Cost of the Private Placement**

Item	Amount GHS	% of Offer
<b>Professional and Advisory Fees</b>		
Lead Manager	952,500	0.75%
Sponsoring Broker	190,500	0.15%
Legal Adviser	250,000	0.20%
<b>Regulatory Fees</b>		
SEC	63,500	0.05%
GSE	257,437	0.20%
CSD	12,700	0.01%
Capital Duty	635,000	0.50%
<b>Other</b>		
Printing, logistics, etc.	1,000	0.001%
<b>Total Estimated Cost</b>	<b>2,362,637</b>	<b>1.86%</b>

## **Documents Available for Inspection**

The following documents are available for inspection during the hours of 8.30 a.m. and 4.30 p.m. on any Business Day at the registered office of ADB and SCM during the Offer Period:

- a. The Bank's Regulations;
- b. The extract of minutes of the meeting of the Board of Directors held on October 17, 2019 authorising the Private Placement;
- c. The extract of minutes of the AGM of ADB held on August 28, 2019 authorising the Private Placement;
- d. The Bank's audited annual reports for the last five years;
- e. This Offer Circular;
- f. The Escrow Account Agreement;
- g. The Bank's Certificate to Commence Business;
- h. The Bank's Certificate of Incorporation;
- i. The Bank's License;
- j. Valuation Report

## **PART 2. AGRICULTURAL DEVELOPMENT BANK**

### **2.1 Corporate History and Background**

The Bank 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 name was later changed to Agricultural Development Bank in 1967 by the National Liberation Council (NLC Decree 182) with key sections of the original Act 286 amended.

The Bank received its universal banking license in 2004 and broadened its bouquet of service offerings. In 2014, the Bank was converted to a public limited company in preparation for an Initial Public Offer (IPO), and in 2016 the Bank successfully listed on the Ghana Stock Exchange (“GSE”).

ADB has since grown consistently over the years to become one of the leading universal banks in terms of assets, deposits, and loans. ADB’s vision is to be the Ghanaian financial institution of choice for all stakeholders and to set the standard of excellence in customer satisfaction, employee engagement, social responsibility, and shareholder value while building successful communities.

### **2.2 ADB Capital Structure**

As of the date of this Circular, ADB’s capital structure consists of:

<b>Class of Shares</b>	<b>Authorised Shares</b>	<b>Issued and Outstanding Shares</b>	<b>Stated Capital (GHS)</b>
<b>Ordinary Shares</b>	10,000,000,000	261,721,483	421,700,000

All ADB shares are fully paid and there are no un-issued shares agreed to be issued. No ADB shares are the subject of any options.

#### **History of share capital for the last three years**

ADB has authorised ordinary shares of 10,000,000,000. There were no changes to the number of registered authorised ordinary shares in the last three years.

ADB’s issued ordinary shares as at January 1, 2016, were 25 million for a consideration of GHS 75 million. During the 2016 financial year, 75.47 million shares were issued for a total cash consideration of GHS 200 million during an initial public offering. These shares were fully subscribed. ADB also executed a bonus issue pursuant to which 130.45 million ordinary shares were issued. The shares were fully subscribed and there was no unpaid liability on any share as of December 31, 2016. By year-end, ADB had an ordinary share capital balance of GHS 275.10 million representing 230.92 million issued shares.

There were no issued or recalled shares in 2017.

In a notice dated July 16, 2018, Bank of Ghana annulled the acquisition of shares of ADB Bank Limited held by Belstar Capital Limited, Starmount Development Company Limited, SIC-Financial Services Limited and EDC Investments Limited pursuant to section 55 of the Banks and Specialised Deposit-Taking Institutions Act, 2016 (Act 930). All shares acquired by Belstar, Starmount, SIC-FSL and EDC in ADB which were previously held by the Financial Investment Trust have been restored to the Financial Investment Trust until further notice.

In March 2019, ADB concluded a renounceable rights issue to enable the Bank to meet the regulatory Minimum Capital Requirement (“MCR”) and support both organic and inorganic growth. A total of 30.80 million ordinary shares were issued for a total consideration of GHS 146.60 million.

The table below summarizes the movement in the share capital account from 2016 to June 30, 2019.

Description	2019 <sup>7</sup>		2018		2017		2016	
	# of shares '000	Proceeds GHS'000	# of shares '000	Proceeds GHS'000	# of shares '000	Proceeds GHS'000	# of shares '000	Proceeds GHS'000
<b>Balance as at 1/1/</b>	<b>230,923</b>	<b>275,100</b>	<b>230,923</b>	<b>275,100</b>	<b>230,923</b>	<b>275,100</b>	<b>25,000</b>	<b>75,000</b>
<b>Issued for cash</b>	30,798	146,600	-	-	-	-	75,472	200,000
<b>Bonus issue</b>	-	-	-	-	-	-	130,452	100
<b>Balance as at 31/12</b>	<b>261,721</b>	<b>421,700</b>	<b>230,923</b>	<b>275,100</b>	<b>230,923</b>	<b>275,100</b>	<b>230,923</b>	<b>275,100</b>

## Associates

Name of Associate	% ADB Stake
Activity Venture Finance Company	20%

The Bank holds a 20% interest in Activity Venture Finance Company, a company incorporated in Ghana, which provides credit and equity financing to eligible small and medium scale enterprises (SMEs). The equity/book value of its interest in this subsidiary is immaterial to the bank.

<sup>7</sup> Per the unaudited financial statement as of June 30, 2019

## 2.3 Top ADB Shareholders as at August 28, 2019

The details of the top 20 shareholders of the Bank are as follows:

	SHAREHOLDER NAME	SHARES HELD	% OWNERSHIP
1	FINANCIAL INVESTMENT TRUST	176,064,267	67.27%
2	GOVERNMENT OF GHANA	74,579,327	28.50%
3	ESOP	5,983,828	2.29%
4	DOE OSCAR YAO	2,631,681	1.01%
5	COFIE MARK BLEWUNYO KODJO	2,100,629	0.80%
6	NANA SOGLO ALLOH IV	54,800	0.02%
7	PARACELSUS PHARMACY & MARKETING CONSULTANCY LTD	50,000	0.02%
8	BONDZI-SIMPSON LESLIE	26,600	0.01%
9	MR JOHN BEKUIN-WURAPA	20,000	0.01%
10	GOGO BENJAMIN AKUETE	12,000	0.00%
11	LAING ARCHIBALD FERGUSON	11,048	0.00%
12	ARMAH-MENSAH EDWARD IAN NII AYITEY	10,000	0.00%
13	FIADJOE ABLA GRACE	7,500	0.00%
14	MARY EMMELINE SAAH	6,060	0.00%
15	MR ISAIAH OFFEI-DARKO	5,000	0.00%
16	DUAH EUGENE KWAKU	4,500	0.00%
17	ODAME DESMOND YAW	3,424	0.00%
18	OFFEI-DARKO ISAIAH	2,500	0.00%
18	AFREH BINEY KWASI	2,500	0.00%
19	TETTEVI ANGELINA NANA AKYAAH	2,000	0.00%
19	NUOTUO-KAMINTA BRIDGET LEKANONG	2,000	0.00%
19	MR. KWABENA ADABO KUFUOR	2,000	0.00%
19	GYEBI BERNARD APPIAH	2,000	0.00%
19	ASIEDU DANIEL	2,000	0.00%
19	BOSROTSI PETER PAO	2,000	0.00%
19	YEBOAH KWADWO ASARE	2,000	0.00%
20	NYANTE SYLVIA NAA KWAKAI	1,900	0.00%
	<b>SUB – TOTAL</b>	<b>261,591,564</b>	<b>99.95%</b>
	OTHERS	129,919	0.05%
	<b>TOTAL</b>	<b>261,721,483</b>	<b>100.00%</b>

## 2.4 Key Business Activities and Existing Product Portfolio

As a licensed universal bank, ADB is authorised to carry out the business of banking to variety of customers across various sectors. ADB offers its products and services through a network of eighty (80) branches and agencies in all sixteen (16) regions of Ghana. The Banks's principal activities include:

### Corporate Banking

Corporate Banking provides tailored financial solutions across all key corporate business sectors and utilizes a modern IT platform to ensure efficient and fast delivery of services. 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 and more. ADB has a strong corporate banking presence in a number of sectors including services, building and construction, commerce and finance.

### **Small and Medium Scale Enterprise Banking**

ADB offers a wide variety of loan products that are tailored specifically to SME businesses in order to meet the unique needs of customers within this segment. These include short-to medium-term loans to finance working capital needs, equipment acquisitions and expansion of operations.

### **Agricultural Financing**

A key focus of ADB is to provide credit facilities for the development and modernization of the agricultural and agro-allied sectors of the Ghana. The Agricultural Financing group 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 group also works closely with key stakeholders (i.e. MDAs, MMDAs and International Development Agencies) to channel funds and increase access to agricultural credit lines and financing schemes. Some products and services offered by this group include short, medium- and long-term loans to finance working capital, purchase product input and expand operations.

