
NOTICE OF ANNUAL GENERAL MEETING & CIRCULAR TO SHAREHOLDERS

26th April 2018 • Accra City Hotel



 **hfc**bank

A Subsidiary of  Republic Financial Holdings Limited

This document is important and requires your immediate attention.

This document has been seen and approved by the Directors of HFC Bank (Ghana) Limited. The Directors collectively and individually accept full responsibility for the accuracy of the information contained in the document. The Directors confirm that after making all reasonable inquiries and to the best of their knowledge and belief there are no facts the omission of which would make any statement in the document misleading.

If you have any queries or require further clarifications, please contact Mrs. Ama Amoah, Company Secretary of the Company, on telephone number (233) 302 242090 – 4 or by email at bamoah@hfcbank.com.gh.

Thank you for your continuing support of the Company.

NOTICE OF MEETING

NOTICE IS HEREBY GIVEN THAT the 27th Annual General Meeting of HFC Bank (Ghana) Limited (the "Company") will be held at Accra City Hotel, Barnes Road, Accra at Eleven O'clock in the forenoon (11.00 am) on Thursday 26th April 2018 to transact the following business:

AGENDA

ORDINARY BUSINESS

1. To receive and adopt the Annual Report and Audited Financial Statements of the Company (and its Subsidiaries) for 2017 together with the Directors' and Auditors' Reports thereon.
2. To ratify / elect / re-elect Directors.
3. To authorize the Directors to raise capital under a Rights Issue.
4. To appoint KPMG as Auditors.
5. To authorize Directors to fix the remuneration of the Auditors for the year 2018.

SPECIAL BUSINESS

6. To amend the Company's Regulations by Special Resolution in the following manner:-
That Regulation 55 be deleted in its entirety and replaced with the following as a new Regulation 55:-
Meetings shall be conducted in accordance with sections 166 to 173 of the Code. On a poll being validly demanded the Chairman of the meeting shall direct such poll in accordance with Section 170 of the Code;

NOTE:

A Member who is unable to attend a General Meeting is entitled to appoint a proxy to attend and vote on his/her behalf. A proxy need not also be a member.

A proxy form is attached herewith to enable you exercise your vote if you cannot attend. The form should be completed and deposited at the Company's Registered Office at Ebankese, No. 35 6th Avenue, North Ridge, Accra, aforesaid or via email to hfcamp@hfcbank.com.gh at any time prior to the commencement of the meeting in accordance with the Company's Regulations.

All relevant documents in connection with the meeting are available to shareholders from the date of this notice on the Company's website (www.hfcbank.com.gh) and at the Company's Registered Office aforesaid.

Dated this 8th day of March 2018

COMPANY SECRETARY

BY ORDER OF THE BOARD

DRAFT RESOLUTIONS

I AS ORDINARY RESOLUTIONS

1. That the Financial Statements of HFC Bank (Ghana) Limited and its Subsidiaries for the financial year ended 31st December 2017 together with the Auditors' Report thereon be received and adopted.
2. That the Directors' Report for the year ended 31st December 2017 be received and adopted.
3. That the appointment by the Directors of Mr. Anthony Jordan as a Managing Director of the Company pursuant to Regulation 62 of the Company's Regulations and Sections 181 (3) and 193 (a) of the Companies Act, 1963 (Act 179) (the "Companies Act") be and is hereby ratified in accordance with Section 137 (5) (c) of the Companies Act, subject to regulatory approval.
4. That Mr. Ebenezer Tetteh Tagoe be and is hereby re-elected as a Director of the Company under Regulation 64 of the Company's Regulations and Section 298 (e) of the Companies Act.
5. That Mr. Paul King Aryene be and is hereby re-elected as a Director of the Company under Regulation 64 of the Company's Regulations and Section 298 (e) of the Companies Act.
6. Raising of Capital:-
 - (1) That the Directors of the Company be and are hereby generally and unconditionally authorised to increase the Company's Stated Capital by up to Two Hundred and Fifty-Five Million Ghana Cedis (GHS 255,000,000) by a renounceable rights issue and to exercise all the powers of the Company pursuant to Section 202 (1) of the Companies Act, 1963 (Act 179) to offer, issue and allot to registered members of the Company, in proportion as nearly as may be practicable to their respective holdings in the issued shares of the Company, such number of ordinary shares as may be required to increase the Company's Stated Capital by up to Two Hundred and Fifty-Five Million Ghana Cedis (GHS 255,000,000) ("the Rights Issue").
 - (2) That the Directors of the Company be and are hereby authorised, subject to all applicable laws and regulatory requirements, to determine the terms, timing and pricing of any such offer, option, allotment or issue and to offer, issue, allot, and/or deal with all such shares as are not subscribed to by the registered members of the Company in the Rights Issue at such times, on such terms and for such prices as the Directors shall determine.
7. That KPMG be and is hereby appointed as Auditors of the Company pursuant to Section 134 (4) of the Companies Act and subject to regulatory approval.
8. That the Directors be and are hereby authorized to fix the remuneration of the Company's Auditors for the Financial Year 2018.

