



# PBC Limited

Incorporated as a public company with limited liability in the Republic of Ghana with registration number CS-387132014

## PROSPECTUS

Relating to the offer and listing of notes under the **GHS 400,000,000 Domestic Note Programme** on the Ghana Fixed Income Market

DATED: 19th October, 2016

ARRANGER



LEGAL ADVISER



SPONSORING BROKER



REPORTING ACCOUNTANT



ESCROW AGENT



NOTE TRUSTEE/PAYING BANK/AGENT



REGISTRAR/CALCULATION AGENT



## IMPORTANT INFORMATION AND DISCLAIMERS

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**THIS PROSPECTUS CONTAINS IMPORTANT INFORMATION ABOUT THE ISSUER AND THE NOTES. PROSPECTIVE INVESTORS SHOULD CAREFULLY READ THIS DOCUMENT AS WELL AS CONSULT THEIR PROFESSIONAL INVESTMENT ADVISERS AND DEALERS ABOUT THE SOUNDNESS OF THEIR CHOICE TO INVEST IN THE NOTES ISSUED UNDER THIS PROGRAMME PRIOR TO MAKING A PURCHASE**

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PBC Limited (the **Issuer** or **PBC**) is a public limited liability company incorporated under the Companies Act (as defined below). PBC is licensed by Ghana Cocoa Board as a licensed cocoa buying company.

PBC has established this domestic note issuance programme to raise an aggregate amount of GHS 400,000,000 (the **Programme**). Under this Programme, the Issuer may, from time to time, issue Notes (as defined below) denominated in any currency as specified in an Applicable Pricing Supplement (as defined below) subject to the approval of the Bank of Ghana. The maximum aggregate principal amount of all Notes from time to time outstanding under the Programme will not exceed the equivalent of GHS 400,000,000.

The Applicable Pricing Supplement which pertains to the Notes of such Series or Tranche shall contain the final offer price, aggregate principal amount and interest (if any) payable in respect of such Notes and all other terms and conditions not contained herein which are applicable to each Series (as defined below) and each Tranche (as defined below). Each Applicable Pricing Supplement shall be subject to the approval of the SEC (as defined below).

This prospectus (**Prospectus**) provides, among others, the terms and conditions of the Notes, the risk factors relating to the Notes and PBC and a description of PBC and its business activities

**This Prospectus has been reviewed and approved by the SEC in accordance with section 9 of the Securities Industry Act (as defined below) and the SEC Regulations (as defined below). In its review, the SEC examined the contents of this Prospectus to ensure that adequate disclosures have been made.** PROVISIONAL approval has been obtained from the GSE (as defined below) for permission to list and trade all the Notes on the Ghana Fixed Income Market (**GFIM**) upon the Issuer fulfilling all listing requirements.

**A copy of this Prospectus has been delivered to the Registrar-General's Department (as defined below) for filing as required under section 275 of the Companies Act.**

Neither the SEC, nor the GSE, nor the Registrar-General's Department assumes any responsibility for the correctness of any statements made, opinions expressed or reports contained in this Prospectus. Neither the SEC, nor the GSE, nor the Registrar-General's Department has verified the accuracy and truth of the contents of this Prospectus or any other documents submitted to it, and the SEC, the GSE and the Registrar-General's Department will not be liable for any claim of any kind whatsoever. Approval of the issue and/or listing of the Notes by the SEC or the GSE is not to be taken as an indication of the merits of the Issuer or of any issue of the Notes.

The contents of this Prospectus do not constitute, and are not to be construed as, legal, business or tax advice. Each investor should consult his/her/its own legal adviser, financial adviser or tax adviser for legal, financial and/or tax advice in relation to the purchase of the Notes.

Prospective investors should pay particular attention to the factors described under Section 6 (Risk Factors) in this Prospectus.

### **A. GENERAL INFORMATION**

The Issuer accepts responsibility for the information contained in this Prospectus and the Applicable Pricing Supplement for each Tranche or Series of Notes issued under the Programme. To the best of the knowledge of the Issuer (having taken all reasonable care to ensure that such is the case) the information contained in this Prospectus is in accordance with

the facts as at the date hereof and does not omit anything likely to affect the import of such information.

To the best of the knowledge of the Arranger (as defined below), the Sponsoring Broker (as defined below), the Note Trustee (as defined below), the Reporting Accountants (as defined below) and the Legal Advisers (as defined below) (or any of their respective directors, Affiliates, advisers or agents), the Prospectus constitutes full and fair disclosure of all material facts about the Programme and the Issuer.

The Arranger, the Sponsoring Broker, the Note Trustee, the Reporting Accountants and the Legal Advisers have not independently verified the information contained herein. Accordingly, no representation or warranty, expressed or implied, is made by the Arranger, the Sponsoring Broker, the Note Trustee, the Reporting Accountants or the Legal Advisers (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 Prospectus or any Applicable Pricing Supplement. Nothing contained in this Prospectus, 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 Arranger, the Sponsoring Broker, the Note Trustee, the Reporting Accountants or the Legal Advisers (or any of their respective directors, Affiliates, advisers or agents) in any respect.

The distribution of this Prospectus and the offer or sale of the Notes in certain jurisdictions may be restricted by law. Neither the Issuer nor the Arranger nor the Dealers represents that this Prospectus may be lawfully distributed, or that any of the Notes may be lawfully offered, in compliance with any applicable registration or other requirements in any such jurisdiction, or pursuant to an exemption available thereunder, or assume any responsibility for facilitating any such distribution or offering. In particular, no action has been taken by the Issuer which is intended to permit an offering of any of the Notes or distribution of Prospectus in any jurisdiction where action for that purpose is required. Accordingly, no Notes may be offered or sold, directly or indirectly, and neither this Prospectus nor any advertisement or other offering material may be distributed or published in any jurisdiction, except in circumstances that will result in compliance with any applicable laws and regulations. Persons into whose possession this Prospectus or any Notes may come must inform themselves about, and observe any such restrictions.

This Prospectus does not constitute an offer and may not be used for the purpose of an offer or solicitation by anyone in any jurisdiction or in any circumstances in which such an offer or solicitation is not authorised or is unlawful. The Issuer and the Arranger accept no responsibility for any violation by any person of any such restrictions.

Before deciding whether to subscribe for the Notes, an investor should consider whether the Notes are a suitable investment. Investors should consult suitable professional advisers and rely exclusively on the information contained in this Prospectus when making a decision as to whether to purchase the Notes. No person is authorised to give any information or make any representation not contained in this Prospectus or any Applicable Pricing Supplement in connection with the Programme, and, if given or made, such information or representation must not be relied upon as having been authorised by the Issuer or the Arranger.

The information contained in this Prospectus is accurate only as of the date of the Prospectus, regardless of the time of delivery of this Prospectus or any offering or sale of the Notes. In the event that this Prospectus is delivered to or comes into the possession of any investor at any time after the date hereof, it is for, and the responsibility of, the investor to ascertain whether any supplement or amendment of the information herein contained has been made or issued, or whether updated information is available. Such updated information can be obtained from the registered offices of the Issuer and the Note Trustee at all times. Reliance on this Prospectus at any time subsequent to the date hereof without reference to any such updated information subsequent to the date of the Prospectus shall be at the investor's risk.

This Prospectus is to be read in conjunction with all documents specifically stated to be incorporated or referred to herein, and should be read and understood on the basis that such

other documents are incorporated in and form part of this Prospectus under Section 4 (Incorporation of Documents by Reference) hereof.

All payments in respect of the Notes will be subject to deduction for, or on account of, Taxes in Ghana, as described in Condition 8 of the Conditions (as defined below).

## **B. SUPPLEMENTS TO THE PROSPECTUS**

In the event of any occurrence of a significant factor, material mistake or inaccuracy relating to the information included in the Prospectus, the Issuer will prepare a supplement to this Prospectus or publish a new prospectus for use in connection with any subsequent issue of Notes. Such supplement or new prospectus will be subject to the approval of the SEC.

## **C. PRESENTATION OF FINANCIAL AND OTHER INFORMATION**

Unless otherwise indicated, the financial information regarding the Issuer set forth in this Prospectus has been derived from:

- (a) the Issuer's audited income statements, statements of financial position, statements of cash flow and statement of changes in equity for the years ended 30<sup>th</sup> September, 2013, 30<sup>th</sup> September, 2014 and 30<sup>th</sup> September, 2015, and set out under Section 11 (Financial Reports and Performance) of this Prospectus. The Issuer's financial statements, which were audited by Messrs. Panell Kerr Foster (**PKF**) in Ghana, have been prepared in accordance with International Financial Reporting Standards (**IFRS**) and is presented in GHS, the reporting currency of the Issuer; and
- (b) the financial report and forecasts set out under Section 11 (Financial Reports and Performance) of this Prospectus and prepared by EY Ghana, which is acting as the Reporting Accountants to the Programme. The financial reports and forecasts are on the basis of EY Ghana's review of the Issuer's historical financial statements for the years ended 30<sup>th</sup> September, 2013, 30<sup>th</sup> September, 2014 and 30<sup>th</sup> September, 2015 as well as the unaudited financial statements for the period from 1<sup>st</sup> October, 2015 and ending 30<sup>th</sup> June, 2016.

## **D. ROUNDING**

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

## **E. FORWARD LOOKING STATEMENTS**

This Prospectus includes "forward-looking statements" that reflect the Issuer's intentions, beliefs or current expectations and projections about its future results, operations, financial condition, liquidity, performance, prospects, anticipated growth, strategies, plans, opportunities, trends and the market in which it operates.

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

These forward-looking statements speak only as of the date of this Prospectus. The Issuer expressly disclaims any obligation or undertaking to release publicly any updates or revisions to any forward-looking statement contained herein to reflect any change in the Issuer's expectations with regard thereto or any change in events, conditions or circumstances on which

any such statement is based. Investors should not place undue reliance on any forward-looking statements and are cautioned that any forward-looking statements are not guarantees of future results, performance or achievements of the Issuer.

## **F. MARKET SHARE AND INDUSTRY INFORMATION**

Industry and market information on Ghana's cocoa industry included in this Prospectus has been provided by the Issuer or has been obtained from third-party sources that are believed to be reliable. No assurance can be given, however, as to the accuracy and completeness of such information, and such market and position data has not been independently verified.

## **G. TRANSACTION ADVISERS**

Standard Chartered Bank Ghana Limited (**Standard Chartered** or **SCB**) is acting as Arranger (as defined below) and Escrow Agent (as defined below) to the Issuer in respect of the Programme. Standard Chartered consents to act in the specified capacities and to its name being stated in this Prospectus. Neither Standard Chartered nor any of its employees or principals has any material direct or indirect economic or financial interest in the Issuer.

Databank Brokerage Limited (**Databank**) is acting as Sponsoring Broker to the Issuer in respect of the Programme. Databank consents to act in the specified capacity and to its name being stated in this Prospectus. Neither Databank nor any of its employees or principals has any material direct or indirect economic or financial interest in the Issuer.

Fidelity Bank Ghana Limited (**Fidelity Bank**) is acting as Note Trustee (as defined below), Escrow Bank (as defined below), Paying Agent (as defined below) and Paying Bank (as defined below) in respect of the Programme. Fidelity Bank consents to act in the specified capacities and to its name being stated in this Prospectus. Neither Fidelity Bank nor any of its employees or principals has any material direct or indirect economic or financial interest in the Issuer.

Central Securities Depository (Ghana) Limited (**CSD**) is acting as Registrar (as defined below), Transfer Agent (as defined below) and Calculation Agent (as defined below) in respect of the Programme. CSD consents to act in the specified capacities and to its name being stated in this Prospectus. Neither CSD nor any of its employees or principals has any material direct or indirect economic or financial interest in the Issuer.

EY Ghana is acting as the Reporting Accountant to the Issuer in respect of the Programme. EY Ghana consents to act in the specified capacity and to its name being stated in this Prospectus and confirms that it has not withdrawn its consent to any statement or report prepared by it being included in this Prospectus (in the form and context in which it is included). As indicated above, EY Ghana has prepared the financial reports and forecasts set out under Section 11 (Financial Reports and Performance) of this Prospectus. The financial reports and forecasts are on the basis of EY Ghana's review of the Issuer's historical financial statements for the years ended 30<sup>th</sup> September, 2013, 30<sup>th</sup> September, 2014 and ending 30<sup>th</sup> September, 2015 as well as the unaudited financial statements for the period from 1<sup>st</sup> October, 2015 and ending 30<sup>th</sup> June, 2016. EY Ghana confirms that, based on its review, nothing has come to its attention that causes it to believe that the financial statements and forecasts set out under Section 11 (Financial Reports and Performance) of this Prospectus do not represent a true and fair view in accordance with IFRS and the Companies Act. Neither EY Ghana nor any of its employees or partners has any material direct or indirect economic or financial interest in the Issuer.

Bentsi-Enchill, Letsa & Ankomah ("**BELA**") is acting as Legal Adviser (as defined below) to the Issuer in respect of the Programme. BELA consents to act in the specified capacity and to its name being stated in this Prospectus and confirms that it has not withdrawn its consent to any statement or report prepared by it being included in this Prospectus (in the form and context in which it is included). BELA has prepared the Legal Compliance Letter (as defined below) set out under Section 14 (Legal Compliance Letter) of this Prospectus. Neither BELA nor any of its employees or partners has any material direct or indirect economic or financial interest in the Issuer.

## H. DIRECTORS' RESPONSIBILITY STATEMENT

The Issuer and the PBC Board (as defined below) accept responsibility for the information contained in this Prospectus.

This Prospectus has been reviewed and approved by the PBC 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, there are no facts the omission of which would make any statement in the document referred to above misleading. The profit forecast of the Issuer contained in this Prospectus has been reviewed and approved by the PBC Board after making all reasonable inquiries.

No Director (as defined below) 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) such person has been convicted of fraud, misappropriation or breach of trust or any other similar offence; or (c) such person was the subject of any order, judgement or ruling of any court of competent jurisdiction or administrative body enjoining him 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 this offer under the Programme. The Directors who have shares in the Issuer do not have intention of transferring any portion of their shareholding within a period of 2 years of the date of the Prospectus. The PBC Board warrants that no takeover offer has been made in respect of the shares of PBC over the past or current financial year.

Signed for and on behalf of the Issuer on 19<sup>th</sup> October, 2016

.....  
Director



.....  
Director





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## **CORPORATE INFORMATION OF THE ISSUER**

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<b>Issuer</b>	PBC Limited 106 Olusegun Obansajo Way Dzorwulu, Accra, Ghana Tel: +233(0)302-745-754/5/6 Fax: +233(0)302-745-760 Contacts: Maxwell Kojo Atta-Krah Email: info@pbcgh.com
<b>Directors</b>	Captain Kwadjo Adunkwa Butah (Retired) ( <i>Chairman</i> ) Maxwell Kojo Atta-Krah ( <i>Chief Executive Officer</i> ) Professor Basil Clarence Frans Lokko ( <i>Non-executive</i> ) Mr. Abraham Amaliba ( <i>Non-executive</i> ) Mrs. Mabel Oseiwa Quakyi ( <i>Non-executive</i> ) Mr. Hayford Kofi Nimoh ( <i>Non-executive</i> ) Professor Mohammed Salifu ( <i>Non-executive</i> ) Mr. Stephen Baba Kumasi ( <i>Non-executive</i> ) Mr. Matthew Boadu Adjei ( <i>Non-executive</i> ) Mr. Thomas Dzoletto Kwami ( <i>Non-executive</i> ) Mr. Karikari Gyamfi ( <i>Non-executive</i> )
<b>Company Secretary</b>	Mrs. Edem Sekyi PBC Limited 106 Olusegun Obansajo Way Dzorwulu, Accra Ghana
<b>Auditors</b>	PKF Chartered Accountants Farrar Avenue, Adabraka P. O. Box 1219 Accra, Ghana
<b>Registrar</b>	NTHC Registrars Matco House, Adabraka P. O. Box KIA, Accra Airport, Ghana Tel: +233(0)302-228-785 Fax: +233(0)302-235-814 Contacts: Ken Mate-Kole Email: kmatekole@nthc.com.gh
<b>Bankers</b>	ADB Bank Limited Barclays Bank (Ghana) Limited CAL Bank Limited Ecobank (Ghana) Limited GCB Bank Limited NIB Bank Limited Societe Generale (Ghana) Limited Stanbic Bank (Ghana) Limited Standard Chartered Bank (Ghana) Limited Universal Merchant Bank Limited



## CONTACT DETAILS OF TRANSACTION ADVISERS

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<b>Arranger</b>	<b>Standard Chartered Bank Ghana Limited</b> Standard Chartered Bank Building 6 John Evans Atta-Mills High Street Accra, Ghana Tel: +233(0)302-610-750 Contact: <i>Amaki Sogbodjor / Ebo Koomson</i> Email: amaki.sogbodjor / ebo.koomson@sc.com
<b>Sponsoring Broker</b>	<b>Databank Brokerage Limited</b> 61 Barnes Road, Adabraka, Accra, Ghana Tel: +233(0)302-610-610 Contact: <i>Armah I. J. Akotey</i> Email: armah.akotey@databankgroup.com
<b>Legal Advisers</b>	<b>Bentsi-Enchill, Letsa &amp; Ankomah</b> 4 Momotse Avenue, Adabraka Accra, Ghana Tel: +233-(0)302-208-888 Contact: <i>Seth Asante</i> Email: seth.asante@belonline.org
<b>Reporting Accountants</b>	<b>EY Ghana</b> G15, White Avenue, Airport Residential Area Accra, Ghana Tel: +233(0)302-772-091 Contact: <i>Victor Gborglah</i> Email: victor.gborglah@gh.ey.com
<b>Note Trustee</b>	<b>Fidelity Bank (Ghana) Limited</b> Ridge Tower, West Ridge Accra, Ghana Tel: +233(0)302-214-490 Contact: <i>John Taricone</i> Email: jtaricone@myfidelitybank.net
<b>Registrar &amp; Calculation Agent</b>	<b>Central Securities Depository (Ghana) Limited</b> 4 <sup>th</sup> Floor, Cedi House Accra, Ghana Tel: +233(0)302-689-313 Contact: <i>Kwame Addai Boa-Amponsem</i> Email: kwame.boa-amponsem@csd.com.gh
<b>Escrow Bank, Paying Agent and Paying Bank</b>	<b>Fidelity Bank (Ghana) Limited</b> Ridge Tower, West Ridge Accra, Ghana Tel: +233(0)302-214-490 Contact: <i>John Taricone</i> Email: jtaricone@myfidelitybank.net
<b>Escrow Agent</b>	<b>Standard Chartered Bank Limited</b> Standard Chartered Bank Building 6 John Evans Atta-Mills High Street Accra, Ghana Tel: +233(0)302-610-750 Contact: <i>Ebo Koomson</i> Email: ebo.koomson@sc.com

## DEFINITIONS

*Unless inconsistent with the context or separately defined in this Prospectus or the Applicable Pricing Supplement, the following expressions used in this document and which form a key part of the Conditions, shall have the following meanings ascribed to them in this Prospectus and any Applicable Pricing Supplement of any subsequent Series or Tranches issued under this Programme:*

Term	Definition
<b>Additional Amounts</b>	means additional amounts payable as a result of any change in Applicable Laws, which change or amendment becomes effective on or after the date of the Prospectus
<b>Affiliates</b>	in relation to a corporate body, means any other corporate body over which that corporate body has Control
<b>Agency Agreement</b>	means the agency agreement dated 19 <sup>th</sup> October, 2016, entered between the Issuer, the Note Trustee and the CSD, in relation to the Notes (and as amended, restated and/or supplemented from time to time)
<b>Applicable Laws</b>	means any laws or regulations (including any foreign exchange rules or regulations) of any governmental or other regulatory authority which govern the Programme, the Conditions and the Notes issued thereunder in accordance with which the same are to be construed
<b>Applicable Pricing Supplement</b>	means the pricing supplement issued in relation to each Series or Tranche of Notes (substantially in the form set out in Appendix A to this Prospectus) as a supplement to this Prospectus, giving details of that particular Series or Tranche of Notes and the Conditions applicable to each Note in that Series or Tranche of Notes in so far as such terms and conditions are different from the Conditions
<b>Arranger</b>	means Standard Chartered, which is acting as the arranger in relation to the Programme
<b>Auditors</b>	means PKF, the statutory auditors of the Issuer for the financial year ending 30 <sup>th</sup> September, 2015
<b>Book Closure Period</b>	means 10 Business Days prior to each date upon which a payment of Interest or Principal Amount is due, as set out in the Applicable Pricing Supplement
<b>Broken Amount</b>	means the amount of any initial or final Interest which does not correspond to the Fixed Coupon Amount and the Interest Payment Dates to which they relate, calculated in respect of a Fixed Rate Note, as provided for by the Applicable Pricing Supplement
<b>Business Day</b>	means a day (other than a Saturday or Sunday or official public holiday) on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in Ghana
<b>Business Day Convention</b>	means each of the Floating Rate Business Day Convention: the Following Business Day Convention, the Modified Following Business Day Convention and the Preceding Business Day Convention, which may be applicable to the calculation of Interest
<b>Calculating Agent</b>	unless otherwise set out in an Applicable Pricing Supplement, means the CSD
<b>Call Option</b>	means the call option on the Notes, which may be provided to the Issuer and exercised in accordance with <u>Condition 6.3</u> of the Conditions and as set forth in the Applicable Pricing Supplement
<b>Central Securities Depository or CSD</b>	means the Central Securities Depository (Ghana) Limited, a limited liability company duly incorporated under the laws of Ghana, or its nominee, operating as a central securities depository where the Noteholders will be credited with the Notes, or any additional or alternate depository approved by the Issuer
<b>CEO</b>	means the chief executive officer of the Issuer
<b>Companies Act</b>	