### **Consumer Banking**

ADB has developed a diversified retail banking product mix, including the provision of traditional and innovative services designed to address the needs of its retail customers. The consumer banking group manages call centre operations, customer relations and complaints and enquiries. The department offers a full range of loans (mortgage, student, car, etc.) and account and deposit products through its multichannel platform and wide branch network.

### **Treasury**

ADB conducts treasury activities which include currency trading, money transfer operations, and other treasury products. The treasury group also manages the Bank's liquidity.

### **Trade Finance**

The trade finance team provides 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.

### **Bancassurance**

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.

## 2.5 Corporate Governance

ADB's Board of Directors ("the Board") is committed to ensuring that best practice in corporate governance remains a fundamental part of the culture and business of the Bank, whilst ensuring adequate levels of shareholder participation and protection.

The Bank's policies, systems, and procedures are therefore geared towards promoting and enhancing the principles of accountability, integrity, transparency, robustness, fairness and social responsibility, whilst maximizing long-term shareholder value. These principles, which are compliant with regulatory and international guidelines, underpin all areas of the Bank's business.

The Board members are:

Name	Nationality	Age	Position	Other Directorships Held	No. of Shares Held
Alex Bernasko	Ghanaian	67	Board Chairman		Nil
Mary Ablah Kessie	Ghanaian	64	Non-executive Director	Family Health Medical School Auto Mall Limited	Nil
Prof. Peter Quartey	Ghanaian	50	Non-executive Director	Startrite Montessori School, The Hunger Project Ghana	Nil
Abena Osei-Asare	Ghanaian	40	Non-executive Director	Social Security and National Insurance Trust, National Health Insurance Board, Parliamentary Service Board	Nil
Kwesi Korboe	Ghanaian	57	Non-executive Director	Executive Director, GIRSAL Ltd	Nil
George Kwabena Abankwah Yeboah	Ghanaian	58	Non-executive Director	CEO-Sharp Pharmaceuticals Ltd, Director- United Perfumery and Pharmaceuticals Co. Ltd, Member- Accra Technical University Council, Member Pharmaceutical Manufacturers Association of Ghana, Member- Pharmaceutical Society of Ghana, Chairman - Gulf Consolidated Limited	Nil
Hon. Dr. Mark Assibey-Yeboah	Ghanaian	45	Non-executive Director	Nationwide Technologies Ltd, Nationwide Systems Ltd, Investpro Ghana Limited	Nil
Dr. John Kofi Mensah	Ghanaian	57	Managing Director	Ghana International Bank Plc Enyan Denkyira Rural Bank Ghana Technology University, GET Fund, Venture Capital Trust Fund	Nil

None of the current Directors on the ADB Board were or are involved in any of the following events:

- a. A petition under bankruptcy laws in any jurisdiction filed against such a person or any partnership in which he was a partner or any corporation of which he was a director or chief executive officer;
- b. A conviction of fraud, misappropriation or breach of trust or any other similar offence;
- c. Being the subject of any order, judgment or ruling of any court of competent jurisdiction or administrative body enjoining him from acting as an investment advisor, dealer's representative, investment representative, a director of a financial institution or engaging in any type of business or professional activity.

Below are the various board committees and their core functions:

<b>Name of Committee</b>	<b>Membership</b>	<b>Core Functions</b>
<b>Credit and Risk Committee</b>	4	The committee assists the management in the recognition and classification of risks. They also review all new products prior to implementation, and any significant changes in the balance of the business of the Bank or scale of its operations in any area
<b>Audit Committee</b>	4	The Audit committee oversees the appointment of the External Auditor, the audit fee and advise the Board on any questions of resignation or dismissal of the External Auditors. They also discuss any issues arising from the interim or final audits, and any matters the External Auditors may wish to raise and reporting such matters to the Board
<b>Human Resource and Governance Committee</b>	4	The Sub-Committee assists the Board in the effective governance of the Bank and specifically considers and recommends to the Board an overall employment, performance management, compensation, retention and disciplinary philosophy and policies of the Bank that are aligned with the Bank's medium and long-term business strategy, its business objectives, interest and values. The role of the committee includes overseeing effective corporate governance in the Bank
<b>IT, Research and Strategy Committee</b>	4	The committee advises and supports management on IT related issues and the development of policies that will guide the Bank in its IT function. The Committee also supports management in the development and implementation of strategies in the research function

## 2.6 Remuneration of Directors

GHS '000	2018	2017	2016
Executive Directors	1,031	1,440	1,473
Non- Executive Directors	2,093	1,060	810
<b>Total</b>	<b>3,124</b>	<b>2,500</b>	<b>2,283</b>

## 2.7 Disclosure of Interests by Directors

No current Directors hold interest in ADB shares.

As at the date of this Circular, the following past Directors hold ADB Shares:

Director	Number of Shares	% of Issued Capital
Mr. Nana Soglo Alloh	54,800	0.02094%
Mr. Daniel Asiedu	2,000	0.00076%
Dr. Adu Anane Antwi	800	0.00031%

The abovementioned ex-Directors do not have any intention to realise or transfer any part of their interests in the issue within a period of two years of the date of this Circular.

## 2.8 Human Resources and Senior Management

ADB's human resource policy is to recognise and celebrate the achievements of its employees. The Bank believes in the creation of a nurturing work environment where the Bank and its employees are guided by its values. The Bank therefore strives to build great relationships between its managers and other employees. ADB's attractive working environment ensures that the Bank continues to attract the best talent in Ghana and other countries.

As at August 31, 2019, ADB had 1,497 permanent staff across their 80 branches and agencies. Below is a table showing staff and branch strength from 2016 to 2018:

	2018	2017	2016
<b>Number of Permanent Staff</b>	1195	1179	1197
<b>Number of Contract Workers</b>	24	19	-
<b>Number of Branches</b>	80	78	78

Below are the profiles of the Senior Management Team of Agricultural Development Bank:

Name	Position	Biography
<b>John Kofi Mensah</b>	Managing Director	Dr. Mensah is a renowned Economist and Banker with 25 years of experience in different sectors of Banking ranging from start-up and delinquent banks operations, credit and foreign/treasury management. He was appointed Managing Director of the Bank on August 1, 2017.

		<p>Prior to this appointment, he held various roles such as Bank for Housing and Construction, Securities Discount Company (SDC), International Commercial Bank (Now FBN Bank), UniBank, and First Capital Plus Savings &amp; Loans. He holds a Doctorate in Business Administration (Finance) with SMC University of Zurich, Switzerland. He holds an MSc (Banking and Finance), Cum Laude from Finafrica in Milan, Italy and a BA (Economics &amp; Statistics) from the University of Ghana-Legon.</p>
<b>Alhassan Yakubu-Tali</b>	Deputy Managing Director	<p>Alhassan Yakubu-Tali was appointed Deputy Managing Director of the Bank on August 15, 2017. He is a seasoned investment banker with 15 years of international experience spanning many multinational banks including, HSBC, Lehman Brothers Investment Bank, Bank of Tokyo and Fimat International Bank. He holds an MBA (Marketing) and BSc (Business Administration) from the City University (Bellevue, USA).</p>
<b>Edward Ian Armah-Mensah</b>	General Manager, Business Banking	<p>Mr. Armah-Mensah has 17 years of experience in corporate finance with a specialty in deal origination, debt restructuring, trade syndication, cash management, and asset finance and has successfully set up Corporate Banking and non-bank structures from Greenfields. He has also held cross-industry roles with Stanbic Bank (Ghana) Limited, Barclays Bank (Ghana) Limited, and NDK Financial Services. He holds an EMBA (Finance Option) and a BSc (Business Administration) from the University of Ghana Business School.</p>
<b>Leon Bannerman-Williams</b>	Chief Finance Officer	<p>Mr. Bannerman-Williams was appointed Chief Finance Officer (CFO) of ADB on February 5, 2019. He is an experienced Chartered Accountant. He initially joined ADB in 1997 as a Finance Officer. He served in several capacities including, Branch Operations Officer, Financial Controller, Credit Portfolio Manager and Head of Monitoring and Recoveries Department. He is a qualified accountant and holds Executive Master of Business Administration (Finance) degree from the University of Ghana Business School. Mr. Bannerman-Williams is a Fellow of the Association of Chartered Certified Accountants (UK) and also a Member of the Institute of Chartered Accountants (Ghana).</p>
<b>Samuel Dako</b>	Chief Audit Executive	<p>Mr. Dako is the Chief Audit Executive of the Bank. He has over 22 years of managerial experience in the Banking Sector. He joined the Bank as a Finance Officer and has served in various capacities including Financial Controller, Head of Financial Reporting and Strategy, Manager Research and Corporate Planning. He also has relevant managerial experience in Branch Banking, Risk Management, and Audit &amp; Assurance. He holds an MBA (Finance) from the University of Leicester UK, LLB from GIMPA and Post Graduate Diploma (Management Information Systems) from GIMPA. He is also a Chartered Accountant and a member of the Institute of Chartered Accountants Ghana.</p>
<b>Maxwell Amoakohene</b>	General Counsel	<p>Maxwell Amoakohene is the General Counsel of the Bank. Maxwell joined the Bank in 1994 as a Legal Officer and rose through the ranks</p>

to become Principal Counsel of the bank in 2010. He was appointed General Counsel in January 2015. He holds an MBA (Human Resource Management), and a BA (Law) from the University of Ghana. He also holds a Professional Law Certificate from the Ghana School of Law.