II AS SPECIAL RESOLUTION

To amend the Company's Regulations by Special Resolution in the following manner:-

9. That Regulation 55 be deleted in its entirety and replaced with the following as a new Regulation 55:-
 - 55) Meetings shall be conducted in accordance with sections 166 to 173 of the Code. On a poll being validly demanded the Chairman of the meeting shall direct such poll in accordance with Section 170 of the Code;

PROFILES OF PROPOSED DIRECTORS

3. MR. ANTHONY JORDAN

Mr. Anthony Jordan was appointed the Managing Director of the Company in December 2017. Prior to this appointment, he was the General Manager, Risk Management at HFC Bank (Ghana) Ltd.

Mr. Jordan is an experienced and highly respected corporate and commercial banker with 34 years' service in the banking industry in Trinidad & Tobago and in Ghana. Prior to joining HFC Bank, Mr. Jordan was an Assistant General Manager, Corporate and Investment Banking at Republic Bank Limited in Trinidad & Tobago with responsibility for all aspects of business development in both Corporate Banking and the Capital Markets.

Mr. Jordan holds an EMBA and a BSc in Management from the University of the West Indies and is a member of the Chartered Institute of Bankers.

6. PROPOSED RIGHTS ISSUE

6.1 REASONS FOR THE PROPOSED RIGHTS ISSUE

In accordance with Section 28 (1) of the Banks & Specialised Deposit-Taking Institutions Act, 2016 (Act 930), the Bank of Ghana by Directive No. BG/GOV/SEC/2017/19 set the minimum paid-up capital for Banks at Four Hundred Million Ghana Cedis (GHS 400,000,000) and directed all Banks to achieve this minimum by the 31st of December 2018.

As at December 2017, the Company's capital stood at approximately One Hundred and Forty Six Million and Two Hundred Thousand Ghana Cedis (GHS 146,200,000). The Company is therefore required to increase its stated capital by the end of December 2018 to Four Hundred Million Ghana Cedis (GHS 400,000,000) in order to comply with the Bank of Ghana's Directive.

Accordingly, the Board of Directors (after seeking relevant advice) has opted to recommend an equity capital raise through a renounceable rights issue ("Rights Issue") to enable all Shareholders to participate on an equal basis in the Company's growth agenda and also create an opportunity for Shareholders to maintain their shareholding without being diluted by an alternative route to a capital raise.

6.2 DETAILS OF THE PROPOSED RIGHTS ISSUE

The exact number of offer shares and the issue price will be determined by the Board of Directors immediately prior to the launch of the proposed Rights Issue and will be set out in a Prospectus to be circulated to Shareholders.

It is intended that any rights not taken up or renounced by any Shareholder will be offered to the other participating Shareholders. Details of this will be set out in the Prospectus.

The additional shares to be issued by the Company under the proposed Rights Issue shall be listed on the Ghana Stock Exchange.