<b>Term</b>	<b>Definition</b>
	means the Companies Act of Ghana, 1963 (Act 179) (as amended) or any statutory re-modification or re-enactment thereof;
<b>Conditions</b>	means the terms and conditions set out under <u>Section 12 (Conditions)</u> and in accordance with which Notes shall be issued in terms of the Prospectus, which terms and conditions may be amended by an Applicable Pricing Supplement
<b>Control</b>	means, in relation to an undertaking, the ability of a person to ensure that the activities and business of that undertaking are conducted in accordance with the wishes of that person and a person shall be deemed to have control of an undertaking if that person possesses or is entitled to acquire the majority of the issued share capital or the voting rights or which has the right to nominate a majority of directors in that undertaking or the right to receive the majority of the income of that undertaking on any distribution by it of all of its income of the majority of its assets on a winding up
<b>Currency</b>	Means GHS or any foreign currency as may be specified in the Applicable Pricing Supplement. The primary currency of the Notes shall be GHS. The Issuer may, however, issue Notes denominated in any foreign currency subject to the receipt of all necessary regulatory approvals from the Bank of Ghana and compliance with conditions under the foreign exchange laws of Ghana
<b>Day Count Fraction</b>	has the meaning provided for in <u>Condition 5.5.2</u> below
<b>Dealers</b>	unless otherwise set out in an Applicable Pricing Supplement, means the Arranger and the Sponsoring Broker
<b>Deputy CEO</b>	means a deputy chief executive officer of the Issuer
<b>Director</b>	means the directors of the Issuer from time to time
<b>Early Redemption</b>	means the early redemption of a Note prior to its due date
<b>Early Redemption Amount</b>	means the amount payable upon the Early Redemption of a Note
<b>Encumbrance</b>	any mortgage, charge, lien, pledge, hypothecation, assignment by way of security, deposit by way of security or any other agreement or arrangement (whether conditional or not and whether relating to existing or to future assets), having the effect of providing a security interest to a creditor or any agreement or arrangement to give any form of a secured claim to a creditor but excluding statutory preferences and any security interest arising by operation of law
<b>Escrow Account – Note Subscriptions</b>	means the temporary collection account set up with the Escrow Bank into which the Noteholders shall pay the relevant amounts for the purchase of Notes
<b>Escrow Account – Payables and Receivables</b>	means the temporary escrow account(s) set up with SCB into which (i) all amounts raised from each issue of Notes and deposited in the “Escrow Account – Note Subscriptions” will be credited (subject to the approval of the SEC) until paid to the Issuer, (ii) all receivables from Ghana Cocoa Board in relation to the supply of cocoa beans by the Issuer will be deposited by Ghana Cocoa Board and (iii) from which all payments in relation to Principal Amounts, Interest and Redemption Amount will be made to the Paying Bank for onward disbursement to the Noteholders
<b>Escrow Account (Note Subscriptions) Agreement</b>	means the escrow account agreement dated 18 <sup>th</sup> October, 2016, entered between the Issuer, Escrow Bank and Sponsoring Broker, in relation to the “Escrow Account – Note Subscriptions”
<b>Escrow Account (Payables and Receivables) Agreement</b>	means the escrow account agreement dated 19 <sup>th</sup> October, 2016, entered between the Issuer and SCB, in relation to the “Escrow Account – Payables and Receivables”

<b>Term</b>	<b>Definition</b>
<b>Escrow Agent</b>	means Standard Chartered, which is acting as the escrow agent in relation to the “Escrow Account – Payables and Receivables”
<b>Escrow Bank</b>	means Fidelity Bank, which is acting as the escrow bank in relation to the “Escrow Account – Note Subscriptions”
<b>Event of Default</b>	means an event contemplated in <u>Condition 17</u> below
<b>Exercise Notice</b>	means the formal notification by the Issuer of the exercise of a Call Option
<b>Final Redemption</b>	means the Final Redemption of a Note on the Maturity Date
<b>Final Redemption Amount</b>	means the Principal Amount of a Note payable in respect of each Note, upon Final Redemption thereof
<b>Financial Indebtedness</b>	means any obligation of the Issuer (whether incurred as principal or as surety) for the payment or repayment of money, whether present or future, actual or contingent for or in respect of: <ul style="list-style-type: none"> <li>(i) Indebtedness for Borrowed Money; or</li> <li>(ii) bonds, standby letters of credit, guarantees or other similar instruments issued in connection with the performance of contracts</li> </ul>
<b>Fixed Coupon Amount</b>	means the amount of Interest in respect of a Fixed Rate Note (as set forth in the Applicable Pricing Supplement)
<b>Fixed Interest Period</b>	means the period from (and including) an Interest Payment Date (or the Interest Commencement Date) to (but excluding) the next (or first) Interest Payment Date
<b>Fixed Rate Notes</b>	means Notes entitled to a fixed rate of Interest (as set forth in the Applicable Pricing Supplement)
<b>Floating Rate Business Day Convention</b>	means a Business Day Convention specified in <u>Condition 5.2.2</u> below
<b>Floating Rate Notes</b>	mean Notes entitled to a floating rate of Interest (as set forth in the Applicable Pricing Supplement)
<b>Following Business Day Convention</b>	means a Business Day Convention specified in <u>Condition 5.2.2</u> below
<b>GFIM</b>	means the Ghana Fixed Income Market
<b>Ghana</b>	means the Republic of Ghana
<b>GHS</b>	means the lawful currency of Ghana, being the Ghanaian Cedi, any divisions thereof, or any successor currency
<b>Global Note Certificate</b>	a certificate evidencing title to the issued Notes under the Programme and issued to the Note Trustee as nominee for the Noteholders;
<b>GSE</b>	means the Ghana Stock Exchange
<b>Income Tax Act</b>	means the Income Tax Act of Ghana, 2015 (Act 896) (as amended) or any statutory re-modification or re-enactment thereof
<b>Indebtedness for Borrowed Money</b>	means any indebtedness of the Issuer for or in respect of: <ul style="list-style-type: none"> <li>(i) monies borrowed;</li> </ul>

<b>Term</b>	<b>Definition</b>
	<p>(ii) amounts raised by acceptance under any credit facility;</p> <p>(iii) amounts raised pursuant to any note purchase facility or the issue of bonds, notes, debentures, loan stock or similar instruments;</p> <p>(iv) amounts raised pursuant to any issue of shares of any person, which are expressed to be redeemable;</p> <p>(v) the amount of any liability in respect of leases or hire purchase contracts which would, in accordance with generally accepted accounting standards in the jurisdiction of incorporation of the lessee, be treated as finance or capital leases;</p> <p>(vi) the amount of any liability in respect of any purchase price for assets or services the payment of which is deferred primarily as a means of raising finance or financing the acquisition of the relevant asset or service; or</p> <p>(vii) amounts raised under any other transaction (including any forward sale or purchase agreement and the sale of receivables on a “with recourse” basis) having the commercial effect of a borrowing</p>
<b>Interest</b>	means the amount of interest payable on a Note (as set forth in the Applicable Pricing Supplement and <u>Condition 5</u> )
<b>Interest Commencement Date</b>	means the date that Interest shall commence to accrue/be calculated (as set forth in the Applicable Pricing Supplement)
<b>Interest Determination Date</b>	means the date upon which Interest is calculated for a specified Interest Period and as set forth in the Applicable Pricing Supplement
<b>Interest Period</b>	means, in relation to a Tranche or Series of Notes, each period beginning on (and including) the Interest Commencement Date or any Interest Payment Date and ending on (but excluding) the next Interest Payment Date, as specified in the Applicable Pricing Supplement
<b>Interest Payment Date</b>	the date for the payment of Interest (as set forth in the Applicable Pricing Supplement) or, if no express Interest Payment Date(s) is/are specified in the Applicable Pricing Supplement, the last day of the Interest Period commencing on the preceding Interest Payment Date, or, in the case of the first Interest Payment Date, commencing on the Interest Commencement Date
<b>Interest Rate</b>	means the rate of Interest (as set forth in the Applicable Pricing Supplement and <u>Condition 5</u> )
<b>Issue Date</b>	in relation to each Tranche or Series of Notes, the date specified as such (as set forth in the Applicable Pricing Supplement)
<b>Issue Price</b>	means the price at which the Notes may be issued, either on a fully paid or partly paid basis (as specified in the Applicable Pricing Supplement). The price and amount to be issued under any Series or Tranche of Notes will be determined by the Issuer, the relevant Dealer at the time of issue in accordance with prevailing market conditions
<b>Issuer</b>	means PBC Limited, a public limited liability company registered in Ghana with registration number “CS387132014” and licensed by the Ghana Cocoa Board as a licensed cocoa buying company
<b>Last Day to Register</b>	means 17:00 on the last Business Day before the first day of a Book Closure Period
<b>Legal Adviser</b>	means BELA, which is acting as the legal adviser to the Issuer in relation to the Programme

Term	Definition
<b>Legal Compliance Letter</b>	means the legal compliance letter prepared and issued by BELA in relation to compliance of the Programme with Ghanaian law requirements, and which is set out under <u>Section 14 (Legal Compliance Letter)</u>
<b>Maturity Date</b>	means, in respect of a Series or Tranche of Notes, the date upon which the Notes are to be finally redeemed and all amounts due on the Notes are to be repaid by the Issuer and as set forth in the Applicable Pricing Supplement
<b>Maximum Interest Rate</b>	means the maximum rate of the Interest that may be payable on a Floating Rate Note, as agreed by the Issuer, the Arranger and Dealer(s) and as set forth in the Applicable Pricing Supplement
<b>Minimum Interest Rate</b>	means the minimum rate of the Interest that may be payable on a Floating Rate Note, as agreed by the Issuer, the Arranger and Dealer(s) and as set forth in the Applicable Pricing Supplement
<b>Modified Following Business Day Convention</b>	means a Business Day Convention specified in <u>Condition 5.2.2</u> below
<b>Note</b>	means a note issued under an Applicable Pricing Supplement to this Programme
<b>Note Trustee</b>	means Fidelity Bank (Ghana) Limited, or such other person as may be appointed under the Trust Agreement and specified in the Applicable Pricing Supplement as the Note Trustee
<b>Noteholder</b>	means a holder of a Note from time to time and recorded as such in the Register
<b>Optional Redemption</b>	means the redemption of a Note upon exercise of the Call Option, as specified in the Applicable Pricing Supplement
<b>Optional Redemption Amount</b>	means the amount payable upon exercise of the Call Option (as specified in the Applicable Pricing Supplement)
<b>Optional Redemption Date</b>	means the date for redemption of Notes, as specified in the Exercise Notice
<b>Paying Agent</b>	unless otherwise set out in an Applicable Pricing Supplement, means Fidelity Bank
<b>Paying Bank</b>	unless otherwise set out in an Applicable Pricing Supplement, means Fidelity Bank
<b>PBC Board</b>	means the board of directors of PBC
<b>Permitted Encumbrance</b>	means: <ul style="list-style-type: none"> <li>(i) any Encumbrance existing as at the date of the Applicable Pricing Supplement;</li> <li>(ii) any Encumbrance with regard to receivables of the Issuer or which is created pursuant to any securitisation or like arrangement in accordance with normal market practice and whereby the Indebtedness for Borrowed Money is limited to the value of such receivables;</li> <li>(iii) any Encumbrance with respect to inter-company Indebtedness for Borrowed Money incurred between the Issuer and subsidiaries;</li> <li>(iv) any Encumbrance created over any asset owned, acquired, developed or constructed, provided that the Indebtedness for Borrowed Money so secured shall not exceed the <i>bona fide</i> market value of such asset or the cost of that acquisition, development or construction (including all interest and other finance charges, adjustments due to changes in circumstances and other charges reasonably</li> </ul>

<b>Term</b>	<b>Definition</b>
	incidental to such cost, whether contingent or otherwise) and where such market value or cost both apply, the higher of the 2;
	(v) any Encumbrance over deposit accounts securing a loan equal to the amounts standing to the credit of such deposit accounts, including any cash management system; or
	(vi) any Encumbrance created in the ordinary course of business, which includes, accounts receivable or deposit accounts,
	save that the secured liability of any Encumbrance referred to in (i) to (vi) above, should be equal or less than 10% of the total assets of the Issuer as published in the Issuer's latest audited financial statements, at the time the Encumbrance is established
<b>Preceding Business Day Convention</b>	means a Business Day Convention specified in <u>Condition 5.2.2</u> below
<b>Principal Amount</b>	means the face value of the Notes, inclusive of any additional amounts which may be payable under the Conditions
<b>Programme</b>	means the GHS 400,000,000 domestic note issuance programme established by the Issue (as amended from time to time) under which the Issuer may, from time to time, issue Notes denominated in the Currency and having such maturity as may be set forth in the Applicable Pricing Supplement
<b>Prospectus</b>	means this prospectus issued by the Issuer on the date stated hereon (as amended, restated and/or supplemented from time to time)
<b>Redemption</b>	means Final Redemption or Early Redemption (as the case may be)
<b>Redemption Amount</b>	means the amount payable on the Redemption of a Note on the Redemption Date (as set forth in the Applicable Pricing Supplement)
<b>Redemption Date</b>	means the date upon which a Series or Tranche of Notes is redeemed by the Issuer (as set forth in the Applicable Pricing Supplement)
<b>Reference Rate</b>	means the benchmark interest rate so specified in the Applicable Pricing Supplement for each Series or Tranche of Floating Rate Notes to be issued under the Programme
<b>Register</b>	means the register of the Noteholders maintained by the CSD in electronic form
<b>Registrar</b>	means the CSD appointed as Transfer Agent and Registrar for the Programme under the Agency Agreement
<b>Registrar-General's Department</b>	means the public registry in Ghana, which is responsible for the incorporation of companies and the registration of, among others, public offer documents in accordance with the provisions of the Companies Act
<b>Regulations</b>	means the regulations of PBC adopted by a special resolution on 24 <sup>th</sup> June, 2015 (and any modification or amendment thereof)
<b>Relevant Time</b>	means the time on the Interest Determination Date, if any, specified in the Applicable Pricing Supplement for calculating the Interest Rate and Interest payable on a Note
<b>Reporting Accountant</b>	means EY Ghana, the reporting accountants for the Programme
<b>Series</b>	means a series of Notes having one or more Issue Dates and identical terms as to the Maturity Date, Interest and redemption (except that, among Series, the Issue Dates, Interest Commencement Dates, Interest Payment Dates and amounts of the first interest payment and related matters may differ)



<b>Term</b>	<b>Definition</b>
<b>SEC</b>	means the Securities and Exchange Commission of Ghana
<b>Securities Industry Act</b>	means the Securities Industry Act of Ghana, 1993 (PNDCL 333) or any statutory re-modification or re-enactment thereof
<b>SEC Regulations</b>	means the Securities and Exchange Commission Regulations of Ghana, 2003 (L.I. 1728) or any statutory re-modification or re-enactment thereof
<b>Senior Unsecured Notes</b>	means Notes which constitute direct, general, unconditional, unsecured and unsubordinated obligations of the Issuer and have been designated as such in the Applicable Pricing Supplement
<b>Special Resolution</b>	means a special resolution of the Noteholders or Noteholders of a Series or Tranche of Notes and as further defined in the Trust Agreement
<b>Sponsoring Broker</b>	means Databank, which is acting as the sponsoring broker to the Issuer in relation to the Programme
<b>Subordinated Notes</b>	means Notes which constitute direct, general, unsecured and subordinated obligations of the Issuer and which have been designated as such in the Applicable Pricing Supplement
<b>Taxes</b>	has the meaning provided for in <u>Condition 8</u> below
<b>Tranche</b>	means a tranche of a Series which are identical in all respects
<b>Transfer Agent</b>	means the CSD, which is acting as the transfer agent for the Programme under the Agency Agreement
<b>Transfer Form</b>	has the meaning provided for in <u>Condition 2.4.1</u> below
<b>Trust Agreement</b>	means the trust agreement dated 19 <sup>th</sup> October, 2016 and entered into between the Issuer and the Note Trustee (as amended, restated and/or supplemented from time to time)
<b>USD</b>	means United States Dollars, the lawful currency of the United States of America
<b>Zero Coupon Notes</b>	means Notes on which no interest is due whatsoever (as set forth in the Applicable Pricing Supplement)

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## **1. LEGAL BASIS AND REASONS FOR THE PROGRAMME**

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### **1.1 LEGAL BASIS FOR THE PROGRAMME**

The Programme and the listing of Notes thereunder on GFIM have been approved by the PBC Board by a resolution passed on 10<sup>th</sup> October, 2016.

The shareholders of PBC have also (by a resolution passed on 29<sup>th</sup> September, 2010) authorised the PBC Board to raise debt capital, from year to year, for financing the Issuer's cocoa purchases. Under the shareholder authorisation, the amount of debt capital to be raised in any year may exceed the Issuer's prevailing stated capital but limited to the maximum value of the Issuer's cocoa purchases for the specific year.

### **1.2 REASONS FOR THE PROGRAMME**

PBC has established the Programme in order to raise debt financing of up to GHS 400,000,000 to finance its purchase of cocoa beans.

### **1.3 USE OF PROCEEDS**

PBC shall utilise the net proceeds from each issue of the Notes to finance the purchase of cocoa beans.

## 2. SUMMARY OF THE PROGRAMME

The following is qualified in its entirety by the remainder of this Prospectus and, in relation to the terms and conditions of any particular Series or Tranche of Notes, the Applicable Pricing Supplement:

Factor	Summary Description
<b>Issuer</b>	PBC Limited, a public limited liability company registered in Ghana with registration number "CS387132014" and licensed as a licensed cocoa buying company
<b>Description</b>	Domestic note issuance programme
<b>Risk Factors</b>	There are certain factors that may affect the Issuer's ability to fulfil its obligations under Notes issued under the Programme. These are set out under <u>Section 6 (Risk Factors)</u> and include risks related to the Issuer, its business and the Ghanaian economy
<b>Programme Size</b>	<p>Up to GHS 400,000,000 aggregate Principal Amount of Notes outstanding at any one time. The Issuer may increase this aggregate nominal amount of the Notes that may be issued under this Programme and subject to the approval of the SEC</p> <p>Subject to any Applicable Laws and the relevant corporate approvals, the Issuer may, without consent of the Noteholders, increase the aggregate nominal amount of the Notes that may be issued under the Programme by issuing a supplementary prospectus thereof to Noteholders in accordance with the Conditions</p> <p>Upon the issuance of such a supplementary prospectus, all references in the Prospectus or any other agreement, deed or document in relation to the Programme to the aggregate amount of the Notes, shall be and shall be deemed to be references to the increased aggregate nominal amount</p>
<b>Funds Flow Structure</b>	<p>The flow of funds in relation to any Series or Tranche will be as follows:</p> <ul style="list-style-type: none"> <li>(i) Notes are issued backed by a payment undertaking from the Ghana Cocoa Board to the Note Trustee (for the benefit of the Noteholders)</li> <li>(ii) Noteholders pay the relevant consideration for the Notes into the "Escrow Account – Note Subscriptions" for onward disbursement to SCB (subject to the approval of the SEC) after all conditions precedent to disbursement (set out under the Trust Agreement) are met by the Issuer</li> <li>(iii) SCB disburses the net proceeds to the Issuer for the purpose of cocoa beans purchases (based on evidence of cocoa beans stock available to be purchased from cocoa farmers reviewed by the Note Trustee from projected purchases schedules submitted by the Issuer)</li> <li>(iv) the Issuer purchases cocoa beans from the cocoa farmers and supplies the cocoa beans to Ghana Cocoa Board. The Issuer submits monthly cocoa stock reports sent to Ghana Cocoa Board and the cocoa take-over receipts issued by Ghana Cocoa Board to the Note Trustee</li> <li>(v) Ghana Cocoa Board pays the relevant purchase price for the supply of cocoa beans into the "Escrow Account – Payables and Receivables"</li> <li>(vi) SCB (upon instructions from the Issuer) transfers the relevant funds for the payment of Interest, Principal Amount or Redemption Amount from the "Escrow Account – Payables and Receivables" to the Paying Bank for onward disbursement to the Noteholders. The funds in the "Escrow Account – Payables and Receivables" shall be utilised first and completely towards the payment on the Notes before any disbursements to the Issuer. The balance in the "Escrow Account – Payables and Receivables" is transferred to the Issuer net of transaction costs</li> </ul>

<b>Use of Proceeds</b>	The Issuer shall use all the net proceeds from any Series or Tranche to finance the purchase of cocoa beans
<b>Form and Delivery of Notes</b>	The Notes will be issued in registered form and held electronically on the CSD. The Issuer shall issue a single Global Note Certificate to the Note Trustee (in respect of each Series or Tranche), who will hold all the Notes as nominee for the Noteholders
<b>Distribution</b>	Subject to Applicable Laws, Notes may be distributed by way of private placement or public offer and, in each case, on a syndicated or non-syndicated basis
<b>Currency</b>	GHS or any foreign currency as may be specified in the Applicable Pricing Supplement. The primary currency of the Notes shall be GHS. The Issuer may, however, issue Notes denominated in any foreign currency subject to the receipt of all necessary regulatory approvals from the Bank of Ghana and compliance with conditions under the foreign exchange laws of Ghana
<b>Maturities</b>	The maturity of the Notes shall be specified in the Applicable Pricing Supplement in accordance with such minimum or maximum maturities as may be allowed or required from time to time
<b>Issue Price</b>	Notes may be issued at an issue price on a fully paid basis or discounted basis as specified in the Applicable Pricing Supplement. The price and amount to be issued by the Issuer, at any time, will be determined by Issuer and the relevant transaction parties at the time of issue in accordance with prevailing market conditions at time of issue.
<b>Fixed Rate Notes</b>	Fixed interest will be payable on such date or dates as specified in the Applicable Pricing Supplement and, on redemption, will be calculated on the basis of such Day Count Fraction as specified in the Applicable Pricing Supplement.
<b>Floating Rate Notes</b>	<p>Floating Rate Notes will bear interest at a rate determined on the basis of a Reference Rate or benchmark and as adjusted for any applicable margin, or as may be agreed among the Issuer, the Arranger and the relevant parties and specified in the Applicable Pricing Supplement</p> <p>The margin (if any) relating to such floating rate will be specified in the Applicable Pricing Supplement for each Series or Tranche of Floating Rate Notes. Floating Rate Notes may also have a Maximum Interest Rate, a Minimum Interest Rate or both</p> <p>Interest on Floating Rate Notes in respect of each Interest Period will be payable on such Interest Payment Dates, and will be calculated on the basis of such Day Count Fraction, as specified in the Applicable Pricing Supplement</p>
<b>Zero Coupon Notes</b>	Zero Coupon Notes may be issued at their nominal amount or at a discount and shall not bear interest
<b>Status</b>	Notes may be Senior Unsecured Notes or Subordinated Notes and shall be Fixed Rate Notes, Floating Rate Notes or Zero Coupon Notes (as indicated in the Applicable Pricing Supplement). See <u>Condition 3</u> of the “Conditions”
<b>Negative Pledge</b>	See <u>Condition 4</u> of the Conditions
<b>Interest Periods</b>	May be monthly, quarterly, bi-annually or such other periods deemed appropriate and as set out in Applicable Pricing Supplement
<b>Interest Rates</b>	This will be as indicated in the Applicable Pricing Supplement
<b>Denominations</b>	The Notes may be issued in such denominations as may be agreed between the Issuer and the relevant Dealer(s) and as specified in the Applicable Pricing Supplement or such other minimum denomination of each Note as may be allowed or required from time to time by the Bank of Ghana (or equivalent body) or any Applicable Laws