<b>Godwyll Ansah</b>	Company Secretary	Godwyll Ansah was appointed the Company Secretary on April 1, 2019. He is a seasoned legal practitioner with over 18 years' experience in legal and banking practice ranging from Compliance, Legal, Anti-Money Laundering, Company Secretariat and Bad Debt Recovery. He worked at Bank of Africa Ghana Limited where he held several positions including Head of Compliance, Head of Legal and Company Secretary. He also worked with Société General (Ghana) and Stanbic Bank Ghana Limited. Mr. Ansah holds a Master of Law (LLM) and Bachelor of Arts Degree (Law and Economics) from the University of Ghana, Legon. He also attended the Ghana School of Law in 1999 and was called to the Ghana Bar in October 2001. He is a member of the Ghana Bar Association.
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## 2.9 Dividend Policy and Payment History

The Bank's company articles state that no dividend shall be paid other than out of net profit after tax. No further stipulations have been constituted by the bank and hence, no defined dividend policy exists as such. No dividends have been declared or paid in the preceding five years. The table below presents dividends and dividend pay-out ratios for preceding five years:

Financial Year	Dividend per Share (Ghana pesewa)	Basic EPS (Ghana pesewa)	Pay-out Ratio
2018	-	2.56	0.00%
2017	-	11.00	0.00%
2016	-	(166.00)	0.00%
2015	-	(316.00)	0.00%
2014	-	191.00	0.00%

## 2.10 Litigation

As at the date of this Circular, ADB has a number of legal matters pending, none of which, if adversely determined, is expected to have a material adverse effect on the financial position, profitability or operations of ADB.

## 2.11 Material Contracts

As at the date of this Circular, ADB has not entered into any material contract which is not in the ordinary course of its business.

## 2.12 Related Party Transactions

Information regarding directors' interests in ordinary shares of the Bank and remuneration is disclosed in the audited financial reports as well as those related to the associated company. Other than their contracts as directors, no director had a material interest in any contract to which the Bank was a party during the year.

Related party transactions and balances are also disclosed in the audited financial reports. Related party transactions which are credit related starts with the Credit Committee. On presentation to the Board, the affected directors disclose their interest and recuse themselves for the deliberations. If approval is subsequently given, balances are also disclosed in the financial reports.

	<b>JUNE 2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>
	<b>GHS 000</b>	<b>GHS 000</b>	<b>GHS 000</b>	<b>GHS 000</b>
<b>Transactions with companies in which a Director or other members of key management personnel is related</b>				
Borrowings with Ghana International Bank "GIB"	0	0	0	22,681
Bank balance at GIB	9,034	28,872	17,874	30,464
<b>Transaction with non-executive directors - Directors remuneration</b>				
Fees and allowances for service as directors	764	2,093	1,060	810
<b>Details of transactions and balances between the Bank and non-executive directors are as follows – Loans</b>				
Outstanding at 1 January	940	1,029	420	478
Net movement	497	(141)	609	(58)
Outstanding at 31 December/30 June	1,437	940	1,029	420
Interest Income	59	36	37	120

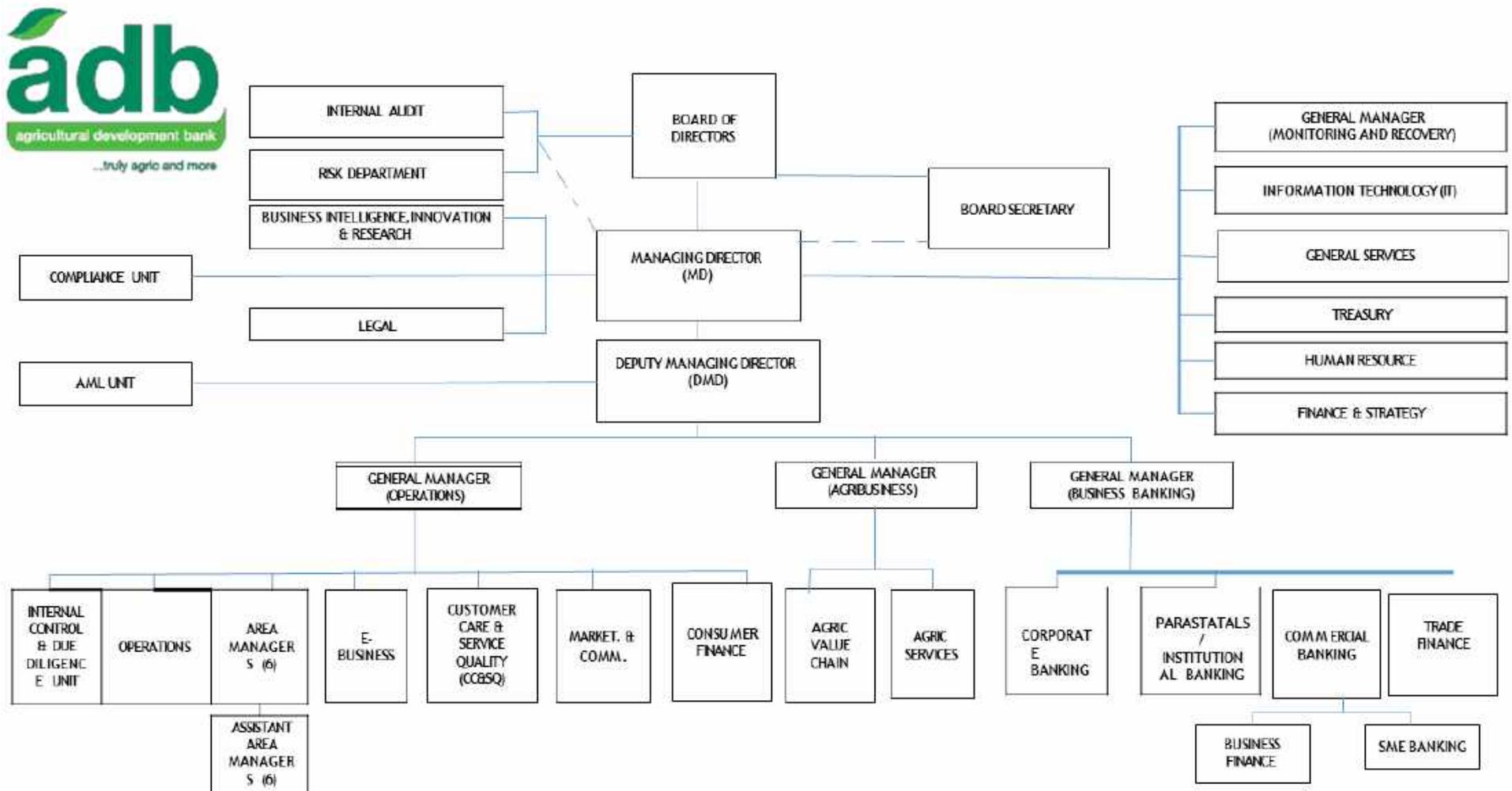
The approval process for any credit facility extended to directors starts with the management committee before submission to the board for approval. At the meetings the said directors excuse themselves and the Central Bank is informed.

No loan or advance was granted to companies in which Directors have an interest in 2018.

The outstanding balance of loans extended to ex-Directors was nil as of December 31, 2018.

No impairment losses have been recorded against balances outstanding during the period with key management personnel, and no specific allowance has been made for impairment losses on balances with key management personnel and their immediate relatives at the period end.

## 2.13 Organisation Chart



## **PART 3. RISK FACTORS**

Investing in the equities of any entity entails some risks. In considering a subscription to the Private Placement, the prospective investor should carefully consider the following potential risks and all other relevant information contained in this Circular.

### **a. Political Risk**

Potential political unrest is a risk to the operations of any company operating in Ghana including ADB as it could adversely impact its sales targets. However, Ghana has successfully conducted peaceful elections since the beginning of the fourth Republic in 1992. The democratic process prevailing in the country reduces the risk of significant political unrest.