6.3 REQUIRED APPROVALS FOR THE PROPOSED RIGHTS ISSUE

The Company would be required to issue a Prospectus which is subject to the approval of the Securities & Exchange Commission. Accordingly, the Company shall, immediately after the Shareholders have authorised the proposed Rights Issue, obtain the approval of the Securities & Exchange Commission to the Prospectus and thereafter circulate the same to Shareholders.

The shares to be issued by the Company under the proposed Rights Issue shall be listed on the Ghana Stock Exchange. The additional listing is subject to the approval of the Ghana Stock Exchange. Accordingly the Company shall, immediately after the Shareholders have authorised the proposed Rights Issue, also obtain the approval of the Ghana Stock Exchange for the additional listing.

6.4 DIRECTORS' RECOMMENDATION

In view of the above, the Board recommends that Shareholders vote in favour of the resolutions to raise capital by an amount up to Two Hundred and Fifty-Five Million Ghana Cedis (GHS 255,000,000) by a renounceable rights issue subject to all applicable laws and regulatory requirements in order to meet the regulatory minimum capital requirement of GHS 400,000,000 as per Bank of Ghana's Directive No. BG/GOV/SEC/2017/19.

7. APPOINTMENT OF KPMG AS NEW AUDITORS

7.1 BACKGROUND

Section 81(4) of the Banks & Specialised Deposit-Taking Institutions Act, 2016 (Act 930) and Section 197 of the Securities Industry Act, 2016 (Act 929) provide that an auditor of a bank or specialised deposit-taking institution shall hold office for a term of not more than six years. The auditors are only eligible for re-appointment after a cooling off period of not less than five years.

The external auditors, Ernst & Young, have been auditing the Company for six years as at the end of 2017. In view of the statutory requirements, Ernst & Young cannot continue to act as the Company's external auditors after the expiration of this period.

7.2 WAY FORWARD

Proposals were invited from major international accounting firms for the position of external auditors of the Company for the 2018 financial year and beyond.

After a rigorous evaluation and selection process, KPMG came up as the preferred firm to provide auditing services to the Company. KPMG is a globally recognised international accounting firm which has been operating in Ghana since 1929. The firm provides a wide range of multi-disciplinary professional services to both local and international organizations within the Ghanaian business community. It has helped businesses to address the most complex challenges by drawing on its long tradition of professionalism and integrity. It has a staff strength of approximately 314, including 10 partners.

KPMG has provided audit services to some key players in the Financial Industry in Ghana, Africa and globally. These include Ecobank Ghana Limited, Stanbic Bank Ghana Limited, GCB Bank Limited, CAL Bank Limited, Access Bank Ghana Limited, ADB Bank Limited, Bank of Ghana etc. KPMG also has experience in working with group auditors who are not part of the KPMG network.

7.3 DIRECTORS' RECOMMENDATION

In view of the above, the Directors recommend that Shareholders vote in favour of the resolution to appoint KPMG as the new external auditors of the Company for the 2018 financial year and beyond.

9. PROPOSED AMENDMENT TO REGULATIONS

POLL VOTING AT GENERAL MEETINGS

9.1 INTRODUCTION

The Board of Directors undertook a review of the Regulations of the Company specifically with a view to simplifying the voting process at General Meetings and reflect best practice.

9.2 CURRENT PROVISION OF THE REGULATIONS OF THE COMPANY

Regulation 55 of the Company's Regulations provides as follows:-

- 55) Meetings shall be conducted in accordance with sections 166 to 173 of the Code. On a poll being validly demanded the Chairman of the meeting shall direct a postal ballot in accordance with subsection (6), (7) and (8) of Section 170 of the Code;

9.3 REASONS FOR PROPOSED AMENDMENT

The current provisions of both the Company's Regulations and the Companies Act (also referred to as 'the Code') require that where a poll is demanded at a General Meeting of the Company, it is mandatory for the Chairman to direct that voting be by way of a postal ballot of the members entitled to attend and vote on the resolution.