<b>Certain Restrictions</b>	Each issue of Notes denominated in a currency subject to certain Applicable Laws will only be issued in circumstances which comply with such Applicable Laws from time to time
<b>Programme Expiry</b>	The Programme will expire 5 years from the date of this Prospectus. All Notes issued prior to the expiry of the Programme will be valid and remain contractual obligations of the Issuer after expiration
<b>Events of Default</b>	The Notes will be subject to certain events of default, including, <i>inter alia</i> , non-payment, breach of obligations, cross-acceleration and certain bankruptcy and insolvency events. See <u>Condition 17</u> of the “ <i>Conditions</i> ”
<b>Redemption</b>	The Notes shall be subject to Early Redemption or Optional Redemption and, as stated in the Applicable Pricing Supplement, be redeemed in whole, at the Principal Amount thereof plus accrued Interest, if any, at the relevant Maturity Date
<b>Arranger</b>	Standard Chartered
<b>Dealers</b>	Standard Chartered and Databank
<b>Paying Agent and Paying Bank</b>	Fidelity Bank
<b>Registrar and Calculation Agent</b>	CSD
<b>Note Trustee</b>	Fidelity Bank
<b>Taxation</b>	The Issuer is resident in Ghana for tax purposes. All payments of principal and interest in respect of the Notes will be made in compliance with income tax laws of Ghana and without any gross up. Currently, the Issuer is required by the Income Tax Act, to withhold tax at the rate of 8% on all interest payments to Noteholders, except where the Noteholders are exempted by Applicable Law. Noteholders are advised to seek professional tax advice concerning their specific tax obligations relating to investing in the Notes
<b>Rating</b>	<p>Notes issued in a particular Series or Tranche may be rated or unrated. Where a Series or Tranche of Notes is rated, such rating will be indicated in the Applicable Pricing Supplement but will not necessarily be the same as any rating assigned to the Issuer</p> <p>Credit ratings assigned to Notes do not necessarily mean that the Notes are a suitable investment. A rating is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension or withdrawal at any time by the rating agency. Similar ratings on different types of notes do not necessarily mean the same thing. The ratings do not address the marketability of any Notes or any market price. Any change in the credit ratings of Notes or the Issuer, could adversely affect the prices that a subsequent purchaser will be willing to pay for the Notes. The significance of each rating should be analysed independently from any other rating</p>
<b>Listing</b>	Application has been made for the Notes to be admitted to listing and trading on the GFIM. Trading in the Notes is subject to the trading, clearing and settlement rules and procedures of the GFIM.
<b>Book Closure Period</b>	The Register will be closed 10 Business Days prior to each Interest Payment Date each year until the Redemption Date or for such other periods as the Issuer may determine, subject to the prior approval of the SEC
<b>Last Day to Register</b>	17:00 GMT on the last Business Day before the first day of a Book Closure Period

<b>Governing Law</b>	The Notes, the Trust Agreement and the Agency Agreement, and any non-contractual obligations arising therefrom or therewith will be governed by, and shall be construed in accordance with, Ghanaian law
<b>Selling Restrictions</b>	There are restrictions on the offer, sale and transfer of the Notes in Ghana and such other restrictions as may be required in connection with the offering and sale of a particular Tranche or Series of Notes; see <u>Section 13 (Subscription and Sale)</u> below
<b>Cost Expenses</b>	The total cost and expense of the Programme is not anticipated to exceed five <i>per cent</i> (5%) of the total proceeds of the Notes. The Issuer will bear all costs relating to the Programme. The cost of the Programme is summarised below:

*Table 1: Estimated Transaction Expenses*

<b>Item</b>	<b>Amount in GHS</b>	<b>% of Programme</b>
Legal Advisory	253,000	0.06
Financial Advisory	3,250,000	0.81
Reporting Accountant	100,000	0.03
Trustee Fees	100,000	0.03
Regulatory Fees – SEC	200,000	0.05
Regulatory Fees – GSE	160,000	0.04
Central Securities Depository Fees	72,000	0.02
Printing and Publicity Expenses	200,000	0.05
<b>Total Fees and Expenses</b>	<b>4,335,000</b>	<b>1.08</b>

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### **3. GENERAL DESCRIPTION OF THE PROGRAMME**

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#### **3.1 THE TERMS AND CONDITIONS**

The terms and conditions of the Notes are as contained under Section 12 (Conditions) of this Prospectus. The final Issue Price, aggregate Principal Amount and Interest and any other terms and conditions not contained in the Conditions (which are applicable to any Series or Tranche) will be agreed between the Issuer, the Arranger and the Dealers at the time of issuance in accordance with prevailing market conditions and will be set forth in the Applicable Pricing Supplement issued in respect of the Series or Tranche. Each Applicable Pricing Supplement will be submitted for approval by the SEC.

#### **3.2 THE NOTES**

The Notes will be issued in one or more Series or Tranches by the Issuer under the Programme. The Notes shall, unless otherwise specified in an Applicable Pricing Supplement, constitute Senior Unsecured Notes or Subordinated Notes and shall be Floating Rate or Fixed Rate.

All Notes in a Series shall have the same maturity date and identical terms (except that the Issue Dates, Issue Price, Interest Commencement Dates, amounts of the first interest payment and related matters may be different). Notes in each Series may be issued in one or more Tranches. The terms of each Tranche (save for the Issue Date, Issue Price, Tranche Amount, Interest Commencement Dates and amount of first Interest payment) shall be identical in all respects. The details applicable to each Series and Tranche will be specified in the Applicable Pricing Supplement.

#### **3.3 PROGRAMME DOCUMENTS**

The Issuer has entered into the Trust Agreement with the Note Trustee, in terms of which the Note Trustee acts as trustee for the protection and enforcement of the rights of the Noteholders under the Conditions. The Issuer has also entered into the Agency Agreement with the Note Trustee (as the Paying Agent and Paying Bank) and the CSD (as depository, Registrar and Calculating Agent).

The Noteholders are bound by, subject to, and are deemed to have knowledge of all the provisions of this Prospectus, the Applicable Pricing Supplement, the Trust Agreement and the Agency Agreement.

In certain circumstances, the Note Trustee can (subject to it being indemnified and/or secured to its satisfaction) be required, by Noteholders holding, at least, 30% of the aggregate Principal Amount of the Notes outstanding or by a Special Resolution of the Noteholders, to exercise its powers under the Trust Agreement. Copies of the Trust Agreement will be available for inspection during usual business hours at the offices of the Note Trustee, for the time being, at Ridge Tower Block, Accra, Ghana.

#### **3.4 SUMMARY ROLE OF NOTE TRUSTEE**

The Note Trustee is the primary representative of all Noteholders and acts in their interest to ensure that all necessary terms underlying the offer are adhered to. The full details of these responsibilities are contained in the Trust Agreement.

#### **3.5 SUMMARY ROLE OF CALCULATION AGENT**

The Calculation Agent is primarily responsible for the determination of the Interest Rate for Floating Rate Notes and the calculation of any Principal Amount and Interest due from time to time. The full details of these responsibilities are contained in the Agency Agreement.

#### **3.6 SUMMARY ROLE OF THE PAYING AGENT**



The Paying Agent is responsible for the processing of any Principal Amount and Interest due to each individual Noteholder when required. The full details of these responsibilities are contained in the Agency Agreement.

### **3.7 SUMMARY ROLE OF ESCROW BANK**

The Escrow Bank is responsible for the setting up and operating the “Escrow Account – Note Subscriptions” for the deposit of all amounts raised from each issue of Notes until payment of the deposits therein into the “Escrow Account – Payables and Receivables” subject to the approval of the SEC and satisfaction of all conditions precedent to disbursement (set out under the Trust Agreement). The full details of these responsibilities are contained in the Escrow Account (Note Subscriptions) Agreement.

### **3.8 SUMMARY ROLE OF SCB AS ESCROW AGENT**

SCB is responsible for setting up and operating the “Escrow Account – Payables and Receivables” for (i) the receipt of all deposits in the Escrow Account – Note Subscriptions (ii) the deposit of all receivables from Ghana Cocoa Board in relation to the supply of cocoa beans by the Issuer, and (iii) the payment of all Principal Amounts, Interest and Redemption Amount to the Paying Bank for onward disbursement to the Noteholders. The full details of these responsibilities are contained in the Escrow Account (Payables and Receivables) Agreement.

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#### **4. DOCUMENTS INCORPORATED BY REFERENCE**

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The following documents are incorporated by reference and form part of the Prospectus. The content of these documents shall, where appropriate, modify and supersede the contents of this Prospectus. The originals or certified copies of these documents will be available for inspection, on request, at the principal place of business of the Issuer or the offices of the Note Trustee during normal business hours:

- (a) all supplements to the Prospectus circulated by the Issuer from time to time;
- (b) the Trust Agreement;
- (c) the Agency Agreement;
- (d) the Escrow Account (Note Subscriptions) Agreement;
- (e) the Escrow Account (Payables and Receivables) Agreement;
- (f) each Applicable Pricing Supplement relating to any Series or Tranche;
- (g) the financial due diligence report dated 19<sup>th</sup> October, 2016, 2016 and prepared by EY Ghana;
- (h) the audited financial statements of the Issuer for the years ended 30<sup>th</sup> September, 2013, 30<sup>th</sup> September, 2014 and 30<sup>th</sup> September, 2015; and
- (i) the audited annual financial statements (and notes thereto), and any interim quarterly financial statements (whether audited or unaudited) published subsequent to such annual financial statements of the Issuer for the subsequent financial years prior to each issue of Notes.

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## 5. FORM OF NOTES

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The details of the form of the Notes shall be as follows:

- (a) the Notes shall be held electronically on the CSD;
- (b) all Noteholders will be required to open and maintain CSD accounts prior to a purchase under this Programme, if they do not own one already, to which all purchases will be credited upon allotment;
- (c) the Register will be maintained electronically in book-entry form on the CSD and no certificates will be issued to individual Noteholders;
- (d) the CSD shall maintain a Register, which shows a record of Noteholders' respective electronic book entries in the CSD system, the particulars of Noteholders and their respective holdings;
- (e) entry on the Register shall represent proof of ownership of the rights in a Note;
- (f) the Issuer shall issue a single Global Note Certificate to the Note Trustee (in respect of each Series or Tranche of Notes), who will hold the Global Note Certificate as a nominee for the Noteholders; and
- (g) if Notes are transferred subsequent to issue, rights of ownership will be transferred *via* entries in the Register, per the CSD securities transfer rules.

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## **6. RISK FACTORS**

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*Prior to making an investment decision, prospective investors should carefully consider, along with the information referred to in this Prospectus, the following risk factors associated with an investment in Ghana, Issuer's industry, the Issuer and the Notes. There is a wide range of factors which individually or together could result in the Issuer becoming unable to make payments due in respect of the Notes. It is not possible to identify all such factors or to determine which factors are most likely to occur, as the Issuer may not be aware of all relevant factors and certain factors which they currently deem not to be material may become material as a result of the occurrence of events outside the Issuer's control. The risks and uncertainties identified below are not the only ones the Issuer and the Notes face. Additional risks and uncertainties not presently known to the Issuer, or that it currently believes are immaterial, could also impair the Issuer's business operations and, as a result, its ability to service its payment obligations under any Notes.*

### **6.1 RISKS RELATING TO GHANA**

#### **6.1.1 Investment in a Developing Country such as Ghana**

Investing in securities of emerging markets issuers operating in countries such as Ghana is subject to substantially greater risks than investments in securities of issuers from more mature markets. These risks include, but are not limited to, higher volatility and liquidity constraints in respect of the Notes and greater political risk.

#### **6.1.2 Failure to Implement Economic and Fiscal Reforms may have a Negative Effect on the Performance of the Economy**

The Ghanaian government is currently pursuing various fiscal reforms as part of its fiscal consolidation programme to correct macroeconomic imbalances in response to the significant pressures which its economy is facing. These reforms include rationalisation of public spending, restructuring public sector wages, restructuring statutory funds and enhancing revenue collection and tax administration. Although the government has begun and intends to continue to carry out its economic and fiscal reforms, there is no assurance that it will succeed in implementing them. The government's failure to implement these reforms may have a negative effect on the performance of the economy and the businesses that operate within it.

#### **6.1.3 Gold Price Fluctuations Could Adversely Affect Ghana's Economy**

Gold constituted the largest source of export earnings in 2015, making up approximately 31% of total export earnings. The gold mining industry is largely foreign-owned and hence the government's income from gold is predominantly composed of royalties from gold sales as opposed to direct export earnings. Historically, the market price for gold has fluctuated widely (between USD 871 per ounce and USD 1,664 per ounce in the last 5 years) and has been affected by numerous factors over which Ghana has no control, including:

- (a) the demand for gold for industrial uses and for use in jewellery;
- (b) actual, expected or rumoured purchases and sales of gold by central banks;
- (c) speculative trading activities in gold;
- (d) the overall level of forward sales by other gold producers;
- (e) the overall level and cost of production by other gold producers;
- (f) international or regional political and economic events or trends;
- (g) the strength of the USD (the currency in which gold prices generally are quoted) and of other currencies;

- (h) financial market expectations regarding the rate of inflation; and
- (i) interest rates.

In addition, gold is sold throughout the world principally in USD, but the production costs of the Ghanaian producers are incurred principally in GHS. As a result, any significant and sustained appreciation of the GHS against the USD may materially increase the production costs per ounce in USD terms, decrease export revenues from gold sales and thus decrease Ghana's royalties.

#### **6.1.4 Political Instability May Negatively Affect the Economy**

Ghana has experienced periods of political and economic instability in the past. During the periods immediately prior to and following previous elections in 1992, 1996, 2000, 2004 and 2008, Ghana experienced periods of economic instability characterised by exchange rate volatility, high inflation and fiscal overruns. The government has, since 2009, implemented broad economic reform programmes focused on achieving macroeconomic stability and an environment conducive to sustainable economic growth.

The most critical structural reforms to be fully implemented or continued include (i) comprehensive reforms of Ghanaian tax legislation with a view to broadening the tax base by bringing a substantial portion of the shadow economy into the reporting economy, (ii) reform of the energy, mining and agriculture sectors and (iii) reform of social benefits and pensions. Future political instability in the executive or legislative branches could hamper efforts to implement necessary reforms. There can be no assurance that the political initiatives necessary to achieve these or any other reforms will continue, will not be reversed or will achieve their intended aims.

Ghana goes to the polls in December 2016 to elect members of parliament and a new president. The elections are tipped to be peaceful and uneventful. That notwithstanding, any significant changes in the political climate in Ghana, including changes affecting the stability of the Ghanaian government or involving a rejection or reversal of reform policies favouring privatisation, industrial restructuring and administrative and regulatory reform, may have negative effects on the economy, and potentially impacting the Issuer's operations.

#### **6.1.5 Financial and Statistical Information may be Unreliable**

Although a range of government ministries, along with the Bank of Ghana produce statistics on Ghana and its economy, given the size of the informal economy, there can be no assurance that these statistics are as accurate or as reliable as those compiled in more developed countries. In addition, comparing national and international data sources can yield inconsistencies. Standards of accuracy of statistical data may vary from ministry to ministry and from period to period due to the application of different methodologies.

#### **6.1.6 Events in Neighbouring and Other Emerging Markets**

Economic, security or health distress in Ghana's neighbours and nearby countries may adversely affect Ghana's economy, the prices of securities and the level of investment in other emerging market issuers as investors move their money to more stable, developed markets. Financial problems or an increase in the perceived risks associated with investing in emerging market economies could dampen foreign investment in Ghana, adversely affect the Ghanaian economy or adversely affect the trading price of the Notes. Even if the Ghanaian economy remains relatively stable, economic distress in other emerging market countries could adversely affect the trading price of the Notes and the availability of foreign funding sources for the government. Adverse developments in other countries in sub-Saharan Africa, in particular, may have a negative impact on Ghana if investors perceive risk that such developments will adversely affect Ghana or that similar adverse developments may occur in Ghana. Risks associated with sub-Saharan Africa include political uncertainty, civil unrest and conflict, corruption, the outbreak of disease, including the Ebola Virus, cocoa smuggling and poor

infrastructure. Investors' perceptions of certain risks may be compounded by incomplete, unreliable or unavailable economic and statistical data on Ghana.

**6.1.7 Natural Disasters such as Floods and Droughts Have Negatively Affected Ghana in the Past and may Negatively Affect it in the Future**

Like other countries in Africa, Ghana has historically been affected by a variety of natural disasters, including floods and droughts. Natural disasters such as floods often lead to casualties, the destruction of crops (including cocoa) and livestock, the outbreak of waterborne disease and the destruction of infrastructure, such as roads and bridges. Droughts may negatively affect the production of agricultural commodities, the food supply in general and the generation of hydroelectric power. Expenditures associated with natural disaster relief efforts adversely affect Ghana's budgetary position.

**6.2 RISKS RELATING TO THE ISSUER**

**6.2.1 Customer Concentration Risk**

The Issuer is subject to customer concentration risk as a result of its reliance on the regulator, Ghana Cocoa Board as its sole customer. This single customer concentration may result in the Issuer being vulnerable to government interference and cocoa policy and regulatory changes. Such regulatory and policy changes would directly impact the Issuer's financial condition and/or results of operations may be adversely affected.

**6.2.2 Interest Rate Risk**

The Issuer may be borrowing at a fixed interest rate. Should interest rates on the market trend downwards during the life of the Note, the Issuer's cost of borrowing would appear high. This may motivate the Issuer to consider refinancing the Notes with a less expensive option by exercising call option applicable to the Notes.

**6.2.3 Cost Inflation Risk**

The Issuer's operations are subject to market prices which are subject to inflation over time. These costs including staff and haulage costs may increase over time due to price inflation and erode profitability. Significant cost inflation coupled with failure by the Issuer to accurately forecast such inflation could adversely affect the financial condition of the Issuer.

**6.2.4 Risk of Competition**

The Ghanaian market for cocoa purchases is highly competitive among the 49 licensed buying companies. The Issuer's competitors compete to purchase a significant share of the national cocoa output. The Issuer, as the market leader, has the greatest geographical reach and relatively more efficient purchasing infrastructural system to protect its market share. In the years ahead, the Issuer expects to expand its operations and increase its market share with adequate funding. The ability of competitors to access adequate and reasonably priced funding and penetrate the hinterlands may intensify competition for the Issuer. Such a development would undermine revenues and the Issuer's financial condition.

**6.2.5 Licensing Regime of the Issuer**

The Issuer's operations are licensed by Ghana Cocoa Board. If this license, permit or permission to operate as a company licensed to purchase cocoa beans is not renewed, or is revoked, or is re-issued in a form not suitable for the Issuer's operations, this would have a material adverse effect on the Issuer's business and financial condition or result of operations.

**6.2.6 The Issuer Depends on Key Personnel, its Ability to Retain and Hire Additional Key Personnel and the Maintenance of Good Labour Relations**

The Issuer depends on the trust and experience of its principal purchasing officers and key employees. The breach of trust by any of the Issuer's principal purchasing officers, key employees or senior managers could negatively affect the Issuer's ability to execute its business strategy profitably.

## **6.3 RISKS RELATING TO THE MARKET**

### **6.3.1 No Active Secondary Market**

The Notes may have no established trading market when issued, and one may never develop. If a market does develop, it may not be very liquid. Therefore, investors may not be able to sell their Notes easily or at prices that will provide them with a yield comparable to similar investments that have a developed secondary market. This is particularly the case for Notes that are especially sensitive to interest rates, currency or market risks, are designed for specific investment objectives or strategies or have been structured to meet the investment requirements of limited categories of investors. These types of Notes generally would have a more limited secondary market and more price volatility than conventional debt securities. Illiquidity may have a severely adverse effect on the market value of Notes.

### **6.3.2 The Market Price of the Notes may be Volatile**

The market price of the Notes could be subject to significant fluctuations in response to actual or anticipated variations in the Issuer's operating results, adverse business developments, changes to the regulatory environment in which the Issuer operates, changes in financial estimates by securities analysts and the actual or expected sale of a large number of Notes, as well as other factors, including the trading market for notes issued by or on behalf of the Republic of Ghana as a sovereign borrower. In addition, in recent years the global financial markets have experienced significant price and volume fluctuations which, if repeated in the future, could adversely affect the market price of the Notes without regard to the Issuer's results of operations or financial condition.

### **6.3.3 Financial Turmoil in Emerging Markets Could Cause the Price of the Notes to Suffer**

In recent years, Ghana has undergone significant economic reforms which have contributed to economic growth. Ghana is nonetheless considered by international investors to be an emerging market. In general, investing in the securities of issuers that have operations primarily in emerging markets, like Ghana, involves a higher degree of risk than investing in the securities of issuers with substantial operations in the United States, the countries of the EU or similar jurisdictions. The market price of the Notes is influenced by economic and market conditions in Ghana and, to a varying degree, economic and market conditions in both emerging market countries and more developed economies, including those in the EU and the United States. Financial turmoil in Ghana and emerging markets in the past have adversely affected market prices in the world's securities markets for companies that operate in developing economies. Even if the Ghanaian economy remains relatively stable, financial turmoil in these countries could have a material adverse effect on the market price of the Notes.