### **b. Economic Risk**

The operational results and income of ADB depends on the stability of Ghana's macroeconomic environment. ADB, like all entities operating within the borders of Ghana, is exposed to economic risks associated with the country. The Bank's experienced and qualified management team ensures that procedures and systems are in place to minimise the Bank's exposure to adverse economic conditions. However, this cannot provide an assurance that adverse economic conditions will not hamper ADB's performance.

### **c. Credit Risk**

This 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.

### **d. 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.

### **e. Market Risk**

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) – will affect the Bank's income or the value of its holdings of financial instruments. 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.

#### **f. Operational Risk**

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. This also includes risks 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. Examples include inadequate controls and procedures, human error, deliberate malicious acts including fraud and business interruptions. These risks are controlled and monitored through system controls, segregation of duties, exception and exposure reporting, business continuity planning, reconciliations, internal audit, and timely and reliable management reporting.

#### **g. Interest Rate Risk**

This risk is the incurred risk in case of interest rate variation because of all on-and off-balance sheet operations except operations subject to market risk. The strategic management of liquidity is done at a high level of senior management who review results on a weekly basis in line with competition and economic conditions and also ensure that regulatory requirements are met.

#### **h. Currency Risk**

This is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. The open positions of currencies are held and monitored on a daily basis. The objective of monitoring the open position in foreign currency is to manage foreign exchange risk due to movements in rates as well as changes in liquidity positions.

#### **i. Share Liquidity Risk**

ADB shares are listed on the GSE to enable trading in the Bank's shares. However, it is possible that there could be inadequate liquidity in ADB shares on the GSE at certain periods, meaning that the investor may not be able to sell or buy ADB shares whenever they want to and at their desired price.

#### **j. Dilution Risk**

The potential investor who chooses not to participate or partially participate in any subsequent public offers by the Bank may have its shareholding diluted.

#### **k. Regulatory Framework**

The Ghanaian financial services sector continues to develop with the regulator. Although ADB has currently met all its other capital obligations, this minimum capital increase and any subsequent increases in the capital requirement by the BoG may have to be met by ADB and its shareholders and may have an impact on ADB's business operations. ADB has not had any difficulty meeting its capitalisation obligations to date.

## **PART 4. GHANA BANKING SECTOR**

### **4.1 Recent Developments in the Banking Sector**

The banking sector is the largest and most competitive segment of Ghana's financial services sector. At the start of January 2018, Ghana had thirty-four (34) licensed banks. By year end the number of banks had been reduced to twenty-three (23), largely due to revocation of the licenses of seven (7) banks; winding down of one (1) bank; three (3) separate mergers and one (1) downgrade to a savings and loans company.

On August 14, 2017, the Central bank revoked the licenses of UT Bank and Capital Bank Limited largely due to the insolvent nature of these two banks as they were unable to meet their obligations as and when they fell due. The regulator had, in the past, made efforts to assist these banks, however the two were unable to furnish a viable plan to return to profitability. The Bank of Ghana approved a Purchase and Assumptions agreement allowing GCB Bank to take over all deposit liabilities and selected assets of these two banks. GCB Bank received a GHS 2.2 billion (US\$ 461million) bond from the central bank for taking over the assets and liabilities of the defunct UT Bank & Capital Bank. The Bank of Ghana issued this bond to compensate for the shortfall of UT Bank and Capital Bank's assets against their debt. The bond carries a 12% coupon with maturity in 2027. PricewaterhouseCoopers (PWC) was appointed by the Bank of Ghana as Receiver to manage the assets that were not taken over by GCB Bank. The central bank through the provisions of section 123 of the Banks and Specialised Deposit-Taking Institutions Act (SDI's) Act, 2016 (Act 930) enables it to undertake these actions.

On September 11, 2017, Bank of Ghana issued the Minimum Capital Directive by which all universal banks were required to increase their minimum paid-up capital to GHS 400 million by December 31, 2018. The licensed banks were required to recapitalise through

- i. a fresh capital injection
- ii. capitalisation of income surplus or
- iii. a combination of fresh capital and capitalisation of income surplus

According to the regulator, the directive was aimed at strengthening the banking sector, making it more resilient to shocks, as well as to help reposition the banks to better support the growing needs of the economy. Other reasons for the directive include promoting consolidation, through sustainable merger and acquisitions, stronger corporate governance structures, and better risk management systems and practices.

On August 1, 2018, Bank of Ghana revoked the licenses of five (5) banks; Beige Bank, Construction Bank, Royal Bank, uniBank and Sovereign Bank and merged them into a new indigenous bank known as Consolidated Bank Ghana (CBG) Limited. According to the Central Bank, two main factors led to revocation of the licenses of the five (5) mentioned banks:

- i. uniBank, Royal Bank, and Beige Bank were deeply insolvent
- ii. Construction Bank and Sovereign Bank obtained their banking licences by false pretences through the use of suspicious and non-existent capital, which resulted in a situation where their reported capital was inaccessible to them for their operations

CBG thus assumed selected assets and liabilities of the five banks. In a similar fashion to the revocation of the license of UT Bank and Capital Bank a receiver was appointed and, in this case, KPMG took control and possession of their assets and liabilities. The government issued a 15 year bond with a face value of GHS 7.6 billion to CBG to cover the gap between the value of the good assets and liabilities of the five banks transferred to CBG. At the close of business on December 31, 2018:

- i. Sixteen (16) banks met the new minimum paid-up capital of GHS 400 million.
- ii. Approval had been granted by the Bank of Ghana for three (3) mergers: First Atlantic Merchant Bank Limited and Energy Commercial Bank; Omni Bank and Bank Sahel Sahara; and First National Bank and GHL Bank. Two (2) of the three (3) resultant banks had met the required minimum paid up capital.
- iii. GN Bank received approval to acquire a savings and loans license supported by a transition plan expected to be completed by June 2019 for winding down aspects of its business which are not compatible with a savings and loans company licence.
- iv. Bank of Baroda received approval from the regulator to voluntarily wind up its operations. To ensure an orderly exit, BoG approved an Assumption Agreement between Bank of Baroda (Ghana) Limited and Stanbic Bank Ghana Limited under which the latter will assume all deposits and selected loan assets of the bank.
- v. ADB, NIB, the merged OmniBank -Sahel Sahara, Universal Merchant Bank, and Prudential Bank secured commitments to receive equity injections through a special purpose vehicle named Ghana Amalgamated Trust Limited (GAT). Private sector participants, primarily pension funds, will inject capital into these named indigenous banks via GAT on the basis of their solvent nature and good corporate governance.

Qualifying banks for GAT investment were determined on the basis on their solvency, local ownership, minimum pre-investment capitalization of GHS 120M and an independent valuation by PwC. Currently, GAT has secured a total of GHS 800M<sup>8</sup> in bridge financing from the Government of Ghana to inject the needed capital into 4 out of the 5 qualifying banks. This funding is structured in the form of redeemable common and preference shares to be held by state-owned National Trust Holding Company as its nominee shareholder.

With effect from January 4, 2019, the licenses of Premium Bank and Heritage Bank Limited were revoked due to the insolvent nature of the former while the latter's license was revoked on the basis of capital from questionable sources. PricewaterhouseCoopers has been appointed as Receiver. In addition, Bank of Ghana has approved a Purchase and Assumption Agreement between the Receiver and Consolidated Bank Ghana Limited (CBG) under which the Receiver has transferred some assets and liabilities of the two banks to CBG. The Government has issued a bond of GHS 1.403 billion to cover the gap between the value of the good assets and liabilities of the two banks transferred to CBG. Finally, merger discussions between First National Bank

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<sup>8</sup> Bloomberg.

and GHL Bank have since fallen apart, resulting in the downgrade of GHL to a mortgage house due to failure to meet the MCR.

The industry had 1,225 bank branches during the first half of 2019.

The BoG's Banking Sector Report measures the financial soundness of the banking industry in terms of earnings, portfolio quality, and liquidity and capital adequacy. Below are indicative data on the banking industry between the years 2015 and the half year June 2019.

	<b>JUNE 2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>
<b>Return on Assets (RoA)</b>	4.4%	3.4%	3.6%	3.8%	4.5%
<b>Return on Equity (RoE)</b>	21.2%	18.5%	18.7%	17.6%	22.1%
<b>Composition of Banks' Income to Total Income</b>					
<b>Interest Income from Loans</b>	34.5%	36.4%	43.9%	50.7%	51.5%
<b>Interest Income from Investment Income</b>	44.5%	42.4%	39.6%	33.5%	29.3%
<b>Fees and Commission</b>	12.0%	12.6%	10.2%	10.6%	11.6%
<b>Other Income</b>	9.0%	8.7%	5.6%	5.2%	7.9%
<b>Total Assets (Billion)</b>	112.8	107.3	93.2	81.2	63.4
<b>Deposit (Billion)</b>	75.6	68.3	58.3	51.7	41.3
<b>NPL (Billion)</b>	6.9	6.7	8.6	6.1	4.4
<b>Adjusted NPL Ratio</b>	9.0%	10.2	10.1%	8.4%	6.8%
<b>CAR<sup>9</sup></b>	19.1%	21.9%	18.5%	18.0%	17.8%
<b>Risk-weighted assets to Total Assets<sup>10</sup></b>	57.2%	58.6%	61.5%	63.7%	71.8%

The profitability ratios in the sector improved during the first half of 2019, consistent with increased profit levels during the period. The banking sector recorded net profit after tax of GHS 1.67 billion during the period, representing a 36.3% year-over year growth. In 2018, net profit after tax recorded was GHS 2.40 billion.