Section 170 (8) of the Companies Act provides further that for the purposes of a postal ballot, "ballot papers shall be served on members entitled to vote on the resolution in the same manner as notice of the meeting is required to be given to them.....". This would require that where notice of meeting is given by post, email, media, website, or indeed by any other means, the same procedure would have to be followed for the postal ballot, including also following the statutory period of notice. This course of action potentially poses logistical and other challenges for the Company, particularly where time may be of the essence with regard to the subject matter under consideration.

An amendment to the Regulation is therefore being proposed to provide the Chairman some level of flexibility to pursue any legitimate and effective poll voting option at General Meetings, without the Company having to specifically re-send or re-publish (notices of) the poll to Shareholders in accordance with the prevailing provisions.

9.4 PROPOSED AMENDMENT

The proposed amendment to Regulation 55 is as follows:-

- 55) Meetings shall be conducted in accordance with sections 166 to 173 of the Code. On a poll being validly demanded the Chairman of the meeting shall direct such poll in accordance with Section 170 of the Code;

The operation of the proposed amendment would enable speedier decision making at General Meetings and the opportunity for Shareholders to be immediately aware of resolutions, without the need for a protracted postal process and publication of results at the end of an extended period.

9.5 REQUIRED APPROVALS FOR THE AMENDMENT TO THE REGULATIONS

The Company would be required to, pursuant to the Banks & Specialised Deposit-Taking Act 2016 (Act 930), seek the prior approval of the Bank of Ghana before it can make any amendment to the Company's Regulations. A formal application will be made as soon as Shareholders approve the proposal.

9.6 DIRECTORS' RECOMMENDATION

The Directors are of the opinion that the proposed amendment to the Regulations would be in the interest of the Shareholders as it would simplify the voting process at General Meetings. The Board therefore recommends that Shareholders vote in favour of the Special Resolution to amend the Company's Regulations as set out in the Notice of AGM.

EXTRACTS FROM LEGISLATION REFERRED TO

Provisions of the Companies Act, 1960 (Act 179) – The Companies Act

Section 166—Chairman of Meetings.

(1) Unless otherwise provided in the company's Regulations, the chairman of the board of directors shall preside as chairman at a general meeting of the company, or if the board does not have a chairman or, if the Chairman is not present within fifteen minutes after the time appointed for holding the meeting or is unwilling to act, the directors present shall elect one of their number to be chairman of the meeting, or, if a director is not present or willing to act, the members present shall choose one of their number to be chairman of the meeting.

Section 167—Adjournments.

(1) The chairman may, with the consent of the meeting at which a quorum is present, and shall if so directed by an ordinary resolution passed at the meeting, adjourn the meeting from time to time and from place to place; but a business shall not be transacted at any adjourned meeting other than the business left unfinished at the meeting from which the adjournment took place and an additional business of which due notice shall be given as in the case of an original meeting.

(2) When a meeting is adjourned for thirty days or more, notice of the adjourned meeting shall be given as in the case of an original meeting.

(3) Subject to this section, and unless the company's Regulations otherwise provide, it shall not be necessary to give notice of the adjournment of a meeting at which a quorum was present, or of the business to be transacted at the adjournment.

Section 168—Types of Resolution.

(1) A resolution is an ordinary resolution when it has been passed by a simple majority of votes cast by the members of the company who, being entitled so to do, vote in person or, where proxies are allowed, by proxy at a general meeting.

(2) A resolution is a special resolution when it is passed by not less than three-fourths of the votes cast by the members of the company who being entitled so to do, vote in person or, where proxies are allowed, by proxy at a general meeting of which, notice specifying the intention to propose the resolution as a special resolution, has been duly given.

(3) A reference in this Act or in the Regulations, debentures or debenture trust deed to an ordinary or special resolution of a meeting of a class of shareholders, creditors, or debenture holders bears a like meaning to that specified in subsection (1) or (2) with the substitution of the members of the class for the members of the company.

Section 169—Amendments.

The terms of a resolution, special or ordinary, before a general meeting may be amended by ordinary resolution moved at the meeting if by the terms of the resolution as amended adequate notice of the intention to pass the resolution can be deemed to have been given in accordance with section 153.