### **6.3.4 Exchange Rate Risks and Exchange Controls**

The Issuer will pay the Principal Amount and Interest in the GHS. This presents certain risks relating to currency conversions if an investor's financial activities are denominated principally in a currency or currency unit (the **Investor's Currency**) other than the GHS. These include the risk that exchange rates may significantly change (including changes due to a devaluation of the Currency or a revaluation of the Investor's Currency) and the risk that authorities with jurisdiction over the Investor's Currency may impose or modify exchange controls. An appreciation in the value of the Investor's Currency relative to the Currency would decrease (i) the Investor's Currency equivalent yield on the Notes, (ii) the Investor's Currency equivalent value of the principal payable on the Notes and (iii) the Investor's Currency equivalent market value of the Notes.



Government and monetary authorities may impose (as some have done in the past) exchange controls that could adversely affect an applicable exchange rate or the ability of the Issuer to make payments in respect of the Notes. As a result, investors may receive less interest or principal than expected, or no interest or principal. An investor may also not be able to convert (at a reasonable exchange rate or at all) amounts received in the Currency into the Investor's Currency, which could have a material adverse effect on the market value of the Notes. There may also be tax consequences for investors.

#### **6.3.5 Interest Rate Risk and Fixed Rate Notes**

Investment in Fixed Rate Notes involves the risk that if market interest rates subsequently increase above the rate paid on the Fixed Rate Notes, this will adversely affect the value of the Fixed Rate Notes.

### **6.4 RISKS RELATING TO THE NOTES**

#### **6.4.1 Redemption at the Option of the Issuer**

An optional redemption feature of Notes is likely to limit their market value. During any period when the Issuer may elect to redeem Notes, the market value of those Notes generally will not rise substantially above the price at which they can be redeemed. This may similarly be true prior to any redemption period.

The Issuer may be expected to redeem Notes when its cost of borrowing is lower than the interest rate on the Notes. At those times, an investor generally would not be able to re-invest the redemption proceeds at an effective interest rate as high as the interest rate on the Notes being redeemed and may only be able to do so at a significantly lower rate. Potential investors should consider reinvestment risk in light of other investments available at that time.

#### **6.4.2 Unsecured Notes Constitute Unsecured Obligations of the Issuer**

The Issuer's obligations under the unsecured Notes constitute unsecured obligations of the Issuer. Accordingly, any claims against the Issuer under the Notes would be unsecured claims. The ability of the Issuer to pay such claims will depend upon, among other factors, its liquidity, overall financial strength and ability to generate asset flows.

#### **6.4.3 Subordinated Notes Constitute Subordinated Obligations of the Issuer**

The claims of holders of Subordinated Notes will rank below the claims of holders of Senior Notes issued by the Issuer and also subordinate to the claims of other senior creditors of the Issuer. Any such preferential claims may reduce the amount recoverable on the Subordinated Notes on any dissolution, winding up or liquidation of the Issuer and may result in an investor in Subordinated Notes losing all or some of its investment.

#### **6.4.4 Modification, Waivers and Substitution**

The Conditions contain provisions for calling meetings of Noteholders to consider matters affecting their interests generally. These provisions permit defined majorities to bind all Noteholders including Noteholders who did not attend and vote at the relevant meeting and Noteholders who voted in a manner contrary to the majority. As a result, such binding decisions made by majorities of Noteholders may be adverse to the interests of potential investors.

**6.4.5 The Value of the Notes could be Adversely Affected by a Change in Ghanaian Law or Administrative Practice**

The Conditions are based on Ghanaian law in effect as at the date of this Prospectus. No assurance can be given as to the impact of any possible judicial decision or change to Ghanaian law or administrative practice after the date of this Prospectus and any such change could have a material adverse effect on the value of any Notes affected by it.

**6.4.6 Further Notes May Be Issued without the Consent of Noteholders**

The Issuer may, from time to time, create and issue further Notes without the consent of Noteholders, subject to terms and conditions which are the same as those of existing Notes, or the same except for the amount of the first new payment of interest. Such new Notes may be consolidated and form a single series with outstanding Notes.

**6.4.7 The Global Note is Held by or on Behalf of the CSD**

The Issuer shall issue a single Global Note Certificate to the Note Trustee in respect of each series or tranche of Notes. The CSD shall maintain a record of Noteholders' respective electronic book entries in the Register showing the particulars of Noteholders and their respective holdings. The Register will be maintained electronically in a book-entry form on the CSD.

The Register will be held and updated by the CSD, which shall record each Series and Tranche of Notes, the number of Notes in each Series and Tranche, the Number of Notes in each Series and Tranche held by each Noteholder and the names and addresses and bank account details of each Noteholder.

While the Notes are represented by the Global Note, investors will be able to trade their beneficial interests only through the CSD. If Notes are transferred subsequent to issue, rights of ownership will be transferred *via* entries in the Register, per the CSD securities transfer rules. The Issuer will discharge its payment obligations under the Notes by making payments to or to the order of the Paying Agent for distribution to their account holders. The Issuer has no responsibility or liability for the records relating to, or payments made in respect of, interests in the Global Note.

## 7. OVERVIEW OF GHANAIAN ECONOMY

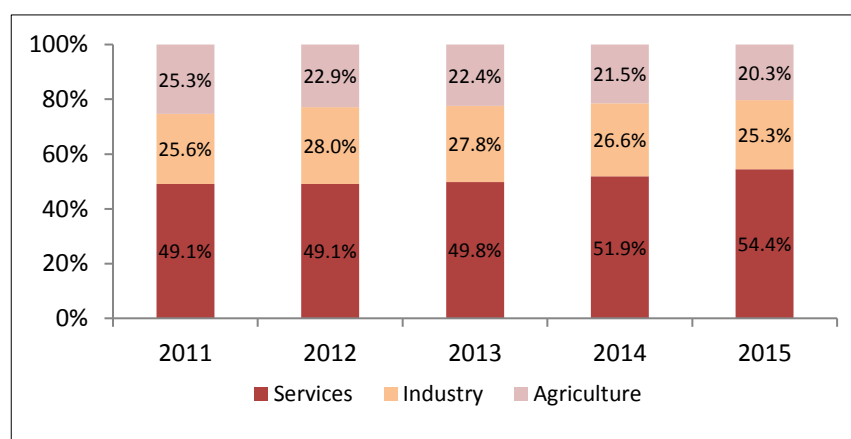
### 7.1 GENERAL OVERVIEW

The Ghanaian economy has grown in recent years, largely due to contributions from recently discovered oil and gas resources, which have attracted large amounts of foreign direct investment, as well as the strong performance of the finance and Information Communication Technology (ICT) led services sector. However, a number of significant domestic and external challenges which have caused the economy to weaken have emerged recently, including significant depreciation of the GHS, high fiscal and current account deficits, rising inflation, power shortages, a financial crisis impacting state-owned enterprises (**SOEs**) operating in the power sector and declining prices of its key exports, oil and gold. A 3-year International Monetary Fund (**IMF**) support programme currently halfway through is yielding positive results for the macroeconomic stability of Ghana.

### 7.2 STRUCTURE OF THE ECONOMY

Ghana's macro-economic structure comprises of 3 main sectors; the agriculture, industry and services sectors. Subsectors falling under the agriculture sector are crops, livestock and fishing sub sectors. Cocoa is the most notable under the crop subsector of agriculture due to its contribution to export revenues. Historically, the agriculture sector was the largest in terms of percentage contribution to GDP and employment provided by the sector. Agriculture was followed by industry and services in that order. Economic activities classified under the industry sector are construction, electricity, mining and crude oil. Following the first production of crude oil in 2011, the industry sector growth outpaced the agriculture sector. The services sector comprises of finance and insurance, ICT, transportation, trade, health and education. Currently, the services sector has overtaken both agriculture and industry to become the largest and fastest growing sector in Ghana, accounting for 52.6% of GDP in 2015. Industry and agriculture followed at a distance with respective GDP contributions of 26.3% and 21.1%.

Figure 1: Contribution to Ghana's GDP by Sector



Source: Ghana Statistical Service

Going forward, it is expected that government policy will include funding, tax incentives and implementation support to promote expansion in the agriculture subsector spearheaded by cocoa and rice. Short term loans which seek to boost the overall quality and quantity of output have provided much needed funding into various entities within this sector. These include the USD 22 million interest-free loan to cocoa and cashew farmers from Olam International and the USD 1 billion syndicated loan from Ghana Cocoa Board. The services sector growth will be sustained through efforts to increase financial inclusion through the introduction and widespread usage of mobile money which provides convenient banking in remote regions for Ghana's large unbanked population. Increased trading and commerce activity, supported by a relatively stable foreign exchange environment, a boom in finance and insurance operations (riding on the back of the young oil and gas industry as well as projected lower treasury bill

interest rates and improved non-performing loans to support loan growth) will keep services as the most prominent sector. ICT advances reflecting in the impending digital migration and keen competition in the entertainment and media space will contribute to growth. Transportation services, linked to improvement in roads, lower cost of aviation fuel and efforts to deepen the capital markets as the engine for private sector led economic growth will provide further impetus for services sector growth. In the Industry sector, we expect improvement in the finances of the energy sector SOEs due to petroleum levies, efforts to sanitise and expand electricity power sector through restructuring, the proposed Electricity Company of Ghana concession agreement as well as production from oil fields (Jubilee, Tweneboa-Enyenra-Ntomme (TEN) and Sankofa Gye Nyame) to secure medium term growth.

### **7.3 GDP GROWTH**

Although the Ghanaian economy is currently in its 15<sup>th</sup> consecutive year of expansion, Gross Domestic Product (GDP) growth in 2015 fell to 3.9%, compared to 4.0% in 2014 and 7.3% in 2013. GDP growth averaged approximately 7.7% between 2010 and 2015. The lower growth rates achieved since 2013 resulted from disruptions to energy supplies, higher interest rates and falling world-wide commodity prices. In contrast, the high GDP growth in 2011 (14%) resulted from the first full year of oil production from the Jubilee Field. In 2015, the agriculture, industry and services sector registered growth rates of 2.4%, 1.2% and 5.7%, respectively.

### **7.4 INFLATION TREND**

Inflation decreased from 18.1% in 2008 to a low of 8.6% in 2011 but increased steadily to 19.2% in March 2016. The key causal factors for the rise in inflation are depreciation of the GHS, increased fuel prices and a significant increase in electricity and water tariffs in December 2015. Inflation subsequently eased to 16.9% in August 2016. This raises the expectation of a sustained decline in headline inflation towards the Bank of Ghana medium term target of 10%  $\pm$  2% in 2017.

### **7.5 FISCAL DISCIPLINE**

Although the overall fiscal deficit decreased from 9.7% of GDP in 2000 to 4% of GDP in 2011, it rose significantly in 2012 (to 11.5%) before easing marginally to 10.2% in 2014. The pace of decline however quickened to 6.3% in 2015 under the IMF-assisted fiscal consolidation programme (which commenced in April 2015 and would run to April 2018). The government attributes the earlier increases to efforts to rationalise public sector wages, higher interest payments on domestic and foreign debt, declines in commodity prices, increased infrastructure costs, delays in reducing fuel subsidies, shortfalls in corporate taxes from petroleum operations and reduced grant inflows from development partners. The government succeeded in reducing the fiscal deficit to 6.3% of GDP in 2015, primarily as a result of the impact of the government's fiscal consolidation programme. Specific policies include: higher tax revenues (including VAT on fee-based financial services and a 5% flat rate on real estate, a special petroleum tax of 17.5% and a special import levy of 1–2% on certain imported goods) and contained expenditure for the period. Provisional data for the first 6 months of 2016 indicates that the fiscal deficit amounted to 3.1% of GDP against a budget target of 2.3% and a deficit of 2.5% in the equivalent period of 2015.

### **7.6 MEDIUM TERM ECONOMIC OUTLOOK**

The medium term outlook on the Ghanaian economy is broadly positive (with a modest-paced recovery expected in 2017). GDP growth rate at the close of 2015 (3.9%) turned out 40bps higher than projected, albeit, 10bps short of the 2014 level of 4.0%.

Growth in the agricultural sector slowed in 2015 by 220bps year-on-year to 2.4%, suppressed by poor yield in the cocoa sub-sector which resulted in a 1.4% contraction in the growth of the cocoa sub-sector. Ghana's industrial sector expanded by 1.2% in 2015 (40bps above the 2014 growth rate), propelled by growth in construction (3.3%), as well as water and sewerage (21.5%). Government efforts directed at boosting cocoa output are expected to lead to recovery in cocoa yields while the construction led growth in the industrial subsector is expected to continue unabated.

Critical sub-sectors of industry such as mining & quarry (-2.9%) and electricity (-10.2%) which recorded declines in their value in 2015 largely due to the acute shortage in electricity supply (and lower gold price) in 2015 are projected to recover in the medium term subject to anticipated structural improvements in electricity generation and distribution. The IMF expects the pace of Ghana's economic growth to recover modestly in 2016 to 4.5% with a relatively stronger growth in 2017 at 7.7%.

## **7.7 RISKS TO THE OUTLOOK**

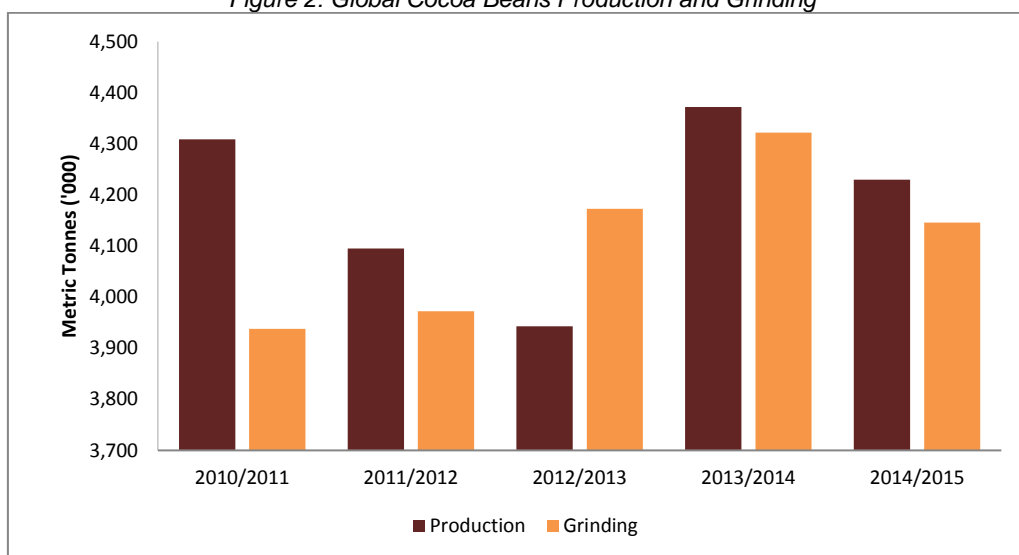
The positive outlook hinges critically on sustained stability in power supply together with additional production of hydro-carbons from the TEN and Sankofa oil fields to augment current production on the Jubilee oil field. Despite these positive projections, economic activity in the short-term remains vulnerable to risks arising from the uncertainty in the global commodities market, the continued fiscal and monetary tightening as well as the challenging domestic operating environment.

## 8. OVERVIEW OF THE COCOA INDUSTRY

### 8.1 GLOBAL DEMAND AND GROWTH OF THE COCOA INDUSTRY

The global demand for cocoa and cocoa butter is driven by the global chocolate confectionary market. Global demand, as represented by grindings tracked by International Cocoa Organisation (ICCO), has grown from 3.7 million tonnes *per annum* to an estimated 4.1 million tonnes during the past five years, a compounded annual growth rate (CAGR) of 2.1%. In the same period, global cocoa production increased from 3.7 million tonnes per annum to 4.2 million tonnes, growing by a CAGR of 2.5%, almost in tandem with demand.

Figure 2: Global Cocoa Beans Production and Grinding



Source: ICCO, Databank

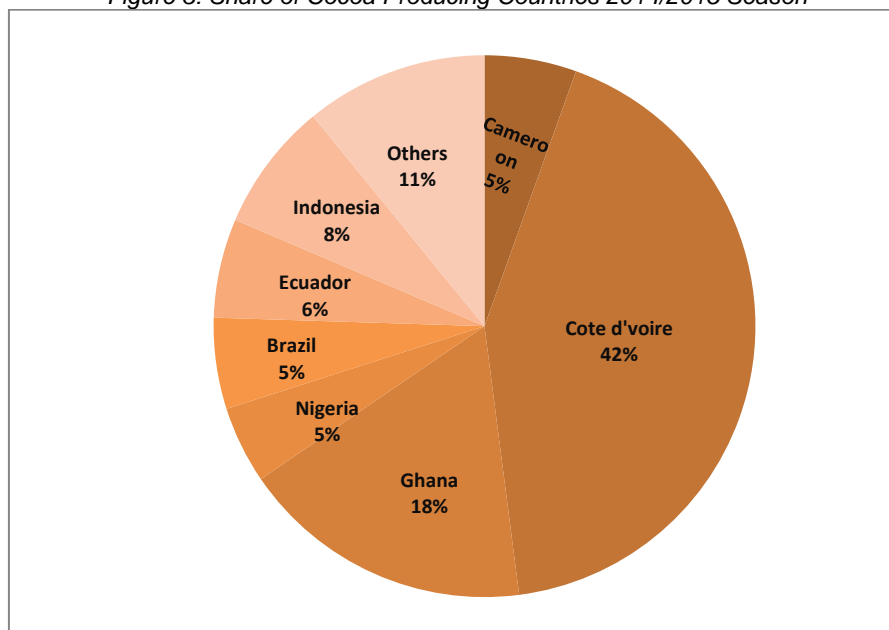
Market estimates for the value of the global chocolate market is USD 98.3 billion by the end of 2016 and growing at 2.7% *per annum*, according to MarketsandMarkets. Conventionally, the demand for chocolate confectionery is highly concentrated in the world's advanced economies (Europe (38%) and North America (25%) of global consumption), as consumption is tightly linked to per capita income. However, continued rise in *per capita* incomes in emerging markets, particularly in Asia, Africa and Eastern Europe, point to a positive outlook for the fundamentals of demand for cocoa. Asia in particular is the driving force behind current growth in global demand. This is because the continent has a very low penetration rate for the consumption of chocolate confectionery and is estimated to hold a 20% share of the global market.

### 8.2 MAJOR WORLD PRODUCERS OF COCOA

Cocoa is the main raw material for chocolate production and has no substitutes. Moreover, the crop can only be grown in hot, rainy climates within 10 degrees (latitude) off the equator. These climatic factors give West Africa a strong competitive advantage in the production of cocoa and the region is expected to continue the lead in world production, growing at an average of 2.5% (CAGR for 2010-2015).

According to the ICCO, the West Africa region accounted for an estimated 72.5% share of global production in 2014/15. Cote d'Ivoire is by far the largest producer of cocoa beans, accounting for 42.5% (about 1.80 million tonnes) of global production. Ghana comes second, contributing an estimated 17.5% (about 0.74 million tonnes) of global output in the 2014/2015 season. The chart below shows the global cocoa production distribution among producing countries.

Figure 3: Share of Cocoa Producing Countries 2014/2015 Season



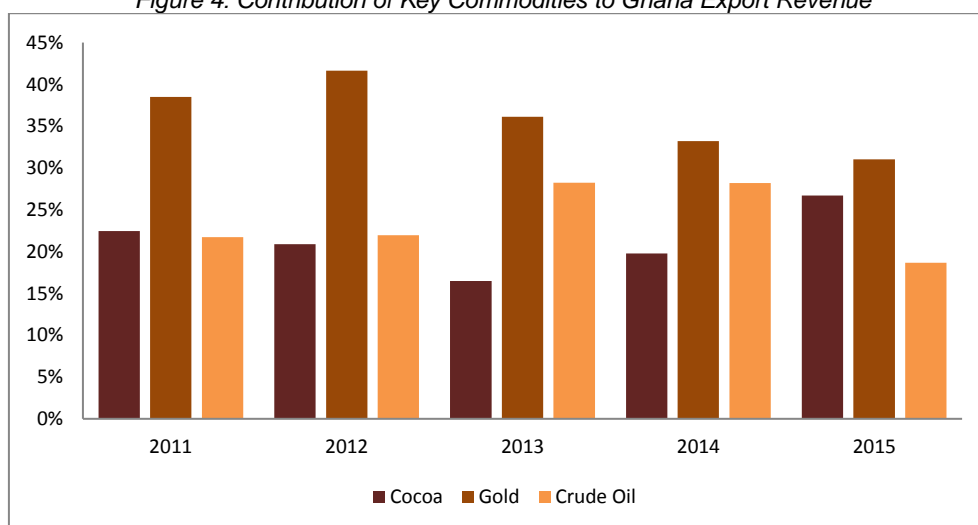
Source: ICCO, Databank

The cocoa crop is harvested twice a year during the main crop season and the intermediary crop season (also termed as light-crop season). As the name suggests, output for the main crop harvest is larger than the light-crop harvest although the relative size varies according to the country where it is produced.