## 4.2 Regulatory Bodies in the Banking Sector

The principal regulator of the banking industry is the Bank of Ghana ("BoG"). The BoG has the overall supervisory and regulatory authority in all matters relating to deposit-taking institutions and is responsible for ensuring that there is a stable financial system. The Central Bank's functions and responsibilities as a regulator are set out in the Bank of Ghana Act, 2002 (Act 612) as amended by the Bank of Ghana (Amendment) Act, 2016 (Act 918) and the Banks and Specialised Deposit-Taking Institutions Act, 2016 (Act 930).

<sup>9</sup> Excluding impaired capital positions of UT Bank and Capital Bank

<sup>10</sup> Excluding UT Bank and Capital Bank

The governing body of the BoG is its Board of Directors as stipulated in Act 612. The Board consists of the Governor, who is also the Chairman, two Deputy Governors and nine Non-Executive Directors. The current Governor of the BoG is Dr. Ernest Kwamina Yedu Addison, who was sworn in on April 3, 2017.

All banks in Ghana operate under the following regulatory and legal framework:

- Bank of Ghana Act, 2002 (Act 612) as amended by the Bank of Ghana (Amendment) Act, 2016 (Act 918)
- Banks and Specialised Deposit–Taking Institutions Act, 2016 (Act 930)
- Companies Act, 2019 (Act 992)
- Corporate Governance Directive, 2018
- Financial Holding Companies Directive, 2018
- Securities Industry Act 2016, Act 929
- Foreign Exchange Act, 2006 (Act 723)
- Borrowers and Lenders Act, 2008 (Act 773)
- Credit Reporting Act, 2007 (Act 726)
- Home Mortgage Finance, Act 2008 (Act 770)
- Ghana Deposit Protection, Act, 2016 (Act 931)

## PART 5. HISTORICAL FINANCIAL STATEMENTS

The following statements are extracts from the issuer's unaudited financial statement for the half year ended June 30, 2019 and audited financial statements for the 5 years ending December 31, 2018, 2017, 2016, 2015, and 2014 as captured in the company's audited annual reports. Further information on the Bank's financial state of affairs, such as accounting standards and notes to the financial statements, can be found in these audited reports, available online or at the registered office of ADB during normal working hours.

### Statement of Profit and Loss

For the half year ended June 30, 2019 and years ended December 31, 2018, 2017, 2016, 2015 and 2014

	<b>JUNE 2019 GHS' 000<sup>11</sup></b>	<b>2018 GHS' 000</b>	<b>2017 GHS' 000</b>	<b>2016 GHS' 000</b>	<b>2015 GHS' 000</b>	<b>2014 GHS' 000</b>
Interest income	232,579	478,702	520,862	361,066	314,679	308,137
Interest expenses	(85,845)	(213,351)	(211,251)	(166,752)	(134,105)	(100,405)
<b>Net interest income</b>	<b>146,733</b>	<b>265,351</b>	<b>309,611</b>	<b>194,314</b>	<b>180,574</b>	<b>207,732</b>
Fee and commission revenue	41,382	75,464	72,947	64,391	56,258	43,323
Fee and commission expense	(6,329)	(8,310)	(8,593)	(6,480)	(5,725)	(5,118)
<b>Net fees and commissions</b>	<b>35,053</b>	<b>67,154</b>	<b>64,354</b>	<b>57,911</b>	<b>50,533</b>	<b>38,205</b>
Net Trading Income	29,255	45,704	28,328	18,251	29,820	67,221
Other Operating Income	5,062	9,268	4,611	7,771	12,328	14,687
<b>Operating Income</b>	<b>216,104</b>	<b>387,477</b>	<b>406,904</b>	<b>278,247</b>	<b>273,255</b>	<b>327,845</b>
Impairment loss on financial assets	(2,595)	(10,190)	(49,823)	(104,022)	(110,624)	(59,080)
Personnel expenses	(99,014)	(181,232)	(167,052)	(136,848)	(141,505)	(130,485)
Depreciation and Amortisation	(11,132)	(22,720)	(18,365)	(15,813)	(13,919)	(9,503)
Other operating expenses	(72,596)	(139,278)	(124,325)	(127,278)	(107,404)	(94,006)
<b>Profit Before Tax</b>	<b>30,767</b>	<b>34,057</b>	<b>47,339</b>	<b>(105,714)</b>	<b>(100,197)</b>	<b>34,771</b>
Taxes and levies	(5,651)	(28,149)	(20,829)	35,688	21,222	13,094
<b>Profit for the year</b>	<b>25,115</b>	<b>5,908</b>	<b>26,510</b>	<b>(70,026)</b>	<b>(78,975)</b>	<b>47,865</b>

<sup>11</sup> Unaudited financial statement for the 6 months ended June 30, 2019

## Statement of Financial Position

For the half year ended June 30, 2019 and years ended December 31, 2018, 2017, 2016, 2015 and 2014

	JUNE 2019 GHS' 000 <sup>12</sup>	2018 GHS' 000	2017 GHS' 000	2016 GHS' 000	2015 GHS' 000	2014 GHS' 000
<b>Assets</b>						
Cash and balances with bank of Ghana	738,063	652,828	951,675	610,563	483,967	462,089
Due from other financial institutions	397,576	359,338				
Investment Securities	1,347,689	1,189,749	1,099,177	1,085,752	286,018	370,458
Loans and advances to customers	1,221,547	1,068,814	1,139,356	1,005,302	1,088,071	1,124,139
Investment in Other Securities	101,690	95,861	91,832	94,299	88,478	78,636
Investment in Associated Companies	-	-	357	538	538	539
Corporate Tax Assets	3,597	3,401	5,679	16,653	16,653	-
Intangible Assets	23,888	28,466	35,861	29,858	5,524	7,203
Other Assets	57,890	45,830	82,316	42,995	45,290	65,820
Property and Equipment	94,508	98,846	105,117	105,015	108,076	34,862
Deferred Tax Assets	54,262	54,262	33,773	44,519	11,532	12,994
<b>Total Assets</b>	<b>4,040,710</b>	<b>3,597,395</b>	<b>3,545,143</b>	<b>3,035,494</b>	<b>2,134,147</b>	<b>2,156,740</b>
<b>Liabilities</b>						
Borrowed funds	280,934	274,322	458,551	381,025	222,669	279,355
Deposits from customers	2,954,693	2,586,265	2,541,010	2,147,450	1,513,508	1,462,139
Other liabilities	118,618	97,097	66,569	52,240	65,077	71,431
<b>Total Liabilities</b>	<b>3,354,245</b>	<b>2,957,684</b>	<b>3,066,130</b>	<b>2,580,715</b>	<b>1,801,254</b>	<b>1,812,925</b>
<b>Equity</b>						
Stated Capital	421,700	275,100	275,100	275,100	75,000	75,000
Deposit for shares	150,000	277,000				
Income Surplus	(297,203)	(294,086)	(189,429)	(188,778)	(35,386)	54,292
Revaluation reserve	57,530	57,531	57,531	57,531	57,531	1,748
Statutory reserves	113,657	101,100	98,146	84,891	84,891	84,891
Credit risk reserve	179,663	167,640	185,323	171,417	103,236	92,533
Fair Value through OCI	61,117	55,426	52,342	54,617	47,621	35,351
<b>Total Shareholders' Equity</b>	<b>686,465</b>	<b>639,711</b>	<b>479,013</b>	<b>454,778</b>	<b>332,893</b>	<b>343,815</b>
<b>Total Liabilities and Shareholders' Equity</b>	<b>4,040,710</b>	<b>3,597,395</b>	<b>3,545,143</b>	<b>3,035,493</b>	<b>2,134,147</b>	<b>2,156,740</b>

<sup>12</sup> Unaudited financial statement as of June 30, 2019

## Statement of Cash Flows

For the half year ended June 30, 2019 and years ended December 31, 2018, 2017, 2016, 2015 and 2014