Section 170—Procedure on voting.

(1) Unless the company's Regulations shall otherwise provide, a resolution put to the vote of a meeting shall be decided on a show of hands unless a poll is, before or on the declaration of the result of the show of hands, demanded by,

(a) the chairman,

(b) at least three members present in person or by proxy, or

(c) any member or the members present in person or by proxy and representing not less than one-twentieth of the total voting rights of the members having the right to attend and vote on the resolution:

(2) A provision contained in the company's Regulations regarding voting procedure is void in so far as it would have the effect,

(a) of excluding the right to demand a poll on a question other than the election of the chairman or the adjournment of the meeting; or

(b) of making ineffective a demand for a poll on a question which is made by the persons specified in any of paragraphs (a), (b) or (c) of this subsection (1).

(3) The demand for a poll may be withdrawn.

(4) On a show of hands each member who is personally present and entitled to vote and each proxy for a member entitled to vote shall have one vote.

(5) Unless a poll is effectively demanded, a declaration by the chairman that a resolution has, on a show of hands been carried, or carried unanimously, or by a particular majority, or lost, and an entry to that effect in the book containing the minutes of the meeting is conclusive evidence of the fact without proof of the number or proportion of votes recorded in favour of or against such resolution.

(6) If a poll is effectively demanded it shall be taken at the time and in the manner that the chairman shall direct.

(7) In lieu of directing that a poll shall be taken of those members present in person or by proxy at the poll, the chairman may direct that voting shall be by postal ballot of all the members entitled to attend and vote on the resolution.

(8) For the purposes of subsection (7), ballot papers shall be served on the members entitled to attend and vote on the resolution in the same manner as notice of the meeting is required to be given to them and the members may cast their votes either by personally completing the ballot papers or by having the ballot papers completed by a proxy of theirs whose instrument of appointment has been deposited, in accordance with subsection (5) of section 163, not less than twenty-four hours before the time appointed for the closing of the ballot.

(9) Despite subsection (6), a postal ballot in accordance with subsections (7) and (8) shall be directed by the chairman if,

(a) the company's Regulations so provide; or

(b) on or after the chairman has directed a poll, an ordinary resolution in favour of a postal ballot under this subsection is moved at the meeting and passed on a show of hands.

(10) For all the purposes of this Act, a postal ballot in accordance with subsections (7) and (8) shall be deemed to be a poll.

(11) Except as otherwise lawfully provided in the company's Regulations, on a poll each shareholder entitled to vote shall have one vote for each share held by the shareholder and each member of a company limited by guarantee shall have one vote.

(12) On a poll a member entitled to more than one vote, or a proxy representing more than one member or a member entitled to more than one vote, need not, in voting, use all the votes or cast all the votes the member uses in the same way.

(13) Unless the company's Regulations otherwise provide, in the case of an equality of votes, whether on a show of hands or a poll, the chairman of the meeting at which the show of hands takes place or at which the poll is demanded shall be entitled to a second or casting vote.

Section 171—Voting by joint holders.

In the case of joint holders the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted, to the exclusion of the votes of the other joint holders; and for this purpose seniority shall be determined by the order in which the names stand in the register of members.

Section 172—Votes by persons of unsound mind.

A member of unsound mind may vote, whether on a show of hands or a poll, by the person that may be appointed for the purpose by the Court and the person so appointed may vote by proxy.

Section 173—Date of passing of resolutions.

(1) Where a resolution is passed at an adjourned meeting, the resolution is, for all purposes, passed on the date on which it was in fact passed at the adjourned meeting.

(2) Where a resolution is passed on a poll it is for all purposes passed on the day on which the result of the poll is declared, and not on any earlier day.

Provisions of the Securities Industry Act, 2016 (Act 929)

Section 197—Audit & audit of issuers and licencees

(4) An auditor of an issuer of public securities and a person licensed under this Act shall hold office for a term of not more than six years and is eligible for re-appointment after a cooling-off period of not less than five years.