### 8.3 RELEVANCE OF COCOA TO GHANA'S ECONOMY

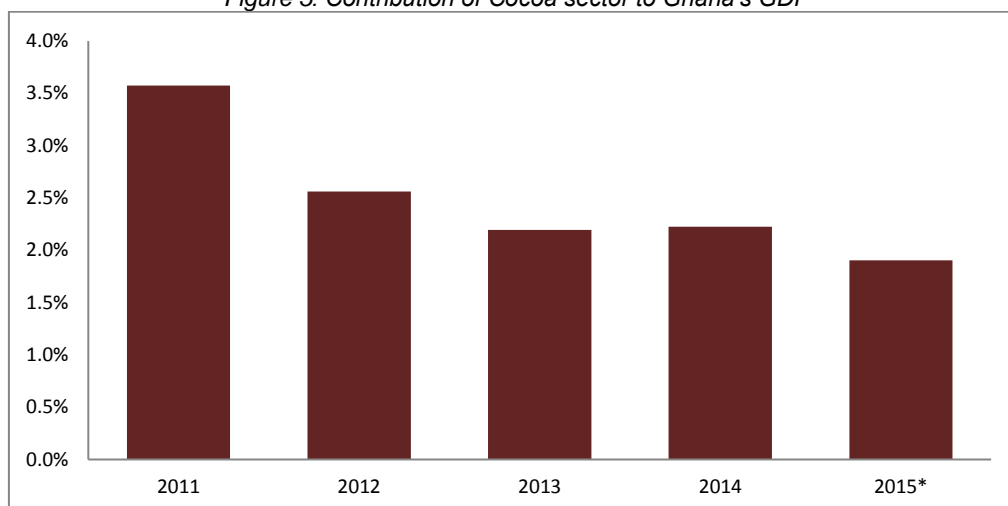
In Ghana, the cocoa industry has been the lifeblood of the economy. The value of the cocoa industry is estimated at USD 3 billion and remains a strategic sector both as an important source of foreign exchange earnings (27% of total export revenue in 2015) and important contributor to GDP (1.9% to GDP in 2015). Despite the production of crude oil in recent years, the cocoa industry remains strong and buoyant and ranked second as a foreign exchange earner for the country after gold in 2015. The sector's contribution to GDP has however gradually declined from 3.6% in 2012 to 1.9% of GDP in 2015 (provisional).

Figure 4: Contribution of Key Commodities to Ghana Export Revenue



Source: Databank

Figure 5: Contribution of Cocoa sector to Ghana's GDP



Source: Databank

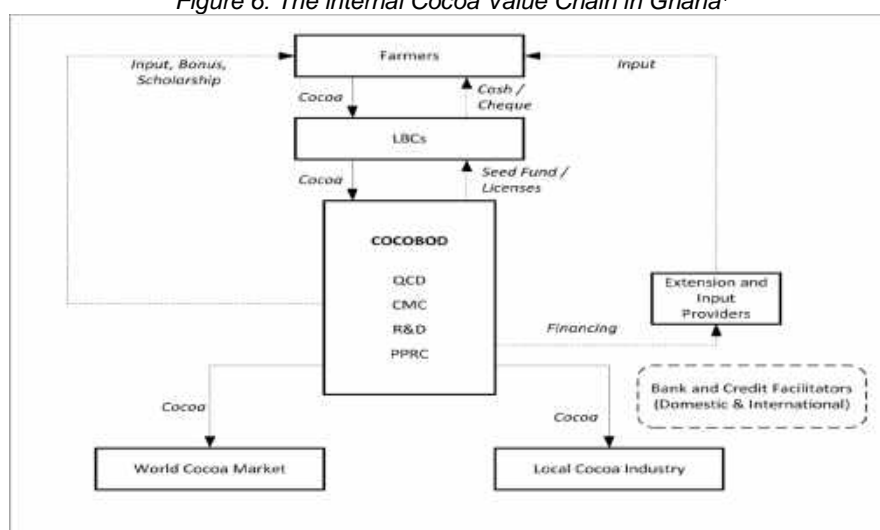
#### 8.4 STRUCTURE OF THE COCOA INDUSTRY IN GHANA

The cocoa industry can be categorised into upstream and downstream segments. The upstream segment covers production, haulage and processing of cocoa beans while the downstream segment covers the sequence of activities needed to convert the raw material (cocoa beans) into semi-finished cocoa products (cocoa paste/liquor, cocoa butter and cocoa powder) and finished chocolate products.

Ghana's cocoa industry is heavily dominated by upstream activities with minimal capacity for chocolate manufacturing. There are over half a million (500,000) smallholder farmers at the base, 49 registered licensed buying companies, 1 exporter (Cocoa Marketing Company) and a few processors (ADM, Cargill, Barry Callebaut) and manufacturers (Nestle Ghana and Cocoa Processing Company).

The post-harvest production chain is usually undertaken outside Ghana, with most cocoa exported as raw beans for processing elsewhere. The Netherlands remains the most significant export destination. At the top of the hourglass are retailers and millions of consumer chocolate products.

Figure 6: The internal Cocoa Value Chain in Ghana<sup>1</sup>



<sup>1</sup> Adapted from 'Cocoa is Ghana; Ghana is Cocoa – Evaluating Reforms of the Ghanaian Cocoa Sector' [H. Lundstedt, & S. Pärssinen (2009)]



#### 8.4.1 Regulatory framework of Ghana's cocoa industry

The cocoa industry in Ghana is inherently structured (backed by the Ghana Cocoa Board Act, 1984 (PNDCL 81)) to give Ghana Cocoa Board ultimate control over the cocoa supply chain. Under the Ghana Cocoa Board Act, 1984 (PNDCL 81), no person is permitted to market or export any cocoa unless it is cocoa which is the property of Ghana Cocoa Board or it is cocoa which has been graded and sealed and the export of which has been authorised by Ghana Cocoa Board.

#### 8.4.2 Structure of Ghana Cocoa Board

Ghana Cocoa Board has 3 divisions (i.e. Cocoa Research Institute (**CRIG**), Seed Production Unit (**SPU**) and Cocoa Swollen Shoot Virus Disease Control Unit (**CSSVDCU**)) and 2 subsidiaries (i.e. Quality Control Company Limited (**QCC**) and Cocoa Marketing Company Ghana Limited (**CMC**)). The divisions are responsible for its pre-harvest operations while the subsidiaries are responsible for the post-harvest activities.

##### (a) *Pre-Harvest Sector*

- (i) CRIG: Carries out research on cocoa, coffee, kola, shea nut and other indigenous oil tree crops which produce fats similar to cocoa butter. It also provides information and advice on all matters relating to the crops.
- (ii) SPU: Produces high yielding seed pods (hybrid) for rehabilitation, replanting and the establishment of new farms.
- (iii) CSSVDCU: Is responsible for the survey and control of the Cocoa Swollen Shoot Virus Disease. The CSSVDCU commenced the replanting of 43,328 hectares of diseased or over-aged trees over a 6-year period ending 2016.

##### (b) *Post-Harvest Sector*

- (i) QCC: Is responsible for the administration of the quality of cocoa and other exportable crops previously handled by Ghana Cocoa Board, namely coffee and shea nut. Quality checks are performed at the farm level and before the cocoa beans are finally exported.
- (ii) CMC: It is a wholly-owned subsidiary of COCOBOD which takes responsibility for cocoa procured and delivered by licensed cocoa buying companies on behalf of Ghana Cocoa Board. Exports are handled by CMC. CMC sells the cocoa on international markets, often through forward contracts that may be executed even before the cocoa harvest occurs.

#### 8.4.3 Licensed Buying Companies

The external marketing and trading of cocoa in Ghana is fully monopolised by CMC, supported by licensed cocoa buying companies who play a critical role in the supply chain and internal marketing of cocoa.

In 1993, the domestic marketing of cocoa was liberalised. The liberalisation was aimed at ensuring healthy competition and enhancing supply-chain efficiencies in the cocoa trading sector. Consequently, the number of licensed cocoa buying companies has since grown considerably. The upsurge of licensed cocoa buying companies in Ghana was due to the attractiveness of the sector as Ghana Cocoa Board paid a fixed takeover margin per tonne. As at the end of the 2014/2015 crop season, the number of active licensed cocoa buying companies registered stood at 40, but showing a long tail in terms of market share. The top 10 licensed cocoa buying companies accounted for more than 90% of total purchases during the

2014/2015 crop season, with the rest purchasing less than 10% of total beans purchased for the period as shown in the table below.

Table 2: Market Share of Licenced Buying Companies for 2013 - 2015

Licenced Buying Company	Volume Purchased (Metric Tonnes)			Volume Purchased (Market Share)		
	2013	2014	2015	2013	2014	2015
<b>PBC</b>	<b>295,251</b>	<b>297,131</b>	<b>230,990</b>	<b>35%</b>	<b>33%</b>	<b>31%</b>
Akuafo Adamfo Co. Limited <sup>2</sup>	107,099	117,673	76,300	13%	13%	10%
Amajaro Limited	88,984	97,955	92,276	11%	11%	12%
Kuapa Kookoo Co. Limited	48,258	62,222	48,734	6%	7%	7%
Transroyal Limited	49,266	52,869	52,022	6%	6%	7%
Olam Ghana Limited	63,295	56,560	45,626	8%	6%	6%
Federated Commodities Limited	52,673	55,355	44,581	6%	6%	6%
Adwumapa Buyers Limited	31,251	41,826	38,990	4%	5%	5%
Cocoa Merchants Limited	37,380	35,304	39,635	4%	4%	5%
Royal Commodities Limited	15,480	14,400	13,698	2%	2%	2%
Others	46,680	65,588	57,402	6%	7%	8%
<b>TOTAL</b>	<b>835,617</b>	<b>896,883</b>	<b>740,254</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>

Source: Ghana Cocoa Board

The licensed cocoa buying companies transport the cocoa from the farms to designated takeover points where CMC issues a Cocoa Takeover Receipt (**CTOR**) worth the amount of cocoa delivered.

#### 8.4.4 Funding Cocoa Purchases

In addition to the licensed cocoa buying companies' equity capital, funding for cocoa purchases in Ghana is obtained from 2 major sources: Ghana Cocoa Board's seed fund and short term borrowing from commercial banks.

##### (a) Seed Fund

Ghana Cocoa Board provides working capital finance (**Seed Fund**) at the start of each crop year to cover a portion (typically 70%) of each licensed cocoa buying company's projected purchases for every crop season. Based on each licensed cocoa buying company's performance (market share) in the prior year, Ghana Cocoa Board will estimate the volume of purchases of each licensed cocoa buying company for the current crop year and provide a portion of the funding the licensed cocoa buying company needs at a predetermined interest rate.

Operational arrangements of the Seed Fund provided to licensed cocoa buying companies including disbursements are as follows:

- (i) a bank guarantee is placed with Ghana Cocoa Board to cover the projected seed fund required for the main crop purchase;
- (ii) the bank guarantee must meet the terms of Ghana Cocoa Board and must also have a defined tenor of 4 months, which is usually renewed based on performance of the licensed cocoa buying companies;
- (iii) upon acceptance of the bank guarantee by Ghana Cocoa Board, funding equivalent to the guaranteed amount is disbursed to the financial institution which issued the guarantee; and
- (iv) the licensed cocoa buying company utilises the disbursed funds to purchase cocoa beans from the farmer based on projected purchases and funding needs communicated by purchasing clerks from their respective buying centres where the licensed cocoa buying company operates.

<sup>2</sup> Akuafo Adamfo Company Limited is no longer operating as a licensed buying company.

Recovery of the Seed Fund by Ghana Cocoa Board commences immediately cocoa deliveries are made by a licensed cocoa buying company. The recovery process is structured as follows:

- (i) cocoa beans delivered by the licensed cocoa buying companies at a cocoa takeover centre are valued and a CTOR issued in its favour;
- (ii) the value of the beans supplied is netted off against any outstanding Seed Fund (i.e. principal and accrued interest);
- (iii) within the main crop season (which runs from October to April), additional Seed Fund is processed and disbursed where a licensed cocoa buying company is able to deliver cocoa beans up to 70% of the initial Seed Fund disbursed;
- (iv) upon full recovery of both principal and interest, any excess delivery of cocoa beans is paid directly to the licensed cocoa buying company; and
- (v) where the excess cocoa bean delivery is financed by a bank, Ghana Cocoa Board settles the payment in the joint names of the licensed cocoa buying company and the bank based on instructions issued by the licensed cocoa buying company. Full recovery of Seed Fund usually occurs around June/July of the crop year.

(b) *Commercial Bank Funding*

Traditionally, 30% of cocoa buying funding requirements are provided by banks in the form of short term funding. These facilities are usually unsecured and are tied to the cocoa cycle. Delays associated with accessing the Seed Fund, coupled with the fact that Seed Funds do not cover the total funding needs of licensed cocoa buying companies makes bank funding an important source of funding needed by licensed cocoa buying companies. The cocoa buying business is volume-driven hence early procurement of funding in the right amounts usually translates into higher revenues and profitability for the entity.

To ensure that the value of cocoa deliveries in excess of the Seed Fund are paid to the financing bank, Ghana Cocoa Board issues an undertaking (at the request of the licensed cocoa buying company), to pay all monies due the licensed cocoa buying company in the joint names of the financing bank and the licensed cocoa buying company. This undertaking is usually issued at the beginning of the crop year (but before disbursement of the short term bank debt to the licensed cocoa buying company). This arrangement guarantees repayment of funds to the financing institution provided the licensed cocoa buying company meets its obligation of delivering beans against the total funding received.

Financing banks monitor the performance of licensed cocoa buying companies on a regular basis (usually monthly) to ensure that cocoa beans are being delivered to cover their debt/exposure. Below are some of the monitoring activities carried out by some banks:

- (i) Weekly performance reports from licensed cocoa buying companies which capture the following:
  - total cocoa purchases;
  - total cocoa deliveries made to Ghana Cocoa Board; and
  - cocoa taken over by Ghana Cocoa Board.
- (ii) Monthly reports from Ghana Cocoa Board on the performance of each licensed cocoa buying company are used to corroborate the weekly reports submitted by the licensed cocoa buying company to the financing institution. This report

includes all the data on the weekly summary report of the licensed cocoa buying company as well as:

- total Seed Fund outstanding to be recovered from the licensed cocoa buying company; and
  - total interest outstanding on the Seed Fund.
- (iii) In addition to the above, the licensed cocoa buying companies are required to submit to financing banks, a monthly schedule that discloses the following information:
- total value of stocks purchased (i.e. at the society, district, port, etc.);
  - value of beans held in receivables with Ghana Cocoa Board; and
  - cash held on the field (to purchase cocoa beans).

The schedule above makes it possible for financing banks to monitor and track the status of their facility with any licensed cocoa buying company. These reports are augmented by other measures used by the banks to monitor performance of the licensed cocoa buying companies they have funded within their credit risk framework for the sector.

#### 8.4.5 Input Suppliers

Ghana Cocoa Board supplies fertilisers to cocoa farmers to improve farm yield. The distribution of fertilisers is currently undertaken through CODAPEC/HITEC taskforces established in all the 60 *Cocoa Health and Extension Division* of Ghana Cocoa Board's operational districts. In April 2016, Ghana Cocoa Board commenced the distribution of 2.5 million bags of granular fertilisers and 1.4 million litres of liquid or foliar fertiliser, for cocoa farmers throughout the country.

#### 8.4.6 Transportation and Storage

After licensed cocoa buying companies purchase the cocoa, they transport it to their depot after which they are transported to CMC's takeover centres. In the process, the quality of cocoa is re-checked and re-weighed to ensure quality and standards are maintained. Cocoa purchased by CMC is insured (Goods in Transit Insurance) whilst in storage or in transit to the takeover centres. The loss payees under the insurance policies are Ghana Cocoa Board and commercial banks who provide funding used by the licensed cocoa buying companies to buy cocoa beans. Haulage fees are determined by the Producer Price Review Committee (**PPRC**) and it is based strictly on the distance covered per tonne of cocoa.

#### 8.4.7 Determination of Farm Gate Prices of Cocoa in Ghana

Pricing of farm gate prices in Ghana is undertaken by Ghana Cocoa Board through the PPRC. Although the Government of Ghana maintains a monopolistic and price predatory market practices, farmers in recent years, have experienced marked improvement in farm gate prices of their produce. Ghana Cocoa Board currently pays a fixed price of GHS 6,720 per tonne for the 2015/2016 season purchases, which based the exchange rate for the corresponding period represents approximately USD1,816 a tonne, and therefore equates to a 40% discount to the world market price as at 30<sup>th</sup> June, 2016. This price, however, represents a substantial increase compared to GHS 3,392 paid to farmers during the 2013/2014 crop season.

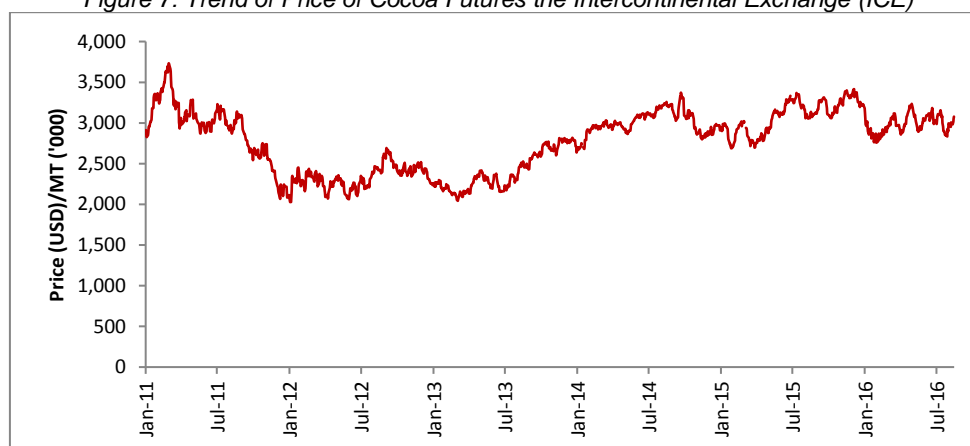
The Government of Ghana's pricing strategy is aimed at paying a minimum of 70% of the net Free on Board (**FOB**) to the farmers as producer price in addition to biannual bonus payments. As a price absorber mechanism, Ghana Cocoa Board has a stabilisation fund into which a percentage of the FOB price paid annually to serve as some form of price insurance for farmers in times of extremely unfavourable world market prices.

#### 8.4.8 Price Performance of Cocoa

Cocoa prices on the international futures markets have recovered strongly after reaching a 5-year low at USD 2,028 per tonne on January 6, 2012 on the Intercontinental Exchange (ICE) futures market in the U.S. On December 8, 2015, cocoa futures reached its 5-year record highest price of USD 3,417 per tonne after a year of an abysmally low price of USD 2,686 per tonne recorded on January 30, 2015. Cocoa futures started trading in 2016 at USD 3,211 per tonne but succumbed to the general trend in commodity prices that occurred in 2015. Indeed, after reaching the 5-year high in early December 2015, cocoa prices fell sharply during the month of January, amid intense speculative selling activities which resulted, in part, from concerns related to the slowing Chinese economy and a weak forecast for world economic growth. This potentially reinforced weak consumer demand for cocoa and chocolate products.

As a result, prices for cocoa futures declined by 19% to USD 2,764 per tonne at the beginning of February 2016 on the ICE. By first week in May this year, cocoa futures prices on the ICE markets reversed from the declines experienced at the beginning of the year, supported by supply side concerns and the fallout from the 'Brexit' vote in June. A disappointing midcrop season in West Africa, coupled with reports of unfavourable weather conditions for the in West Africa led cocoa futures prices to reach USD 3,034 per tonne on 30<sup>th</sup> June, 2016

Figure 7: Trend of Price of Cocoa Futures the Intercontinental Exchange (ICE)



Source: Databank, ICE

#### 8.5 Outlook for the Global Cocoa industry

Cocoa prices are generally set to trend upward as demand of the commodity is expected to continue to outpace supply. Cocoa demand will continue to be driven by rapidly increasing demand for chocolate products in emerging markets. Major producers such as Indonesia and Brazil are now net importers of beans from West Africa due to the rapidly growing in-country demand for chocolate. However, factors including large discounted pay-outs to farmers in Ghana and Cote d'Ivoire against world market prices, an ageing crop and workforce will represent a significant fundamental constraint on supply in the long term. Other factors that could work against future supply of the commodity is increasing shift in the use of land from cocoa to rubber, palm oil or gold mining as landowners seek to generate maximum return on their land parcels.

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## **9. OVERVIEW OF THE GHANAIAN DEBT CAPITAL MARKET**

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### **9.1 OVERVIEW OF THE GSE**

#### **9.1.1 Background**

The GSE was incorporated under the Companies Act as a private company limited by guarantee in July 1989. It was authorised as a stock exchange in October 1990 under the repealed Stock Exchange Act, 1971 (Act 384). The council of the GSE was inaugurated on November 12, 1990 and trading commenced on its floor on the same day. The GSE changed its status to a public company limited by guarantee in April 1994.

A 9-member council governs the GSE. The operations of the GSE are regulated by the SEC, which is empowered by the Securities Industry Act. The criteria for listing on the GSE include capital adequacy, profitability, spread of shares, years of existence and management efficiency.

#### **9.1.2 Developments and Trends**

The GSE started operating with 11 listed companies. By 2002, 26 stocks, 4 corporate bonds and 2 government bonds had been listed on the First Official List of the GSE. This later increased to 35 listed equities, 1 Exchange Tradable Fund, 1 preference share and 1 depository share as several companies listed on the First Official List. The GSE has also listed a number of government bonds and corporate bonds.

In 2007, the Central Securities Depository Act, 2007 (Act 733) was passed to permit the issuance of dematerialised shares, where shareholders and board of directors of an issuer have authorised this. The passing of the law paved the way for the GSE to achieve several milestones in its development. These milestones include the incorporation and operation of the GSE Securities Depository Company Limited (the **GSD**) and the establishment of a clearing and settlement system. In December 2013, an agreement was signed between the Bank of Ghana and the GSE for the merger of the CSD and the GSD. Thus from January 2014, both the CSD and the GSD operate as a single depository, the CSD.