	JUNE 2019 GHS' 000 <sup>13</sup>	2018 GHS' 000	2017 GHS' 000	2016 GHS' 000	2015 GHS' 000	2014 GHS' 000
<b>Cash flows from operating activities</b>						
Profit/(Loss) before tax	30,767	34,057	47,339	(70,026)	(78,975)	47,865
Adjustments for:						
Depreciation and Amortization	11,132	22,720	18,365	15,813	13,919	9,503
Unrealised exchange difference	-		1,434	(2,869)	(1,048)	(1,682)
Impairment on financial assets	2,398	10,190	49,823	104,022	110,624	59,080
Impairment on equity investment	-	2,985				
Loss on disposal of property and equipment			4	210	(174)	2
Dividend received	(1,302)	(2,678)	(2,921)	(2,996)	(3,878)	-
Loss on disposal of associate companies	(17)				(38)	101
Net Interest income	(146,733)	(265,351)	(309,611)	(194,314)	(180,574)	(207,732)
Tax expense				(35,688)	(21,222)	(13,195)
<b>Loss before working capital changes</b>	<b>(103,757)</b>	<b>(198,077)</b>	<b>(195,567)</b>	<b>(185,848)</b>	<b>(161,366)</b>	<b>(106,058)</b>
Changes in:						
Loans and advances	(147,401)	(68,934)	(175,159)	(37,149)	(68,063)	(209,789)
Other assets	(12,061)	29,876	(39,322)	2,296	12,593	10,328
Deposits from customers	368,428	46,362	391,066	637,974	55,247	401,037
Other liabilities	21,521	12,772	14,329	9,150	(4,214)	(1,635)
	<b>126,731</b>	<b>(178,001)</b>	<b>(4,653)</b>	<b>426,423</b>	<b>(165,725)</b>	<b>93,883</b>
Interest income received	193,650	502,166	512,144	376,965	284,168	242,717
Interest expense paid	(79,441)	(215,037)	(202,463)	(169,167)	(100,048)	(73,503)
Dividend Income	1,302	2,678	2,921	2,996	3,878	2,632
Taxes paid (NFSL)	(572)	(1,507)	(2,378)	-	(554)	(5,178)
Income tax paid	(2,449)	(9,796)	(6,442)	-	(15,972)	(7,735)
Tax refund	-	4,040	10,470	-		
<b>Net cash generated from operating activities</b>	<b>239,221</b>	<b>104,543</b>	<b>309,599</b>	<b>637,217</b>	<b>5,747</b>	<b>252,816</b>
<b>Cash flows from investing activities</b>						
Purchase of property and equipment	(2,705)	(7,106)	(12,989)	(9,419)	(9,011)	(19,572)

<sup>13</sup> Unaudited financial statement for the 6 months ended June 30, 2019

Purchase of intangible assets	-	(1,851)	(11,485)	(28,055)	(2,041)	(2,002)
Proceeds from the sale of PP&E	395	186		176	182	84
Purchase of medium- and long-term government securities	(112,402)	(459,975)	(118,732)	(22,766)	152,616	(46,696)
Proceeds from disposal of associated company			181			
Purchase of Shares from S.W.I.F.T	(140)					
<b>Net cash used in investing activities</b>	<b>(114,851)</b>	<b>(468,746)</b>	<b>(143,025)</b>	<b>(60,064)</b>	<b>141,785</b>	<b>(68,186)</b>
<b>Cash flows from financing activities</b>						
Net receipts/ (payments) of borrowed funds	-	(1,011,971)	71,232	134,753	(56,686)	70,440
Dividend Paid						(3,135)
Proceeds from Rights Issue	19,600	127,000		200,100		
Transaction costs related to Rights Issue	(3,651)			(15,185)		
Receipts in borrowed funds	6,612	947,317				
<b>Net cash generated from financing activities</b>	<b>22,561</b>	<b>62,346</b>	<b>71,232</b>	<b>319,668</b>	<b>(56,686)</b>	<b>67,305</b>
Net increase in cash and cash equivalents	146,930	(301,857)	237,806	896,821	90,846	251,857
Cash and cash equivalent at 1 January	1,463,647	1,768,927	1,532,555	632,865	542,811	304,172
Effect of exchange rate fluctuations	(1,075)	(3,422)	(1,434)	2,869	(792)	(13,218)
<b>Cash and cash equivalents at 31 December</b>	<b>1,609,502</b>	<b>1,463,648</b>	<b>1,768,927</b>	<b>1,532,555</b>	<b>632,865</b>	<b>542,811</b>

## Notes to Historical Financial Statements

### Interest Yield and Net Interest Margin

Interest income increased by 55.4% from GHS 308.1 million in 2014 to GHS 478.7 million in 2018. Interest yield and net interest margin have remained relatively stable over the 5-year period, averaging 21.2% and 12.5% growth respectively. Per the unaudited financial information for the period January – June 2019, interest income was GHS 232.6 million, resulting in a 9% interest yield and 5.1% net interest margin for the period.

### Cost to Income

ADB's cost to income ratio has decreased steadily in recent years, from 96.5% in 2015 to 88.6% in 2018 due to a substantial increase in funded and non-funded income against a relatively stable cost structure for the Bank. As per the unaudited financial information for the period January – June 2019, the cost to income ratio declined further to 84.6%.

### Investment Securities

Investment securities have increased by 222.1% over the 5-year period, from GHS 370.5 million at year-end 2014 to GHS 1,189.7 million as at year-end 2018, continuing the Bank's strategy to deploy more funds into less risky interest-earning assets. The average interest rate on treasury bills at December 31, 2018 was 13.54% while the rate for treasury bonds was 17.5%.

### Customer Deposits

Deposits from customers increased by 76.9% from GHS 1,462.1 million as at year-end 2014 to GHS 2,586.3 million as at year-end 2018. The twenty largest depositors to total deposit ratio stood at 22.9% at year-end 2018 compared with 27.4% in 2017. These improvements were due to the Bank's launch of new products and technological innovations to enhance accessibility and convenience for its customers. Customer deposits increased by an additional 14.2% to GHS 2,954.7 million per the unaudited financial information at end of June 2019.

### Borrowings

Borrowed funds decreased slightly by 1.8% from GHS 279.4 million at year-end 2014 to GHS 274.3 million at year-end 2018, largely from part repayment of Rubber Out Grower Plantation project. These facilities were granted principally to finance long-term loans dedicated to the Rubber Out grower Plantation Programme (ROPP)

Notable borrowings as at year-end 2018:

- Central bank borrowings consisted of facilities to assist in financing the poor, rural entrepreneurs engaged in rural small-scale enterprises.
- Government of Ghana borrowings consisted of facilities granted to the Bank to finance food crops, non-traditional exports, agro industry as well as institutional support.
- SSNIT borrowings are largely for liquidity management purposes.

- AFD borrowings consisted of a credit facility to finance long-term loans dedicated to the Rubber Out grower Plantation Programme (ROPP).

### **Loans and Advances**

Loans and advances to customers declined marginally by 4.5% from GHS 1,124 million at year-end 2014 to GHS 1,068 million at year-end 2018 mainly due to strategic management efforts to slow loan growth and clean out the loan book. As such, the gross non-performing loan ratio at year-end 2018 per Bank of Ghana requirements stood at 49.3% while the loan loss provision ratio stood at 36.9% of gross loans and advances. Starting in 2019, loans and advances to customers have picked up due to management's efforts to grow the loan book again. As at June 30, 2019, loans and advances stood at GHS 1,221 million.

### **Contingent Liabilities**

Total contingent liabilities of the Bank stood at GHS 374.8 million at December 31, 2018 and GHS 280.8 million at June 30, 2019. These contingent liabilities arise from the bank's core products such as letters of credit as well as guarantees and indemnities.

### **Statement of Unimpaired Minimum Capital**

Stated capital increased by 266.8% from GHS 75 million at year-end 2015 to GHS 275 million at year-end 2016 due to an IPO and remained unchanged as at year-end 2018. There were deposits for shares of GHS 277 million towards the rights issue and sub-debt pending conversion to equity in December 2018, which increased the qualifying Tier 1 capital to GHS 571.7 million. This was however, reduced by a negative income surplus of GHS 294 million resulting in an unimpaired minimum capital of GHS 258 million. As at June 2019, the unimpaired capital increased to GHS 274.5 million due to addition of unaudited profit for half-year June 2019.

## Management Outlook

### Global Macroeconomic Overview

Global economic activity remains soft against the backdrop of intensified US-China trade and technology tensions, increased Brexit-related uncertainty, a slowdown in global manufacturing activity, and subdued inflation across developed and emerging market economies. Per the IMF World Economic Outlook<sup>14</sup>, global growth is projected at 3.2% in 2019 and is expected to pick up to 3.5% in 2020, depending on several factors, most notably stabilization in global financial market sentiments and recovery of stressed emerging market economies. Consistent with this outlook, emerging markets and developing economies are expected to grow at 4.1% and 4.7% respectively while Sub-Saharan Africa is expected to grow at 3.4% and 3.6% respectively.