Provisions of the Banks & Specialised Deposit-Taking Institutions Act, 2016 (Act 930)

Section 81 – Appointment of Auditors

(1) An auditor of a bank or specialised deposit taking-institution shall except as provided in subsection (2) of section 82, be appointed at an annual general meeting of the bank or specialised deposit-taking institution and be approved by the Bank of Ghana in the manner and on the terms that may be prescribed.

- (2) The Directors of a bank or specialised deposit-taking institution may appoint
- (a) the first auditor of the bank or specialised deposit-taking institution; or
 - (b) an auditor to act in place of the auditor who is for any reason unable or unwilling to act until a new auditor is appointed at an annual general meeting or until the Bank of Ghana appoints an auditor under subsection (2) of section 82.
- (3) A person shall not be appointed an auditor of a bank or specialised deposit-taking institution unless that person
- (a) is a member of the Institute of Chartered Accountants (Ghana) under the chartered Accountants Act, 1963 (Act 170); and
 - (b) is not disqualified by an enactment in force in this country or in any other country from being appointed as an auditor of a body corporate.
- (4) An auditor of a bank or specialised deposit-taking institution shall hold office for a term of not more than six and is eligible for re-appointment after a cooling off period of not less than five years.

HFC BANK (GHANA) LIMITED

PROXY

I/We _____ of _____

_____ being members of HFC BANK (GHANA) LIMITED hereby appoint _____ or failing him, MR. CHARLES ZWENNES, Chairman of HFC Bank (Ghana) Limited, P.O. Box CT4603, Cantonments, Accra, as my/our proxy to vote for me/us on my/our behalf at the Extraordinary General Meeting of the Company to be held at Accra City Hotel, Barnes Road, Accra at eleven o'clock (11:00am) in the forenoon on the 26th day of April 2018 and at any adjournment thereof.

Please indicate with a tick in the space below how you wish your votes to be cast

RESOLUTIONS		FOR	AGAINST	ABSTAIN
1. To consider and approve the Financial Statements of HFC Bank (Ghana) Limited & Auditors Report thereon.	1.			
2. To receive and adopt the Directors' Report.	2.			
3. To ratify the appointment of Mr. Anthony Jordan as Managing Director.	3.			
4. To re-elect Mr. Ebenezer Tetteh Tagoe as a Director.	4.			
5. To re-elect Mr. Paul King Aryene as a Director.	5.			
6. (1) To undertake a renounceable rights issue, to offer, issue and allot shares.	6 (1).			
(2) To determine terms of the issue and deal with unsubscribed shares.	6 (2).			
7. To appoint KPMG as Auditors.	7.			
8. To authorise Directors to fix the Auditors' fees.	8.			
SPECIAL RESOLUTIONS				
9. To amend the Regulations – Regulation 55.	9.			

Or any other business transacted at the meeting and otherwise instructed in the paragraphs above, the proxy will vote as he/she thinks fit.

This ___ day of _____ 2018 Signed _____

THIS FORM SHOULD NOT BE COMPLETED AND SENT TO THE SECRETARY IF THE SENDER WILL BE ATTENDING THE MEETING

- Provision has been made on the form for MR. CHARLES ZWENNES, the Chairman of the Meeting, to act as your Proxy but if you so wish, you may insert in the blank space the name of any person whether a member of the Company or not who will attend the Meeting and vote on your behalf instead of the Chairman.
- In the case of joint holder, each holder must sign. In case of a company, the Proxy Form must be signed by a Director or its Common Seal appended.

If you intend to sign a Proxy, please sign the above Proxy Form and post/submit it to reach the Secretary, HFC Bank (Ghana) Limited, Ebankese, P.O. Box CT4603, Cantonments, Accra, Ghana or via email to hfcomp@hfcbank.com.gh at any time prior to the commencement of the meeting in accordance with the Company's Regulations.



THIRD FOLD HERE

THE SECRETARY
HFC BANK (GHANA) LIMITED
EBANKESE
P.O. BOX CT4603
CANTONMENTS
ACCRA, GHANA

SECOND FOLD HERE

FIRST FOLD HERE