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

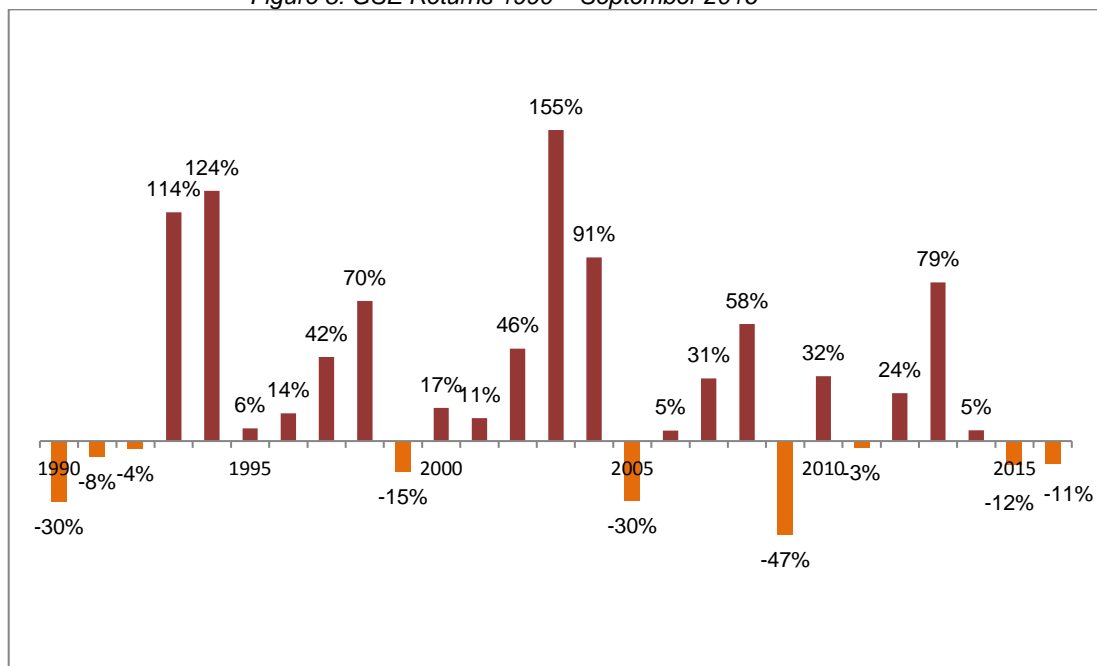
#### **9.1.3 Ghana Alternative Market**

The Ghana Alternative Market (**GAX**) is a parallel market to the GSE's First Official List focusing on businesses with potential for growth. The GAX accommodates companies at various stages of their development, including start-ups and existing enterprises, both small and medium. There are several benefits due the small to medium scale companies that qualify to be listed on this market. This alternative market affords companies the opportunity to secure long term capital, broaden their investor base and provide liquidity for their shareholders/investors.

#### **9.1.4 Performance of the GSE**

The performance of the GSE has been remarkable in recent years, experiencing improved volume trades and increased market capitalisation following the listing of index heavy weights such as Tullow Oil Plc and Ecobank Transnational Inc. The market capitalisation at the end of December 2015 was approximately GHS 57.12 billion. Following annual rallies of 23.8% and 78.8% in 2012 and 2013 respectively, returns on the benchmark GSE Composite Index (**GSE-CI**) slowed down recording a 5% return in 2014. As at the end of December 2015, the GSE-CI and the GSE Financial Stock Index (**GSE-FSI**) have returned -11.8% and 14%, respectively.

Figure 8: GSE Returns 1990 – September 2016



Source: GSE, Databank

#### 9.1.5 Outlook of the GSE

In the years ahead, the exchanges in the West African sub region plan to integrate their operations with open new frontiers on Ghana's market. Additionally, the coordinated efforts of the Ministry of Finance and Economic Planning and the SEC to increase capital market and investment education will, in time, enhance market activity. This will further help change the psyche of business owners in Ghana who tend to favour retention of control of their businesses.

The GSE's efforts at creating an opportunity for SMEs and other institutions to raise and list debt and equity securities on the market through the GAX is thus a noteworthy move that needs to be supported. The GAX appears to be catching up recently in view of its more flexible requirements for listing as compared to the main bourse. It is a possibility for the GAX listed firms to outnumber those on the main bourse in the near future.

Table 3: Other Market Information

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

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

## 9.2 GFIM

### 9.2.1 Historical Overview

Before 1994, the Bank of Ghana issued Bank of Ghana and Government of Ghana securities (comprising notes of 2-year maturity periods and bonds of 3 to 5 years' maturity periods). Due to high inflation rates in the domestic economy, the issuance of 5-year bonds was discontinued in 1994 in favour of short dated securities (the 91-day and 182-day bills).

Between 1990 and 1999, only 5 bonds were issued on the GSE. The first bond was the 26% GSE Commemorative Registered Stock with a total par value of GHS 5 billion, issued on behalf of the Government of Ghana to commemorate the launching of the GSE in 1990. HFC Bank (Ghana) Limited (then, the Home Finance Company Limited) ("**HFC**") on 17<sup>th</sup> September, 1996 made a shelf registration of USD 35 million bonds on the GSE, under which four (4) bonds were issued as of October 1999. On 13<sup>th</sup> August, 2002, the HFC again made a shelf registration of GBP 1.20 million bonds on the GSE.

In the 2000s, as the economy recovered and became relatively stable, the Government of Ghana, as a policy, revisited the issuance of long dated treasury bonds. This has continued up to date. The activities of the bond market between 2004 and 2008 (as reported in BoG Annual Reports) are outlined below:

- 2004 – The market for both corporate and government bonds remained relatively quiet at the secondary level in spite of deliberate attempts by the Government of Ghana to boost the long term end of the financial market. A total of USD 73,417 worth of corporate bonds were traded during the year compared with USD 606,600 traded in 2003;
- 2005 – The corporate bond market remained relatively quiet. However, the USD denominated corporate bonds traded on the market increased by USD 41,783 to USD 115,200;
- 2006 – During the year, 35 Government of Ghana 2-year fixed rate notes totalling GHS 204,020 and 27 GOG 3-year fixed rate bonds amounting to GHS 41,629,000 were issued on the GSE. Standard Chartered Bank Ghana Limited's GHS 35 million medium-term notes were also issued on the Exchange. HFC's corporate bonds worth USD 40,000 were exchanged while USD 1,210.4 billion worth of Government of Ghana bonds were sold;
- 2007 – A total of 48 Government of Ghana 2-year, 3-year and 5-year bonds amounting to GHS 1,337.1 million were issued on the GSE during the year. HFC also issued a corporate bond (Series J) totalling USD 3.9 million. Government of Ghana bonds worth GHS 3.8 million, Standard Chartered Bank Ghana Limited's medium-term bonds totalling GHS 1.4 million and HFC's corporate bonds worth USD 20,000 were traded on the GSE;
- 2008 – A total of GHS 1,237.5 million Government bonds consisting of 2-year, 3-year and 5-year maturities were listed on the GSE as at the end of the year. The other listed bonds on the market were HFC bonds (series H '\$' and series J '\$') and SCB medium term notes amounting to USD 6.4 million and GHS 35.0 million respectively. There were no trades in both the HFC bonds and SCB medium term notes. However, GHS 3.4 million worth of Government bonds were traded in 2008; and
- 2014 to 2015 – Between 2014 and 2015, 4 companies, Izwe Loans Company Limited, AFB Company Limited, Edendale Properties Plc Limited and Bayport Financial Services Limited issued and listed corporate bonds on the GAX

## 9.2.2 Market Overview



The GFIM facilitates secondary trading of all fixed income and other similar securities. Ghana's fixed income securities include corporate bonds, corporate notes, treasury bonds, treasury notes, treasury bills and other types of money market instruments (such as repos and Bank of Ghana bills). The market was established by key stakeholders in the financial services industry, including the Bank of Ghana, the GSE, the CSD, the Ghana Association of Bankers, the Ministry of Finance, Financial Market Association and Licensed Dealing Members of the GSE (the **LDMs**).

The market activity and its scope of operations are governed by SEC and the Bank of Ghana. The regulatory framework of the SEC mainly covers the secondary market activities while the Bank of Ghana regulates the activities of primary dealers on the primary market.

The main objectives of GIFM are to improve transparency, increase market efficiency, enhance price discovery and increase liquidity in the secondary trading of fixed income securities in Ghana. Ultimately, secondary trading of fixed income securities in Ghana is expected to align with international best practices. Bloomberg and GFIM, in September 2015, launched the Bloomberg E-Bond trading and market surveillance system, a new electronic trading system for Ghanaian government bonds which Bloomberg began operating in August 2015. The system will be the primary execution platform for all fixed income trading.

The main dealers on GIFM are:

- Primary Dealers (**PDs**) authorised by the Bank of Ghana and licensed by the SEC to deal in securities in Ghana. The PDs participate in the primary auction of Government of Ghana and Bank of Ghana securities;
- Non-PD banks licensed by the SEC to deal in securities trading; and
- LDMs.

The market infrastructure which aids the operation of the Ghana fixed income market includes:

- an electronic trading and market surveillance system provided by Bloomberg L. P. A; and
- a clearing and settlement system operated by the CSD with the Bank of Ghana as the settlement bank.

### 9.2.3 Market Structure and Performance

The GIFM is dominated by Government of Ghana securities in terms of listings and trading. There are currently 14 listed corporate debt securities (combined value of approximately GHS 271.7 million) issued by Izwe Loans Limited, AFB Ghana Limited, Edendale Properties Plc Limited and Bayport Financial Services Limited while total outstanding Government of Ghana securities as at end of June, 2016 was valued at GHS 33.47 billion.

The Government of Ghana securities comprise of bills (91-day and 182-day), notes (1-year and 2-year) and bonds (3-year, 5-year, and 7-year). The 91-day bills account for the largest share (26.7%) of the total outstanding Government of Ghana securities, followed by the 182-day (26.4%), the 3 and 5 year bonds (35.9%) while the 7-year bond accounts for only 0.6% of the total outstanding Government of Ghana securities. This is evident of the need to increase and deepen activities on GIFM (especially, the bonds market).

As at the end of June 2016, commercial banks (25.1%), foreign investors (29.5%), firms and institutions (23.2%) and other investors (14.6%) were the largest holders of Government of Ghana securities. The large size of Government of Ghana securities on GIFM is primarily explained by the country's high fiscal deficit which has necessitated the high appetite for government borrowing in order to close the fiscal gap.

Trading activity on GIFM is highly concentrated in the 3 and 5-year Government of Ghana securities and a substantial amount of bills discounting also occurs over-the-counter. Activity in the 7-year bond is relatively low. One of the reasons for the low secondary market activity in the 7-year bond is the inadequacy of market information, and low transparency which inhibits market efficiency and price discovery.

*Table 4: GFIM Market Information*

Trading Days	Trading takes place every working day
Trading Hours	Pre-opening period: 9:30hrs to 10:00hrs (GMT) Market opens for continuous trading: 9:00hrs to 16:00hrs (GMT)
Clearing & Settlement	Trade settlement is done electronically using a web-based application. Settlement occurs two (2) business days (T+2) after the trade date. The System allows for mutual settlement of trade on T+0 or T+1 basis

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

#### 9.2.4 Market Outlook

Secondary market trading on GIFM (particularly on the longer end of the market) has been much muted over the past years mainly on account of high macroeconomic volatility and the resultant upward trend in yields. Since the completion of the last IMF programme in July 2012, yields on short term securities in particular have generally assumed an upward trend, crossing the 20% mark, and thus increasing the appeal of short term securities at the expense of medium term securities and secondary market trading.

Consequently, there is less optimism about the short term outlook for GIFM as investors remain wary of adverse impact of the rising inflation and GHS depreciation on their investment. Trading activity on the secondary bonds market is expected to be constrained in the near term as short term yields (currently with an upside potential) are not expected to decline sharply (in the event of a downward trend) over the next 12 months due to the macroeconomic uncertainty. With inflation anticipated to peak in the fourth quarter of 15 before assuming a downward trend in 2016, yields could decline relatively faster in early 2017 (without adjusting for possible Government of Ghana expenditure shock in election year 2016). It is, however, expected that the Government of Ghana's domestic borrowing to be relatively restrained in the election year 2016, given the early indications of government's commitment to implementation of the IMF policies and conditionality. This should ease the upward pressure on yields and possibly narrow the bid-ask spread, culminating in enhanced market liquidity and trading activity on the fixed income market in the medium term (possibly after 2017).

The introduction of the Bloomberg E-Bond trading and market surveillance system should also improve price discovery and boost trading activity. The e-trading platform and surveillance system is expected to improve information flow to all market participants and boost confidence in the market.

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## **10. INFORMATION ON THE ISSUER**

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### **10.1 PROFILE OF THE ISSUER**

PBC was incorporated, under the Companies Act, as a private limited liability company on January 27, 1981 with registration number “CA-19,826” and with the initial name of “*Produce Buying Division Limited*”. The Registrar-General’s Department issued PBC with a certificate to commence business with effect from 18<sup>th</sup> November, 1981.

PBC evolved from the Produce Department of the Ghana Cocoa Board. It was a wholly-owned state enterprise subsidiary of Ghana Cocoa Board. PBC changed its name from “*Produce Buying Division Limited*” to “*Produce Buying Company Limited*” on 27<sup>th</sup> October, 1983.

PBC was converted into a public company limited liability company on 15<sup>th</sup> September, 1999 and was listed on the GSE on 19<sup>th</sup> May, 2000.

On 28<sup>th</sup> March, 2012, PBC changed its name from “*Produce Buying Company Limited*” to “*PBC Limited*”. It was subsequently re-registered with the Registrar-General’s Department on 20<sup>th</sup> March, 2014 with a new company registration number of “CS387132014” as required by the Registrar-General’s Department under the Government of Ghana e-registration system.

### **10.2 VISION AND MISSION OF THE ISSUER**

The Issuer’s long term objective is to become the preferred and most economically viable service provider in West Africa in relation to the provision of agro-processing and hospitality services. The Issuer intends to achieve this objective in the course of implementing certain key plans including the following:

- (a) improving the supply chain management in the purchase of quality cocoa, shea nuts and other agricultural produce;
- (b) developing the shea nut industry to process shea nut into quality butter and other derivatives for the international market; and
- (c) developing its estates to provide quality hospitality and warehousing services.

### **10.3 BUSINESS OVERVIEW OF THE ISSUER**

The Issuer engages in 3 main operational activities from which it earns revenue. These activities are, cocoa purchases, shea nut purchases and secondary haulage.

It undertakes its business with the support of 8 departments: (i) Marketing, Research & Evaluation (ii) Haulage & Technical, (iii) General Services, (iv) Accounts, (v) Human Resource, (vi) Audit, (vii) Legal and (viii) Corporate Services. Each of the 8 departments is headed by an experienced manager. The management of the Issuer is led by the CEO and 2 Deputy CEOs.

The Issuer has its head office in Accra, where the executive management and 10 other operational heads run the daily affairs of the company. The operational setup of the Issuer at its head office is supported by regional offices in the regions where it operates.

#### **10.3.1 Cocoa Purchasing Business**

The Issuer is licensed by the Ghana Cocoa Board to undertake the business of buying cocoa beans from cocoa farmers for storage in special purpose built sheds in the cocoa growing areas for onward sale to Ghana Cocoa Board at a guaranteed price.

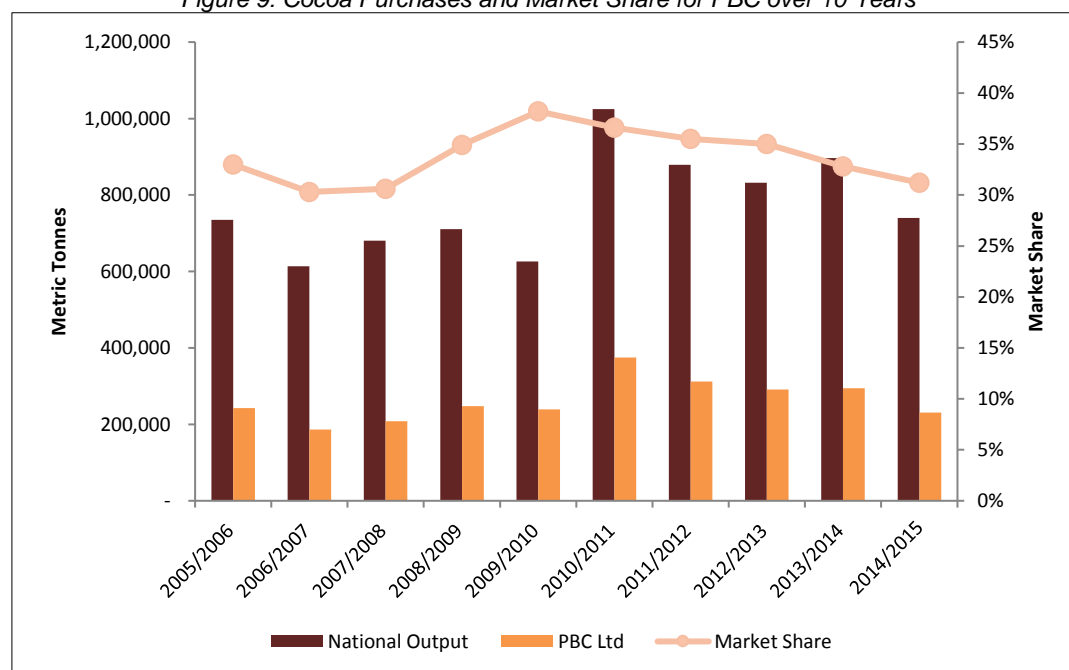
The Issuer currently buys cocoa from about 5,000 societies in Ghana. The purchased beans are transported to 105 collection depots where they are bagged inspected, graded and sealed by Ghana Cocoa Board before their final evacuation and delivery to appointed takeover points or centres of Cocoa Marketing Company Limited. PBC is then paid a takeover margin, which is

a mark-up over the producer price paid to farmers and all linked to the Free on Board (FOB) price per tonne.

The operations of PBC extend to all the cocoa growing regions in Ghana namely Ashanti, Brong Ahafo, Central, Eastern, Volta and Western. The Western Region has been further divided into four sub-regions due to the volume of cocoa produced in this region.

The Issuer is the largest licensed cocoa buying company in Ghana with an average market share of 34.2% over the last 10 years. There are about 49 licensed cocoa buying companies in the industry. The highest volume achieved by PBC is 374,858 metric tonnes in the 2010/2011 crop season when the national output crossed 1 million metric tonnes. The volume purchased for the 2014/2015 crop season declined by 21.5% from the previous year's volume of 294,261 metric tonnes owing to a decline in the national output of cocoa resulting from unfavourable weather conditions.

Figure 9: Cocoa Purchases and Market Share for PBC over 10 Years



Source: Ghana Cocoa Board, PBC

The Issuer has been consistent with its performance in the industry and is very conscious about enhancing efficiencies in its operations to maintain its dominant position in the market. Its medium term target over the next 5 years is to achieve a market share of about 42% through alliances formed with some international cocoa trading companies such as Touton Company Limited and Cargill among others. These alliances will enable it embark on special initiative programmes to map out farms of farmers and introduce better or improved cocoa farming practices to increase yield and acreage of the farms. These programmes will form part of the corporate social responsibility initiatives of the Issuer which will benefit the farmers and deepen its relationship with them.

### 10.3.2 Shea Nut Purchases Business

Shea nut purchases have remained the core business activity of the Issuer in the 3 Northern Regions of Ghana. Until recently, shea nut was purchased by PBC and delivered to Ghana Cocoa Board for export. In line with the Issuer's drive to diversify and expand its revenue base, the Issuer established a shea nut processing factory (PBC Shea Limited) as a wholly owned subsidiary to process shea nuts into shea butter for export or sale to prospective buyers.

This venture is strategically aimed at increasing the profitability of the Issuer's shea nut business and also providing a means of sustainable livelihood for all stakeholders along the chain of production.

The core objective of the shea nut sector is to purchase as much shea nuts required to feed the factory at any given time to meet the production requirements of the factory.

The Issuer plans to increase purchases of shea nuts from 33,000 tonnes to 66,000 tonnes *per annum* over the next 5 years. This is based on the production capacity of 200 tonnes processed per day by the factory for 300 days in a year.

The Issuer operates in all the 3 Northern Regions and in some districts of the Brong Ahafo Region. The 3 Northern Regions are further re-demarcated into 4 zones to improve coverage and efficiency of the operation.

### 10.3.3 Subsidiaries

#### (a) **PBC Shea Limited**

PBC Shea Limited (**PBC Shea**) was incorporated by the Issuer in December 2010 for the purpose of processing and marketing shea nut and other oil plants. PBC Shea's factory is located in Buiepe in the Northern Region of Ghana. It is currently engaged in the processing of shea butter for export. It is a wholly-owned subsidiary of the Issuer.

#### (b) **Golden Bean Hotel Limited**

Golden Bean Hotel Limited (**Golden Bean**) was incorporated by the Issuer in April 2013 for the primary purpose of owning, managing and operating hotels and other hospitality facilities. It is a wholly-owned subsidiary of the Issuer.

Golden Bean has developed a 3-star hotel in Kumasi. The hotel was launched in May 2014.

## 10.4 BUSINESS STRATEGY OF THE ISSUER

Since the partial liberalisation of the cocoa sector in 1993, the Issuer (historically the only licensed cocoa buying company in Ghana) now competes with other players in the industry such as Amajaro Limited and Kuapa Kookoo Company Limited and 36 other licensed cocoa buying companies. Despite stiff competition from other licensed cocoa buying companies, the Issuer has consistently maintained its dominance in the domestic marketing of cocoa and shea nut in the country by leveraging the following:

- (a) the goodwill of the farmers;
- (b) experienced, quality and dedicated agents about 13,341 who directly interact with farmers in the societies or crop growing areas,
- (c) availability of logistics (including warehouses, vehicles and workshops and landed properties and offices in about 105 districts and the 9 regions where it operates) to efficiently manage its operations;
- (d) wide coverage and presence in the cocoa and shea nut growing areas;
- (e) integrity and creditworthiness of the Issuer; and
- (f) corporate governance system which is enhanced by its listing on the GSE.

## 10.5 OUTLOOK FOR THE ISSUER

Over the last 7 years, the Issuer has implemented a number of strategies aimed at maintaining its dominance in the cocoa buying industry and diversifying its sources of revenue to reduce its reliance on revenue earned on cocoa purchases. Incrementally, these strategies are being realised. Cocoa purchases have contributed 96% of revenue relative to about 99% historically. Revenue and operating cash flow has improved steadily over the past 5 years, with a marked improvement in 2015 due to a significant review in margins.

Over the medium term, the Issuer seeks to improve on its profitability and increase its market share in the cocoa buying sector from about 32% to 45%. Achieving these objectives is hinged on reducing its finance cost and deploying funds early for cocoa purchases. The Note Programme is relevant in achieving these objectives in the short term, and will be supported by other financing options such as raising additional equity capital to optimise its capital structure.