### Ghana Macroeconomic Overview

Ghana's economic outlook remains positive. Per provisional estimates released by Ghana Statistical Service, real GDP recorded 6.7% growth from January to June 2019, driven by strong growth in the Industry (8.4%) and Service (7.2%) sectors. Key monetary developments including broad money supply growth and improvements in private sector credit contributed to mixed trends in the policy rate: The Ghana Reference Rate remained largely stable, while interest rates on treasury instruments increased from 14.6% to 14.8%<sup>15</sup> YTD and interbank weighted average interest rate declined from 16.4% to 15.2% YoY. Headline inflation also declined further from 9.4% to 9.2%, owing to Bank of Ghana's continued tightening of monetary policy. Despite temporary exchange rate volatility in February 2019, the Ghana Cedi has largely stabilized due to an improved supply of foreign exchange, partly from the recent landmark Eurobond issue. As at end of June 2019, the Ghana Cedi recorded depreciation of 8.4% YTD against the US Dollar. Given easing inflationary pressures and waning exchange rate depreciation, the Monetary Policy Committee decided to maintain the policy rate at 16%.

### Ghana Banking Sector Overview

Ghana's banking industry emerged from the 2018 banking sector reforms and recapitalization exercise well-capitalized, solvent, liquid, and profitable per the Bank of Ghana's Banking Sector Report. Total assets recorded a YoY growth of 12.4% while total deposits recorded a YoY growth of 22.3%, indicating increasing confidence and stability in the banking sector.<sup>16</sup> Moreover, asset quality improved as the industry's NPL ratio declined from 22.6% at end of June 2018 to 18.1% at end of June 2019. Taking into account adjustments for the fully-provisioned loan loss category, this corresponds to a decline from 12.3% to 9.0%, indicating a slowdown in asset quality deterioration. Additionally, the industry's solvency position remains strong, as the Capital Adequacy Ratio stood well above the 10% statutory minimum requirement at 19.1% at end of June 2019. Bank of Ghana maintains a positive outlook for the

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<sup>14</sup> IMF World Economic Outlook for July 2019

<sup>15</sup> Bank of Ghana Monetary Policy Report July 2019

<sup>16</sup> Bank of Ghana Banking Sector Report July 2019

sector and expects broad improvements across key financial soundness indicators moving forward.

### **Commentary on 2018 Performance**

The bank recorded a profit before tax of GHS 34.0 million in 2018, recording a decline from GHS 47.0 million achieved in 2017. It would appear that the fortunes of the bank slightly backtracked and this would manifest in the dip registered in the headline interest income, especially as some of our significant loan assets that did exhibit good historical performance degenerated towards the end of the year thus attracting various levels of impairment.

The non-funded income lines however did reflect satisfactory improvement over 2017 figures posting a 25.5% increase and accounting for 87.7% of operating costs much in line with the strategic objective of non-funded income fully covering operating expenses.

Accordingly, the decentralised and well-resourced trade Finance desks have been established in Kumasi and Takoradi to augment the activities of the main Trade finance department in Accra. Going forward, it is the desire of management to drive up non-funded income strongly while much intensity is applied in cost-cutting measures to arrest the rising cost of operations.

Over the year, Shareholders' funds showed a 33.5% growth from GHS 479.0 million to GHS 639.7 million due to injection of new capital with a restriction on loan growth as a result of a deliberate policy to manage out the legacy toxic assets from the balance sheet.

### **Regulatory Reforms and Corporate Governance**

In line with the regulator's requirement for a minimum unimpaired paid up capital of GHS 400 million, the bank held an extra ordinary general meeting (EGM) purposely to raise extra capital from shareholders through a rights issue which was largely successful. At half-year 2019, the bank's qualifying Tier 1 capital stood at GHS 571.7 million impaired by a deficit of GHS 284.6 million in the income surplus account.

Compliance with the regulatory directive in respect of full implementation of IFRS 9 provoked escalated impairment on the loan assets thus worsening the bank's reserves. This however placed the Balance Sheet on a resilient mode to future asset quality shocks.

The Bank of Ghana's corporate governance directive (2018) being a reference guide, the board's subcommittee on human resources and governance is tasked with constantly reviewing the bank's corporate governance framework and policies, identify the shortfalls and to make the essential recommendations to the board in respect of the required remedial measures and where necessary, revise our corporate governance code, policy and charter accordingly.

## **Changes in Bank's Shareholding and Management**

The ownership of the bank changed in the course of the year under the direction of the Bank of Ghana. Consequently, the board membership had to be varied to reflect the new ownership structure. What remains intact however, is the resolve and commitment to improve not only the fortunes of the bank but to establish it as the brand of choice on the back of a management team that has been strengthened with appointments into key functions.

## **New Developments in ADB**

The bank's 5-year strategic plan spanning 2018 – 2022 would have a full year's experience in 2019 and the self-assurance of achieving its milestones especially with the additions to the management team is well intact. The pivotal areas of the strategic plan, namely; Financial Growth, Increased Market Share, Human Capital Development, Prudential Information and Risk Management and Market Development would undergo constant and consistent evaluation and possible review in line with industry and market dynamics so as to remain relevant throughout the period of the strategic plan.

## **2019 Targets vs Actual Performance**

The profit before tax performance of the bank for the half year, though a 49.7% improvement compared to the same period in 2018, did not turn out as projected. This primarily was the result of lagging interest incomes as the relatively high non-performing assets situation was not unravelling at the desired pace. The total non-funded income line however was just 5.85% within achieving set targets for the half year whilst Operating costs were well contained within target thresholds.

Pursuant to the rights issue, the balance sheet saw significant growth of GHS 296.0 million in capital. Total customer deposits also witnessed a growth of about GHS 368.4 million (14.2%) to close the half year at GHS 2.9 billion with the growth of the loan book remaining restrained but targeted for some modest growth in the second half of the year.

## **Expectations to Complete Capitalisation Exercise**

With injection of additional capitalisation, the bank will not only satisfy the regulatory capital requirement but have the leverage of sufficient capital adequacy to enable it expand its business frontiers in order to improve incomes generally. This notwithstanding, the renewed and strengthened recovery efforts would not relent as the bank strives to win on all sides.

In the process, the bank's share of industry loans and advances is targeted to scale up from 12.9% at half year to 15.0% by year end while the deposit mobilisation strategies put in place would yield a share of industry deposits of 17.0% up from 14.3%.

### **Loan Book Growth Strategy**

In view of the high NPLs, the monitoring and recovery department has been elevated into a division headed by a General Manager. A Legal Support Unit manned by experienced legal staff has been set up within the monitoring and recovery division to ensure the speedy prosecution of loan defaulters. Additionally, there is in place a recovery task force, all geared towards loan monitoring and recovery and to reduce the NPLs to manageable levels.

The credit risk department has been reorganized along with the tightening of the risk review processes. Thus, the steady growth of good quality loan book is assured and with the benefit of increased capital adequacy space, appetite for quality and big ticket transactions would be encouraged.

### **Growth of Agriculture Portfolio**

The bank's commitment to the agricultural sector would continue to stay on track as demonstrated with our participation in the various Government led agricultural initiatives. Indeed, by the end of the strategic plan in 2022, a refocused Agric outlook is envisaged, such that funding of Agriculture and its related activities will represent 50% of the bank's total lending portfolio. The Agricultural Finance department has been upgraded to a division headed by a General Manager with two newly created departments (Agric services and Agric value chain) to serve all the players in the Agricultural value chain. In this direction, special decentralised Agric desks have been established in 36 branches in farming communities; the number of such desks is expected to increase to 60 by the end of 2019.

There are far advanced initiatives in concert with government and other players to attract long term low cost funding for on lending to the players in the entire Agric value chain.

### **Deposit Mobilisation**

Deposit mobilisation would remain a critical success activity for the bank and it is envisaged that by the end of the strategic plan period in 2022, the bank's deposits would attain substantial positive growth levels. In the coming periods, the bank intends to embark and sustain retail deposit drive in order to rake in the necessary volumes as those deposits are price insensitive. Corporate deposits would be sourced for targeted lending activities.

## PART 6. GHANA AMALGAMATED TRUST “GAT”

### 6.1 Overview of GAT

GAT is a special purpose vehicle incorporated by the Government of Ghana on December 17, 2018 as a public company limited by shares to raise capital for the purposes of capitalising the Selected Banks and influencing the transformation of the Selected Banks.

The sole shareholder of GAT is National Trust Holding Company Limited (“NTHC”), which is holding all the issued ordinary shares in GAT as the nominee for the Government of Ghana (“GoG”) under a nominee shareholder agreement entered into between the GoG and NTHC.

GAT has a 5-member board of directors (“GAT Board”) chaired by Mr. Albert Essien. Mr. Eric Otoo is the Managing Director of GAT. The details of the GAT Board are set out in the table below. The GAT Board is supported by KPMG (acting as an administrator of GAT).

GAT has no current intent to dispose off the shares to be acquired during the Private Placement in the near future.