## 10.6 SHAREHOLDING AND CAPITAL STRUCTURE OF THE ISSUER

### 10.6.1 Ordinary Shares

PBC is registered with 20,000,000,000 authorised ordinary shares of no par value. It has issued 480,000,000 of its ordinary shares. There has been no issue of shares by PBC in the last 5 years.

As at the date of this Prospectus, PBC has over 17,000 ordinary shareholders. The details of the top 20 ordinary shareholders of PBC (as at the date of this Prospectus) are as follows:

*Table 5: Top 20 Shareholding*

No.	Shareholder	No. of Shares	Percentage
1	Social Security and National Insurance Trust	182,879,412	38.10%
2	Ministry of Finance (Government of Ghana)	1176,112,259	36.69%
3	African Tiger Mutual Fund Limited	38,000,000	7.92%
4	NTHC/Institutional Investor Consortium	14,050,719	2.93%
5	STD NOMS/BNYM SANV/New Century Partners LP	12,008,105	2.50%
6	Current PBC Employees/Commission Agents	5,140,575	1.07%
7	NTHC Limited	4,891,934	1.02%
8	GCCSFA/Farmers-Individuals	1,547,307	0.32%
9	GCCSFA/Farmers-(Association)	1,250,000	0.26%
10	SCGN/SSB Eaton Vance Tax-Managed Emerging Market Fund	650,000	0.14%
11	SCGN/SSB Eaton Vance Structured Emerging Market Fund	582,428	0.12%
12	STD NOMS TVL PTY/Databank Ark Fund	540,000	0.11%
13	STD NOMS/BNYM SANV/EMRGNG MKT MGR PORT1-PARAM	516,618	0.11%
14	Michael Owusu Ansah	323,325	0.07%
15	STD NOMS/BNYM SANV/ Wilmington Multi-Mgr Intl Fund	288,000	0.06%
16	Equity Focus Company Limited	223,000	0.05%
17	Gerhard Ernst Hoffman	215,000	0.04%
18	Thomas & Janet Kwami	184,637	0.04%
19	STD NOMS/BNYM SANV/ Public Emp Ret Assoc. of New Mexico	162,500	0.03%
20	EGH/Aluworks Tier 3 Provident Fund Scheme Master Distr.	158,800	0.03%
Total Holding of Top 20 Shareholders		439,480,985	91.55%
Total Holding of the Remaining Shareholders		40,519,015	8.45%
<b>Total Issued Shares</b>		<b>480,000,000</b>	<b>100%</b>

### 10.6.2 Preference Shares

PBC is also registered with 1 authorised preference share of no par value. PBC has issued the preference share to the Government of Ghana. The preference share is non-convertible but redeemable at the option of PBC subject to the holder's consent. It does not entitle the Government of Ghana to participate in dividends or profits of PBC. The Government of Ghana will be entitled to GHS 100 upon redemption of the preference share or the winding up of PBC.

### 10.6.3 Stated Capital

PBC's current stated capital as at the date of this Prospectus is GHS 15,000,000. PBC also has 1,877,370 treasury shares as at the date of this Prospectus.

#### 10.6.4 Indebtedness of the Issuer

The Issuer uses overdraft and short-term credit facilities to augment funding received from Ghana Cocoa Board. These credit facilities are paid off at the end the cocoa season usually by the end of September. The schedule below shows the indebtedness of the Issuer as at the end of 30<sup>th</sup> June, 2016.

As at the date of this Prospectus, the Issuer has fully settled all the credit facilities (which are due by the maturity dates stated in the schedule below). The Issuer has, however, obtained overdraft facilities of GHS 120 million from GCB Bank Limited, GHS 15 million from Societe General (Ghana) Limited and GHS 50 million from National Investment Bank Limited for the purpose of financing its pre-season cocoa purchases.

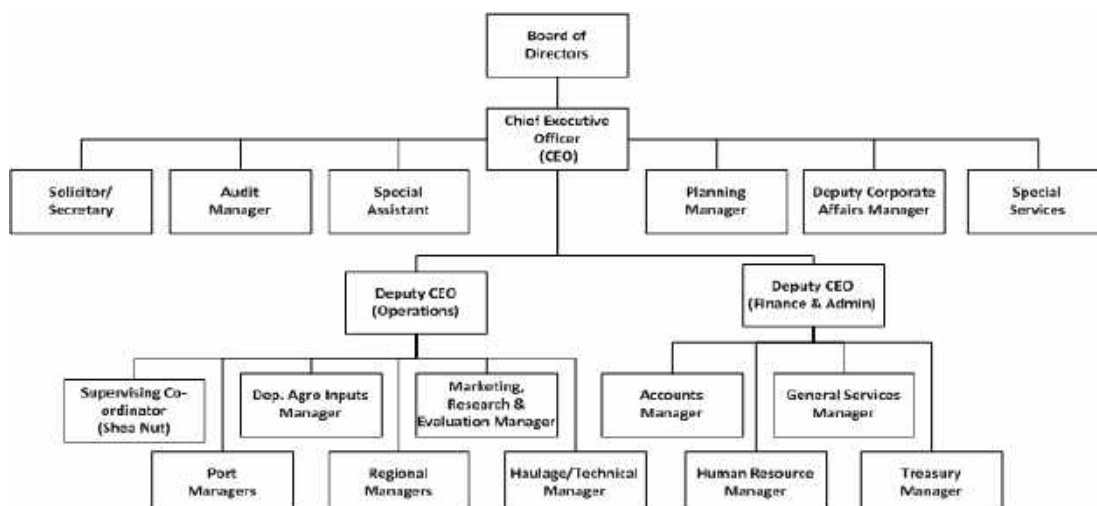
Table 6: Summary of Indebtedness as at 30<sup>th</sup> June, 2016

Creditor	Type of Facility	Security	Amount (GHS)	Maturity Date
National Investment Bank Ltd	Overdraft	Unsecured	51,454,694	28/09/2016
Ecobank (Gh) Limited	Overdraft	Unsecured	7,945,183	30/09/2016
GCB Bank Limited	Overdraft	Unsecured	84,865,314	30/09/2016
Barclays Bank (Ghana) Ltd	Overdraft	Unsecured	20,495,945	30/09/2016
Societe Generale (Gh) Ltd	Overdraft	Unsecured	25,402,217	30/09/2016
Bank of Africa	Overdraft	Unsecured	6,951,818	30/09/2016
United Bank of Africa (Gh) Ltd	Overdraft	Unsecured	14,114,243	11/10/2016
CAL Bank Ltd	Short-term Loan	Unsecured	100,000,000	31/08/2016
Ecobank (Gh) Limited	Short-term Loan	Unsecured	36,666,667	31/08/2016
Ghana Cocoa Board	Short-term Loan	Unsecured	19,423,640	30/09/2016
Zenith Bank (Gh) Limited	Short-term Loan	Unsecured	40,000,000	11/11/2016
National Investment Bank Ltd	Medium Term Loan	Unsecured	448,601	30/11/2016
Standard Chartered Bank (Gh) Ltd	Medium Term Loan	Secured ( <i>vehicles acquired with the facility</i> )	12,216,192	28/02/2017
Societe Generale (Gh) Ltd	Medium Term Loan	Secured ( <i>property of Golden Bean Hotel</i> )	2,980,148	30/09/2017
Societe Generale (Gh) Ltd	Medium Term Loan ( <i>Finance Lease</i> )	Secured ( <i>vehicles acquired with the facility</i> )	3,590,913	30/08/2020
Ghana Cocoa Board	Long-term Loan	Secured ( <i>Plant and Equipment and Butter Proceeds of PBC Shea Ltd &amp; Cocoa Taken Over Receivables</i> )	13,722,978	30/06/2021

## 10.7 GOVERNANCE STRUCTURE OF THE ISSUER

### 10.7.1 Organisational Chart

Figure 10: Issuer's Organisational Chart



### 10.7.2 The PBC Board

As at the date of this Prospectus, PBC has 11 directors. The current members of the PBC Board are as follows:

Table 7: Summary of Directors' Profile

No.	Director	Position	Age	Date Appointed	Other Directorships
1	Captain Kwadjo Adunkwa Butah (Retired)	Chairman	75	28 <sup>th</sup> March, 2014	Ideal Finance Limited
2	Mr. Maxwell Kojo Atta-Krah	Chief Executive Officer	69	1 <sup>st</sup> December, 2009	Golden Bean Hotel, Ghana Malaria Foundation and SOS Children's Village Ghana
3	Professor Basil C. F. Lokko	Non-executive	87	28 <sup>th</sup> March, 2014	PBC Shea Limited, NOWAK Development Limited and Liberty Capital Limited
4	Mr. Abraham Amaliba	Non-executive	47	28 <sup>th</sup> March, 2014	Ghana National Petroleum Corporation
5	Mrs. Mabel Oseiwa Quakyi	Non-executive	60	23 <sup>rd</sup> October, 2009	Kaneshie Presbyterian Preparatory School, Presbyterian Press and Golden Bean Hotel
6	Mr. Hayford Kofi Nimoh	Non-executive	56	15 <sup>th</sup> April, 2014	Coocyno Limited
7	Professor Mohammed Salifu	Non-executive	66	11 <sup>th</sup> November, 2014	PBC Shea Limited and Ghana Road Fund Management Board



No.	Director	Position	Age	Date Appointed	Other Directorships
8	Mr. Stephen Baba Kumasi	Non-executive	46	25 <sup>th</sup> March, 2011	Ghana Irrigation Authority
9	Mr. Matthew Boadu Adjei	Non-executive	45	28 <sup>th</sup> March, 2014	Chase Petroleum Limited, Oasis Capital Limited, Oasis Africa Fund VC Limited, Catamount Finance Money Lending Limited, Ebankese Venture Fund Limited and MNP Capital Limited
10	Mr. Thomas D. Kwami	Non-executive	47	28 <sup>th</sup> March, 2014	ASEC Moneylending Limited, Golden Bean Hotel and Tertrach Limited
11	Mr. Emmanuel Karikari Gyamfi	Non-executive	38	24 <sup>th</sup> June, 2015	None

### 10.7.3 Profile of the Directors

(a) ***Captain Kwadjo Adunkwa Butah (Retired), (Chairman), Ghanaian, 75 years***

Captain Butah represents the Government of Ghana on the PBC Board. He has been a Director since March 2014. Captain Butah has several years of technical experience working for the Navy and the Ghana Armed Forces within various ranks and positions.

He worked as the Provisional National Defence Council (PNDC) Secretary of State for the Ministry of Works and Housing. He also worked in the same capacity for the Ministry of Industry, Science and Technology. Captain Butah has previously served as Acting Director-General of the Ghana Ports and Harbour Authority and also worked for Abosso Goldfields Limited. He also served as the *Managing Director* of Benson Engineering Consultancy and has provided consultancy services to Chirano Gold Mines Limited.

He is currently a director of Ideal Finance Limited. He has also served as chairman and director of BANADA/LIBAO Company Limited, Aberdair Air Services Limited and Ghana Trade Fair Company Limited.

Captain Butah obtained his secondary education from Opoku Ware School and later undertook an 'A' level pre-engineering course at the Kwame Nkrumah University of Science and Technology, Kumasi. He has received various degrees and certificates including those from the Britannia Royal Naval College and the Royal Naval Engineering College.

(b) ***Maxwell Kojo Atta-Krah, (Chief Executive Officer), Ghanaian, 69 years***

Mr. Maxwell Atta-Krah is the CEO of the Issuer and has been a member of the PBC Board since December 2009.

Maxwell has over 4 decades of experience in agricultural development and financial services. Prior to joining PBC, he served as *Executive Director* of Agro-Plan Limited for seven years (2001 – 2008). He worked as an adviser to the Village Infrastructure Project of the Ministry of Food and Agriculture from the year 1999 to 2001, and served as the *National Project Director* of the Agricultural Sector Investment Project from 1993 to 1999. Before that, he was the *Managing Director* of the Ghana Food Distribution Corporation from 1989 to 1992, and held the position of *Chief of Operations* at the National Trust Holding Company (now NTHC Limited) for one year (1988 – 1989). In his early years of work, he held various positions at the Agricultural Development Bank for 16 years (1972 – 1988).

Mr. Atta-Krah is currently the *Chairman* of the Ghana Malaria Foundation, SOS Children's Village and Golden Bean Hotel. He has also served on several boards of directors such as Yanoa Educational Limited, Animal Research Institute, St. Francis Secondary/Technical School, the Food Research Institute, GHAMOT Company Limited (now Toyota Ghana Limited) and the Ghana Football Association. Mr. Atta-Krah was previously a trustee of the Ghana Malaria Foundation and president of the SOS Children's Village, Ghana.

He attended Adisadel College, Cape Coast and proceeded to the University of Ghana, Legon. He holds a Bachelor of Science (Honours) degree in Agriculture from the University of Ghana, Legon, a Certificate in Feasibility Studies from the Management Development and Productivity Institute (MDPI), Ghana, a Certificate in Banking – ADB, a Diploma in Economics from University of Colorado, a Diploma in Management and Communication from Michigan State University and a Master of Arts degree in Development Economics from the Williams College. He further holds Certificates in Project Analysis, Financial Restructuring Management, Project Design, Implementation and Management, as well as Policy and Institutional Reform.

(c) **Abraham Amaliba**, (*Non-executive Director*), Ghanaian, 47 years

Mr. Abraham Amaliba represents the Government of Ghana and has been a member of the PBC Board since 2014.

Mr. Amaliba is currently a private legal practitioner with the Centre for Public Interest Law and a part time lecturer in some Ghanaian tertiary institutions, including the University of Professional Studies, Valley View University and Maranatha University, where he lectures on Business Law, Company Law, Administrative Law and Law relating to Banking and Logic. Mr. Amaliba also serves on the board of the Ghana National Petroleum Corporation.

He has worked as a *Legal and Programmes Officer* at the Legal Resources Centre in Ghana where he co-ordinated a team of project officers to execute and implement a European Union project under the theme: "*Capacity building for effective civil society participation in local governance.*" Under this project, Mr. Amaliba led a team that facilitated support to civil society organisations. He also worked as a curator for the Ghana Museum & Monuments Board from 1998 to 2002.

Mr. Amaliba has a Bachelor of Arts degree in Education and a Diploma in History from the University of Cape Coast. He also holds a Bachelor of Laws degree from the University of Ghana and was called to the Ghanaian Bar in 2007.

(d) **Professor Basil C. F. Lokko**, (*Non-executive Director*), Ghanaian, 87 years

Professor Basil C. F. Lokko represents the Government of Ghana and has been a member of the PBC Board since March 2014.

He is an *Associate Professor* of Accounting at the University of Ghana Business School. Prof. Lokko is currently a director of PBC Shea Limited, NOWAK Development Limited, and Liberty Capital Limited. From 1986 to 1993, he served as a *Chairman* of the board of trustees of the Social Security and National Insurance Trust. He then went on to serve on the following boards and committees: Ghana National Committee – United World Colleges (1986 – 1996), First Atlantic Merchant Bank (1995) and, the Finance and General Purpose Committee, Higher Education Secretariat, Ministry of Education (1984 – 1988).

He was the *Vice-Chairman* for West Africa sub-region's International Association of Schools and Institutes of Administration, Belgium from 1984 to 1987. Prof. Lokko was also the *Vice-Chairman* for West African Examinations Council (WAEC) from 1988 to 1989. He has also served as a member on various boards and committees including the Société Générale de Surveillance S. A. (S.G.S), Ghana (1978 – 2002), the Ghana

Medical School (1980 – 1986), and the Programme Committee of the International Association of Schools and Institutes of Administration, Brussels (1984 – 1986). He also served as a *Councillor* at the Accra City Council (1978 – 1981).

Prof. Lokko holds a Master of Science (Social Sciences) degree from the University of Southampton, England, in the United Kingdom. He holds a Diploma in Computer Programming from La Salle Extension University, Illinois, USA and is a Fellow of the Chartered Institute of Management Accountants, U.K., the Ghana Institute of Taxation and the Ghana Institute of Management.

(e) **Mabel Oseiwa Quakyi**, (*Non-Executive Director*), Ghanaian, 60 years

Mrs. Mabel Oseiwa Quakyi represents the Social Security and National Insurance Trust and has served on PBC Board since October 2009.

Mrs. Quakyi has worked with the National Industrial Council for Textile Manufacturing. She held the position of *Weaving Manager* between 1980 and 1981 and is currently the CEO of Katenit Limited. She serves as a director of Golden Bean Hotel, Presbyterian Press and Kaneshie Presbyterian Preparatory School. She is an active member of the Ga Presbytery as a committee member on worship. Mrs. Quakyi has also presented several papers including the '*Contribution of African Women to Industrial Growth in Modern Africa*' and '*The Christian Business Woman in the Market Place*' among others.

She attended the Kwame Nkrumah University of Science and Technology, Kumasi, where she obtained a Bachelor of Arts (Honours) degree in Textiles. She also acquired other international professional qualifications including a Diploma in Industrial Management from the Boston University in the USA and participated in the Entrepreneur International Programme for African Women in Leadership.

(f) **Hayford Nimoh**, (*Non-Executive Director*), Ghanaian, 56 years

Mr. Hayford Nimoh has served on the PBC Board since April 2014 and represents the Social Security and National Insurance Trust.

Mr. Nimoh is currently a *Legal Consultant* at Sterling Partnership – Legal Practitioners & Consultants (Ghana), a law firm, which specialises in commercial arbitration, employment, private client work, residential conveyancing and immigration. He is also the *Managing Director* of Coocyno Limited, a construction firm located in Accra. He has over 10 years' legal experience and over 15 years' experience in senior management positions. He is also in charge of employment law and has a joint responsibility for the overall management of the above mentioned firms.

Mr. Nimoh worked with the London Borough of Enfield as a *Service Manager* and a lawyer at Bluett & Co Solicitors, a law firm in London. He was also a director at the Hospitaller Order of Saint John, which specialises in housing and social issues. Prior to this, he taught at the Kumasi Polytechnic and Jachie Pramso Senior High School.

In 1987, he graduated from the Kwame Nkrumah University of Science and Technology, Kumasi with Bachelor of Arts (Hons) degree in Social Sciences. He specialised in Economics and Law. He also holds a Postgraduate Diploma in Law from Wolverhampton University and a Postgraduate Diploma in Legal Practice from the BPP Law School, London which he obtained in 1997 and 2000 respectively. He has a Certificate in Management and Leadership from the Middlesex University, a Registered Managers Certificate from Thames Valley University and a Teaching Certificate from the College of North East London.

(g) **Professor Mohammed Salifu**, (*Non-Executive Director*), Ghanaian, 66 years

Professor Salifu represents Social Security and National Insurance Trust on the PBC Board. He has served on the PBC Board since November 2014.

He is an Associate Professor of Transport Engineering at the Department of Civil Engineering, KNUST and was the Head of its Traffic and Transportation division from 2004 to 2006. He has over 20 years of experience in research, service to industry and community as a transportation, road transport safety and logistics expert. He is currently engaged in professional activities both in Ghana and abroad.

In 2012, he was a member of the International Road Federation Group of Experts on Road Safety. He was also the chairman of the session on governance at the International Road Financial and Investment Seminar in April 2007. Professor Salifu previously served as the leader of the Accra to Kumasi Dualisation Project. He has also researched and executed several projects in his capacity as Project Director, of the Road Condition and Inventory Data Collection for the development of Urban Roads. Between March 2011 and March 2012, Professor Salifu held the position of *National Vice President*, Ghana Institute of Engineers. He is currently a director of PBC Shea Limited and the Ghana Road Fund Management Board.

Over the years, Professor Salifu has served as the patron and sole sponsor of the Dagbon Thesis Assistance Fund. This Fund was instituted in 2000 for the most promising Final Year Project work at the Kwame Nkrumah University of Science and Technology (KNUST). It was aimed at addressing poverty in the Dagbon Traditional Area.

Professor Salifu has also obtained training in finance, corporate governance, team building and appraisal.

(h) **Stephen Baba Kumasi**, (*Non-Executive Director*), Ghanaian, 46 years

Mr. Kumasi has served on the PBC Board since October 2011.

He is a career farmer with enviable awards including *Regional Best Farmer* in 1991 and 1995 and *First Runner Up* in 1997 for Best Shea Butter Nut Picker. He was also crowned as the *National Best Farmer* in 2000.

Mr. Kumasi has a keen interest in Local Governance and has worked in the Bawku West District Assembly at various times as an Elected Member or Government Appointee for the Zongoyire Area with additional responsibilities on the Assembly's Disaster and Agricultural sub-committee. Presently, Mr. Kumasi is an *Assembly Member* of the Bawku West District. He is a director of the Ghana Irrigation Authority and has served on the board of Action Aid International (Ghana). He has also held the position of *Regional Chairman* for the Seed Producers Association of Ghana and has been recognised as the *Upper East Regional Chief Farmer*.

(i) **Matthew Boadu Adjei**, (*Non-Executive Director*), Ghanaian, 45 years

Mr. Mathew Boadu Adjei represents African Tiger Holdings Limited as an institutional representative and has been a member of the PBC Board since March 2014.

Mr. Adjei is an investment banker by profession with over 13 years' professional experience on the European and African continents. His working experience in the banking industry started with Home Finance Company Limited (now HFC Bank Limited), Fidelity Discount House Limited (now Fidelity Bank Ghana Limited) and Fidelity Capital Partners Limited.

Following his work with the above companies, he set up his own company, Oasis Capital Ghana Limited, of which he is the *Chief Executive Officer* and a director. He is also the *Chief Executive Officer* of Catamount Finance Money Lending Limited. Mr. Adjei is also a director of Ebankese Venture Fund Limited, Chase Petroleum Ghana

Limited, Oasis Africa VC Fund Limited, Oasis Agricultural and Industrial Fund Limited, Whitewall Properties Limited and MNP Capital. He has also been a director of a number of small and medium enterprises in Ghana, providing them with leadership and strategic guidance.

Mr. Adjei holds a Bachelor of Science degree in Administration (Banking & Finance) from the University of Ghana Business School and a Master of Business Administration from the De Montfort University, Leicester in the United Kingdom.

(j) **Thomas D. Kwami**, (Non-Executive Director), Ghanaian, 47 years

Mr. Thomas D. Kwami represents individual minority shareholders of the Issuer and has served on the PBC Board since March 2014.