### 6.2 Details of GAT

1		GAT
1.1	Full Name	Ghana Amalgamated Trust Plc
1.2	Incorporation Date	December 17, 2018
1.3	Company Registration Number	PL000242018
1.4	Authorised Business	(a) issue securities and list the securities on an approved stock exchange or privately place such securities in such manner as may be determined by its directors (b) make equity investments in selected financial institutions using proceeds from the issuance of securities (c) enter into agreements and such other arrangements and transactions in relation to the issuance and listing of securities and/or the making of the equity investments as may be necessary
1.5	Registered Address	c/o KPMG, Ocean House, 13 Yiyiwa Drive, Abelemkpe, Accra
2		GAT Shareholding
2.1	Name of Shareholder	National Trust Holding Company Limited
2.1.2	Registration Number	C9032
2.1.3	Registered Address	18 Gamel Abdul Nasser Avenue, Ringway Estates, Osu, Accra
2.1.4	Contact Details	Kwabena Appiah (via email: kappiah@nthc.com.gh)
2.2	Name of beneficiary holder	Government of Ghana (acting through the Ministry of Finance)
3		GAT Directors
3.1	Names of Directors	(a) Albert Essien ( <i>Chairman</i> ) (b) Eric Nana Otoo ( <i>Managing Director</i> ) (c) Sampson Akligoh ( <i>Non-executive Director</i> ) (d) Abenaa Kessewaa Brown ( <i>Non-executive Director</i> ) (e) Susan Ohene ( <i>Non-executive Director</i> )
3.2	Details of Directors	

### 3.2.1 Albert Essien

Albert Essien is a seasoned banker with about 30 years of experience in banking. He served as the Group Chief Executive Officer of Ecobank Transnational Incorporated (ETI) from March 12, 2014 to June 30, 2015 during which he led major business transformation programs. He served as Deputy CEO of ETI from January 1, 2012 to March 12, 2014. He started his career in 1986 at NIB before joining Ecobank Ghana Ltd in 1990. At Ecobank, Mr. Essien served in various roles including Corporate Banking and Risk Management before becoming Deputy Managing Director in 2001 and Managing Director from 2002. He currently serves as an Independent Non-Executive Director at Old Mutual Limited, South Africa.

Mr. Essien is an honorary fellow of the Chartered Institute of Bankers, Ghana, and holds a Bachelor of Arts degree from the University of Ghana, Legon. He is an alumnus of the Executive Development Program of INSEAD (France/Singapore) and a World Fellow of the Duke of Edinburgh Award.

### 3.2.2 Eric Nana Otoo

Eric Nana Otoo has about 15 years of experience in investment banking, consulting and private equity, having worked with, among others, Goldman Sachs, McKinsey and Duet. His experience in finance was honed at Goldman Sachs & Co.'s New York City office from 2007, where his responsibilities included coordinating and managing origination, valuation, acquisition and due diligence for investment transactions. In 2006 and later between 2010 and 2013, he worked as a strategy consultant at McKinsey's New York City office, where he worked with senior executives and boards of directors across different industries on various strategic, finance and operational issues. His work involved transformation programmes at some of the major US banks and the broader financial services sector. He was recently a director at Duet Private Equity where he managed companies in the firm's investment portfolio with additional duties including finding new investment opportunities. He worked closely with senior management of the portfolio companies to develop and implement strategies and improve business performance.

Mr. Otoo received his MBA from Harvard Business School with second year honours as a Jack Kent Cooke Scholar. He also has certifications as a Chartered Financial Analyst (CFA), a Certified Management Accountant (CMA), and a Certified Financial Manager (CFM). Mr. Otoo attended Grinnell College in the US, for his undergraduate studies where he received majors in Economics and Computer Science with Phi Beta Kappa honours.

### 3.2.3 Sampson Akligoh

Sampson Akligoh is the Acting Director of the Financial Sector Division of the Ministry of Finance. Prior to this role, he worked in the financial services industry in advisory, asset management and as an economist. Mr. Akligoh was the Managing Director of InvestCorp, a financial services firm in Accra, Ghana. He previously served as a Vice President at Databank where he was Head of Research and a Fixed Income Strategist. He also worked at SIC Financial Services Limited and with African Development Corporation AG in Frankfurt, which was acquired by Atlas Mara in 2014. He also previously served as an adjunct lecturer in International Economics at Ashesi University College in 2014.

Mr. Akligoh holds a Bachelor of Arts degree in Economics and Law (First Class Honours) from the Kwame Nkrumah University of Science & Technology in Ghana, and a Master of Arts degree in Economic Policy and

Corporate Strategy from the Maastricht School of Management in the Netherlands.

**3.2.4 Abenaa Kessewaa Brown** Abenaa is currently the Principal (and a member of the Governing Council) of the National Banking College since August 2016. Prior to joining the National Banking College, she worked in a number of capacities with Standard Chartered Bank as a People Manager, Head of Customer Support leading a team of over 110 staff. She was part of the management team which established and implemented the West Africa Shared Service Centre for Standard Chartered Bank. She then joined and headed Standard Chartered Bank’s Organisational Learning, Talent & Development for West Africa, partnering with functional executives in over 6 West African countries as a leadership facilitator, coach and talent management facilitator. As a facilitator, she partnered with Standard Chartered Bank’s learning team in Singapore, MESA and India in the design and delivery of Leadership, Professional and Technical programmes. In 2013, she was seconded to head Standard Chartered Bank’s Learning and Talent team for the Americas (North and South) based in New York and New Jersey, USA.

Abenaa holds a Bachelor of Arts degree in Accounting from Langston University, Oklahoma, USA and an Executive Master of Business Administration degree from the China Europe International Business School (CEIBS), Ghana campus. She is a Certified Public Accountant (USA) and a member of Institute of Chartered Accountants, Ghana (ICAG). She is also a Gallup Strengths Coach and has an advance facilitation standards certificate as well as a certification in emotional intelligence. She is also a 2018 graduate of the International Gestalt Organisation and Leadership Development I-Gold Program, an intense learning experience to deepen knowledge and performance in organisation development, organisational effectiveness, change management, leadership, and consulting and coaching from a Gestalt perspective. She is a proud member of the Executive Women's Network in Ghana.

**3.2.5 Susan Ohene** Susan Ohene is currently the Head of Regional Corporates for Ecobank Ghana Limited. She began her banking career in 1990 with the Corporate and Investment Banking Division of NatWest Bank (now part of the Royal Bank of Scotland Group Plc). She joined the Syndicated Loans Team with special focus on infrastructure deals in southern Europe in 1991. She later joined Mellon Investor Services in New Jersey in 1998 as a Relationship Manager in Asset Servicing for Institutional clients. Following the merger between Mellon Investor Services and Bank of New York, she set up the Initial Public Offering executing desk and served as Vice President and Regional Manager at Bank of New York Mellon from 2007. On her return to Ghana in 2013, Ms. Ohene joined Ecobank Ghana Limited as Head of Public Corporates, Corporate Bank.

Ms. Ohene has a Bachelor of Arts in Public Administration and Management from the University of Kent, U.K., and a Master of Arts in Banking and Finance from Istituto Giordano Dell’Amore in Italy.

**4 GAT Administrator**

<b>4.1</b>	Name of Administrator	KPMG
<b>4.2</b>	Registered Address	Marlin House, 13 Yiyiwa Drive, Abelenkpe, Accra
<b>4.3</b>	Contact Details	Daniel Adoteye (via email: dadoteye@kpmg.com)

## **PART 7. ADDITIONAL TERMS AND INFORMATION**

### **7.1 Qualifying Participant**

Participation in this Private Placement is limited to GAT, per the AGM dated August 28, 2019, where shareholders gave authorization for this transaction and waived their pre-emptive rights. The ADB Board also passed resolutions authorizing GAT to take up all Private Placement Shares, through the board resolution dated October 17, 2019.

### **7.2 Bank of Ghana Approval**

Under the Banks and Specialised Deposit-Taking Institutions Act, 2016 (Act 930), the Bank of Ghana's approval is required for the sale or acquisition of 5% shareholding or more of the shares of the Company, in addition to 10%, 20%, 30%, 50%, and 75% shareholding. ADB is in the process of obtaining the necessary approval from the BoG.

### **7.3 Taxation**

These include:

a. Withholding Tax on Dividend

Under current Ghanaian tax law, all dividend payments are subject to a dividend withholding tax of 8%. No further tax is payable on dividends received.

b. Capital Gains

Pursuant to the Income Tax (Amendment) Act, 2017 (Act 941) gains derived from the realisation of securities listed on the Ghana Stock Exchange (which would include ADB Shares) are exempt from tax. This exemption is applicable up to December 31, 2021.

c. Corporate tax

The Income Tax Act, 2015 (Act 896), as amended, prescribes a corporate tax of 25% for all listed companies.

d. Capital Duty

The proceeds of the Private Placement will be subject to a capital duty (at the rate of 0.5%) payable by ADB