He has over 15 years of investment banking experience after having worked in various units of Databank Group including Accounts, Corporate Finance, Internal Audit and Branch Management. He first worked at Coopers & Lybrand (now PwC) before joining Databank in 1998.

Mr. Kwami has previously worked as the head of Private Equity at Databank with an oversight responsibility, through board representation, over the investee companies. He launched Databank's private equity activities into agri-business. He was also the *Vice-President* (in charge of finance) for a USD 30 million Pan-African private equity food and agriculture Fund. He is currently a *Finance Consultant* to Databank AgriFund Manager Limited and the *Founder* and *Chief Executive Officer* at ASEC Money Lending Limited. Mr. Kwami is also director of Golden Bean Hotel, Tetrach Limited and Asec Money Lending Limited. He is an active investor on the GSE.

Mr. Kwami holds a Bachelor of Science degree in Business Administration (Accounting) from the University of Ghana, a Postgraduate Diploma in Corporate Finance and Management from the University of Sorbonne, France, and a Master of Business Administration degree in Finance and Accounting (with distinction) from the University of Hull, United Kingdom.

(k) **Emmanuel Karikari Gyamfi**, (Non-Executive Director), Ghanaian, 38 years

Mr. Emmanuel Karikari Gyamfi represents the employees of the Issuer and has served on the PBC Board since June 2015.

He joined PBC in 2002 as a *Principal Audit Clerk* and has risen through the ranks to the position of *Principal Audit Officer*, gaining experience as an *Internal Audit Officer* at PBC over a period of 13 years. Mr. Gyamfi has been to almost every regional and district office of the Issuer and, as such, has become much acquainted with the systems, operations, practices and staff of PBC.

He obtained a Higher National Diploma in Accountancy in 2001. He is currently studying to become a *Chartered Accountant* with the Association of Certified Chartered Accountants (UK).

#### 10.7.4 Board Committees

The PBC Board has 4 committees, namely, the Audit & Finance Committee, the Operations & Project Committee, the Human Resource, Governance & Legal Committee and the Remuneration Committee. The details of the committees of the PBC Board are as follows:

Table 8: Board Committees

Committee	Frequency	Areas Covered	Director Responsible
Audit & Finance Committee	Bi-Monthly	Financial Reporting; Internal Control, Processes and Procedures; Risk Management; and Relationship	Professor Basil C.F. Lokko

Committee	Frequency	Areas Covered	Director Responsible
		between the Issuer and external auditors	
Operations & Project Committee	Bi-Monthly	Business Operations and Projects	Professor Kofi Nimoh
Human Resource, Governance & Legal Committee	Bi-Monthly	Industrial Relations, Legal, Corporate Governance and Regulatory Compliance	Mr. Abraham Amaliba
Remuneration Committee	Bi-Monthly	Executive Management Compensation	Captain Kwadjo Butah (Rtd.)

#### 10.7.5 Other Director Matters

##### (a) **Conflicts of Interest**

The Issuer is not aware of any conflicts, or any potential conflicts, between the duties of the Directors to the Issuer and their private interests or other duties. The directors of the Issuer are not permitted to participate in the Programme.

##### (b) **Directors' Interest in the Shares of the Issuer**

3 of the members of the PBC Board (including the Chief Executive Officer) hold an aggregate of about 0.04% of the issued shares in the Issuer. The details of their shareholding are as follows:

*Table 9: Directors' Interest in the Shares of the Issuer*

Name of Shareholder	No. of Shares	Percentage
Maxwell Kojo Attah – Krah	69,750	0.015%
Mabel Oseiwa Quakyi	4,000	0.001%
Thomas D. Kwami	100,737	0.021%
<b>TOTAL</b>	<b>174,487</b>	<b>0.037%</b>

##### (c) **Directors' Remuneration & Benefits**

The aggregate of Directors' remuneration for the period ended 30<sup>th</sup> September, 2015 is GHS 290,622 (2014: GHS 288,986). The details of remuneration for directors for the 2015/2016 financial year are as follows:

*Table 10: Directors' Remuneration*

Type of Director	Monthly Fee (GHS)	Sitting Allowance (GHS)
Chairman	600	1,308
Non-Executive Members	500	1,232
Executive Member	None	1,232

#### 10.7.6 Senior Management

PBC has a management team which is well regarded in the industry and possess the requisite industry experience to deliver on the Issuer's strategy. The CEO (Kojo Atta-Krah) has over 30 years' experience in the agriculture industry. He is assisted by 2 deputies who have a combined experience in excess of 50 years at PBC. The details of the senior management of the Issuer are as follows:

##### (a) **Maxwell Atta-Krah (CEO)**

Please see [section 10.7.3\(b\)](#) above for his profile.

##### (b) **George Kwadwo Boateng (also known as Nana Agyenim Boateng I) (Deputy CEO, Operations)**

Nana Agyenim Boateng I has occupied the position of Deputy Managing Director in charge of Operations since November 2009. He has worked with the Issuer for over 30 years.

Nana has the sole responsibility of overseeing all research, marketing and evaluation of projects implemented by PBC Ltd. He also manages the Haulage and Technical Department of the company. These operational activities form the core business of PBC. Prior to his role as Deputy Managing Director in charge of Operations, Nana worked with the Cocoa Merchants Company Limited, another licensed cocoa buying company.

He initially joined the Haulage and Technical Department of the Issuer in 1985 until 1998. With his commitment to results and diligence, Nana Agyenim Boateng I was appointed Managing Director of Global Haulage Company Limited, working in partnership with the following licensed buying companies; Federated Commodities Limited, Transroyal Company Limited, Cocoa Merchants Company Limited, and Royal Commodities Company Limited.

Nana attended Technology Secondary School and holds a Diploma in Fleet Management as well as a certificate in Finance for non-financial executives.

(c) **Joseph Osei-Manu** (*Deputy CEO, Finance and Administration*)

Mr. Osei-Manu is the Deputy Managing Director in charge of Finance and Administration. He has served the Issuer for over 2 decades.

He is a Chartered Accountant by profession and has worked diligently in several capacities in the Finance Department of the Issuer since 1990.

He holds a Master of Science Degree in Industrial Management and a Bachelor of Science Degree in Chemistry from the Kwame Nkrumah University of Science and Technology. Prior to joining the Issuer, Mr. Osei-Manu worked as a Teaching/Research Assistant at the Department of Chemistry of his alma mater and at Osei Kyeretwie Secondary School, specialising in environmental science.

He was a member of the board of trustees of Newmont Ahafo Development Foundation (2008-2014).

## 10.8 RELATED PARTY TRANSACTIONS

The Issuer has obtained a medium term loan from Societe Generale (Ghana) Limited for its subsidiary company – Golden Bean Hotel. This facility, which has been paid down to GHS 2,980,148 as of 30<sup>th</sup> June, 2016, is secured with the hotel's property. The facility is being repaid from the cash flows of Golden Bean Hotel.

## 10.9 EMPLOYEES

As at 30<sup>th</sup> June, 2016, the Issuer employs 1,360 persons, of which 1,093 are permanent staff and 267 are casual employees.

## 10.10 IMMOVABLE PROPERTY

The Issuer owns and rents its immovable property in the regions and districts across Ghana where it operates. The details of key immovable properties of the issuer and its subsidiaries have been described below:

*Table 11: Summary of Key Immovable Property*

Name of Entity	Region	Location	Use	Owned/Rented
PBC	Greater Accra	Accra	Head Office	Owned
PBC	Ashanti Region	Kumasi	Regional Office	Rented
PBC	Brong Ahafo	Sunyani	Regional Office	Rented
PBC	Central Region	Agona Swedru	Regional Office	Rented
PBC	Eastern Region	Koforidua	Regional Office	Rented
PBC	Western Region	Essam	Regional Office	Owned
PBC	Western Region	Enchi	Regional Office	Owned

Name of Entity	Region	Location	Use	Owned/Rented
PBC	Western Region	Seywi Wiaso	Regional Office	Rented
PBC	Western Region	Dunkwa	Regional Office	Rented
PBC	Volta Region	Hohoe	Regional Office	Rented
Golden Bean Hotel	Ashanti Region	Kumasi	Head Office	Owned
PBC Shea Limited	Northern Region	Buipe	Head Office	Owned

## 10.11 INSURANCE

The Issuer holds valid insurance policies covering the following designated risks and assets:

*Table 12: Summary of Insurance Policies*

Policy Type	Property/Interest Covered	Insured Value
Fire and Theft	Cocoa beans	Based on the total value of beans bought annually and kept in the 105 districts and depots
Produce Loss	Goods in transit	Based on the total value of beans bought annually and kept in the 105 districts and depots
Goods in Transit	Cocoa beans in transit	Based on the value of beans being conveyed anytime to the takeover centres of Ghana Cocoa Board
Motor Vehicle Insurance	Motor vehicle	GHS 2,322,215
Assets-All-Risk Insurance	Head office	GHS 32,000,000

## 10.12 CORPORATE SOCIAL RESPONSIBILITY

The Issuer's corporate social responsibility activities are guided by a focus to enhance the livelihoods of the people in farming communities in which it operates. The implementation of critical initiatives in health, education and the provision of social amenities is evidence of the Issuer's commitment to promote the general wellbeing of the people in the communities it operates in.



## 11. FINANCIAL REPORTS AND PERFORMANCE

### 11.1 REPORTING ACCOUNTANT'S REPORT ON HISTORICAL FINANCIAL INFORMATION



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#### INDEPENDENT AUDITORS REVIEW REPORT TO THE BOARD OF DIRECTORS OF PBC LIMITED

We have reviewed the annual audited financial statements of PBC Limited that comprise the statement of financial position as at 31 December 2011, 2012, 2013, 2014 and 2015, the statement of comprehensive income and cash flows for the years then ended and a summary of significant accounting policies and other explanatory notes as set out in the financial statements.

Pannell Kerr Foster (PKF), Chartered Accountants of Accra have been the auditors of PBC Limited from the year 2011 to date. The auditors issued a modified opinion (Emphasis of matter) for all financial statements of PBC Limited from 2011 to 2015.

#### Directors' Responsibility

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

#### Independent Reviewer's Responsibility

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

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

The procedures performed in a review are substantially less than those performed in an audit conducted in accordance with International Standards on Auditing. Accordingly, we do not express an audit opinion on these financial statements

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



#### Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the annual financial statements do not present fairly, in all material respects, the financial position of PBC Limited as at 30 September 2011, 2012, 2013, 2014 and 2015 and of its financial performance and cash flows for the years then ended, in accordance with the International Financial Reporting Standards (IFRS) and the requirements of the Companies Act, 1963 (Act 179).

#### Emphasis of Matter

We have not sighted the title deed for the sheds and buildings ceded to the company by Ghana Cocoa Board as stated in the Company's books to establish the ownership of these assets which form part of the property plant and equipment. The Government has undertaken to ensure that Ghana Cocoa Board takes all steps required of it under the Ceding Agreement of 30 June, 1999 to effectuate the ceding of assets to PBC Limited.

Yours faithfully,

Signed by Victor Gborglah (ICAG/P/1151)  
For and on behalf of Ernst & Young (ICAG/F/2016/126)  
Chartered Accountants  
Accra, Ghana

Date: 19 October 2016

## 11.2 HISTORICAL FINANCIAL PERFORMANCE

The following financial statements are extracts from the Issuer's audited financial statements for 5 years to 30<sup>th</sup> September, 2015. Further information on the Issuer's financial affairs, including its accounting policies, notes to its financial statements and the Reporting Accountant's report are contained in the full report. Copies of this can be obtained from the registered offices of the Issuer during normal business hours of any working day as well as the offices of the Note Trustee.

### Historical Statement of Comprehensive Income for the Years Ended 30 September 2011, 2012, 2013, 2014 and 2015

	2015 GHS'000	2014 GHS'000	2013 GHS'000	2012 GHS'000	2011 GHS'000
<b>Revenue</b>	1,470,972.52	1,138,631.77	1,123,237.03	1,162,927.10	1,301,776.65
Cost of Sales	(1,304,567.49)	(1,027,800.92)	(1,011,004.27)	(1,044,739.60)	(1,166,973.35)
<b>Gross Profit</b>	<b>166,405.03</b>	<b>110,830.85</b>	<b>112,232.76</b>	<b>118,187.50</b>	<b>134,803.30</b>
Other Income	40,008.12	8,158.20	7,674.91	12,948.89	5,617.75
Direct Operating Expenses	(74,343.23)	(49,083.92)	(48,594.40)	(43,773.86)	(43,684.53)
General and Administrative Expenses	(39,407.76)	(35,179.35)	(30,212.46)	(26,463.14)	(24,738.07)
<b>Operating Profit before financing cost</b>	<b>92,662.15</b>	<b>34,725.79</b>	<b>41,100.81</b>	<b>60,899.39</b>	<b>71,998.46</b>
Net Finance Expenses	(85,135.18)	(61,359.30)	(51,955.63)	(47,174.08)	(34,563.63)
Profit/(Loss) before Taxation	<b>7,526.97</b>	<b>(26,633.51)</b>	<b>(10,854.83)</b>	<b>13,725.31</b>	<b>37,434.83</b>
Income Tax Expense	(1,256.56)	1,323.49	2,023.20	(3,652.27)	(9,779.91)
<b>Profit/(Loss) for the year transferred to Income Surplus</b>	<b>6,270.41</b>	<b>(25,310.03)</b>	<b>(8,831.62)</b>	<b>10,073.04</b>	<b>27,654.93</b>
<b>Other Comprehensive Income</b>					
Available for Sale Financial Assets	(1,032.69)	(123.64)	2,400.00	(370.91)	370.91
Deferred tax on revaluation	0.00	0.00	0.00	0.00	(18.55)
<b>Total Comprehensive Income</b>	<b>(1,032.69)</b>	<b>(123.64)</b>	<b>2,400.00</b>	<b>(370.91)</b>	<b>352.36</b>
<b>Total Comprehensive Income for the year</b>	<b>5,237.72</b>	<b>(25,433.66)</b>	<b>(6,431.62)</b>	<b>9,702.13</b>	<b>28,007.29</b>

# **Historical Statement of Financial Position as at 30 September 2011, 2012, 2013, 2014 and 2015**

	2015 GHS'000	2014 GHS'000	2013 GHS'000	2012 GHS'000	2011 GHS'000
<b>Non-current assets</b>					
Property, plant and equipment	100,756.22	75,419.15	81,922.57	56,300.53	37,135.86
Intangible assets	-	-	-	-	21.26
Investment in subsidiaries	69,805.60	57,533.97	20,838.06	7.74	-
Available for sale financial assets	2,698.18	3,730.87	3,854.55	1,454.55	1,825.46
<b>Total non-current assets</b>	<b>173,260.00</b>	<b>136,683.98</b>	<b>106,615.17</b>	<b>57,762.81</b>	<b>38,982.58</b>
<b>Current assets</b>					
Inventories	59,388.11	34,775.88	56,914.79	71,706.76	117,572.67
Accounts receivables	125,455.82	86,854.47	54,575.80	136,786.59	60,754.70
Short term investments	24,840.03	47,537.14	99,329.00	815.93	24,900.04
Cash and cash equivalents	43,796.21	27,986.68	9,384.90	22,199.99	32,128.30
<b>Total current assets</b>	<b>253,480.17</b>	<b>197,154.17</b>	<b>220,204.48</b>	<b>231,509.27</b>	<b>235,355.71</b>
<b>Total assets</b>	<b>426,740.17</b>	<b>333,838.15</b>	<b>326,819.65</b>	<b>289,272.08</b>	<b>274,338.29</b>
<b>Equity</b>					
Stated capital	15,000.00	15,000.00	15,000.00	15,000.00	15,000.00
Retained earnings	1,806.31	(4,464.10)	20,896.83	32,692.63	30,778.49
Other reserves	2,467.78	3,500.47	3,624.10	1,224.10	1,595.01
<b>Total Equity</b>	<b>19,274.09</b>	<b>14,036.37</b>	<b>39,520.94</b>	<b>48,916.73</b>	<b>47,373.50</b>
<b>Non - current liabilities</b>					
Deferred tax liability	1,725.04	468.48	1,791.97	3,815.17	3,278.68
Finance lease	3,479.26	4,546.89	0.00	1,210.58	2,104.67
Medium term loan	7,237.66	10,453.23	10,767.49	7,831.19	5,264.29
Long term loan	13,351.61	8,334.07	5,262.03	5,262.03	5,262.03
Preference share capital	0.10	0.10	0.10	0.10	0.10
<b>Total non-current liabilities</b>	<b>25,793.68</b>	<b>23,802.78</b>	<b>17,821.59</b>	<b>18,119.08</b>	<b>15,909.77</b>

**Historical Statement of Financial Position as at 30 September 2011, 2012, 2013, 2014 and 2015**

	<b>2015</b>	<b>2014</b>	<b>2013</b>	<b>2012</b>	<b>2011</b>
	<b>GHS'000</b>	<b>GHS'000</b>	<b>GHS'000</b>	<b>GHS'000</b>	<b>GHS'000</b>
<b>Current liabilities</b>					
Bank overdraft	236,413.33	159,123.78	200,770.77	89,899.78	34,565.32
Short term loan	123,601.09	118,195.00	49,812.50	110,635.90	149,925.58
Medium term loan (current portion)	7,214.18	5,854.02	6,059.32	6,522.07	2,167.79
Finance lease (current portion)	1,166.80	1,166.80	1,040.48	737.79	581.50
Accounts payables	13,276.99	11,659.40	9,953.28	10,599.93	17,733.36
Income tax liability	0.00	0.00	1,840.79	3,840.79	6,081.47
<b>Total current liabilities</b>	<b>381,672.40</b>	<b>295,999.00</b>	<b>269,477.12</b>	<b>222,236.27</b>	<b>211,055.02</b>
<b>Total liabilities</b>	<b>407,466.08</b>	<b>319,801.78</b>	<b>287,298.72</b>	<b>240,355.34</b>	<b>226,964.79</b>
<b>Total liabilities and equity</b>	<b>426,740.17</b>	<b>333,838.15</b>	<b>326,819.65</b>	<b>289,272.08</b>	<b>274,338.29</b>

### Historical Statement of Cash Flow for the Years Ended 30 September 2011, 2012, 2013, 2014 and 2015

	2015 GHS'000	2014 GHS'000	2013 GHS'000	2012 GHS'000	2011 GHS'000
<b>Cash flows from operating activities</b>					
Profit before taxation	7,526.97	(26,630.04)	(10,854.83)	13,725.31	37,434.83
Depreciation and amortisation charges	12,513.71	8,479.29	8,143.52	6,845.47	5,700.99
Interest received	(5,047.71)	(1,464.18)	(453.88)	(2,409.05)	(1,364.35)
(Profit) / Loss on property plant and equipment	(32,090.00)	(65.70)	(42.95)	(153.19)	(423.39)
Interest expense	90,182.89	62,823.48	52,409.51	49,583.13	35,927.98
<b>Operating profit before working capital changes</b>	<b>73,085.85</b>	<b>43,142.86</b>	<b>49,201.37</b>	<b>67,591.67</b>	<b>77,276.06</b>
Change in inventories	(24,612.23)	22,138.91	14,791.37	45,865.92	(20,367.97)
Change in investment in subsidiaries	(12,271.63)	(20,801.52)	-	-	-
Change in trade and other receivables	(15,370.98)	(32,278.67)	61,372.74	(76,031.90)	(28,198.72)
Change in trade and other payables	1,617.59	1,702.65	(646.65)	(7,219.89)	8,505.83
<b>Cash generated from operations</b>	<b>22,448.61</b>	<b>13,904.22</b>	<b>124,718.83</b>	<b>30,205.80</b>	<b>37,215.20</b>
Income taxes paid	0.00	(1,891.69)	(2,000.00)	(5,270.00)	(7,565.97)
<b>Net cash used in operating activities</b>	<b>22,448.61</b>	<b>12,012.53</b>	<b>122,718.83</b>	<b>24,935.80</b>	<b>29,649.23</b>
<b>Cash flows from investing activities</b>					
Interest received	5,047.71	(1,464.18)	453.88	2,409.05	1,364.35
Proceeds from disposal of assets	10,918.85	622.84	42.95	171.74	436.12
Payments to acquire property plant and equipment	(39,910.00)	(18,427.36)	(33,757.82)	(26,015.16)	(13,408.42)
<b>Net cash (used in) / generated from investing activities</b>	<b>(23,943.44)</b>	<b>(16,340.34)</b>	<b>(33,261.00)</b>	<b>(23,434.36)</b>	<b>(11,607.94)</b>
<b>Cash flows from financing activities</b>					
Interest paid	(90,182.89)	(62,823.48)	(52,409.51)	(49,583.13)	(35,927.98)
Payment for share buy back	-	-	-	-	(50.00)
Dividend paid during the year	-	-	(2,964.18)	(8,158.90)	(4,208.38)
Short term loan received	5,406.09	68,382.50	(60,823.40)	(39,289.68)	49,336.92
Finance lease repayment	(1,067.63)	4,673.22	(907.90)	(737.79)	(580.50)
Medium term loan (Repayment) / Received	(1,855.40)	(519.56)	2,473.55	6,921.18	440.30
Long term loan	5,017.54	3,072.04	-	-	5,262.03
<b>Net cash generated from financing activities</b>	<b>(82,682.29)</b>	<b>12,784.72</b>	<b>(114,631.44)</b>	<b>(90,848.33)</b>	<b>14,272.39</b>

**Historical Statement of Cash Flow for the Years Ended 30 September 2011, 2012, 2013, 2014 and 2015**

	<b>2015</b>	<b>2014</b>	<b>2013</b>	<b>2012</b>	<b>2011</b>
	<b>GHS'000</b>	<b>GHS'000</b>	<b>GHS'000</b>	<b>GHS'000</b>	<b>GHS'000</b>
Net increase / (Decrease) in cash and cash equivalent	(84,177.13)	8,456.90	(25,173.60)	(89,346.89)	32,128.30
Cash and cash equivalent at 1 October	(83,599.97)	(92,056.87)	(66,883.87)	22,463.03	(9,850.66)
<b>Cash and cash equivalent at 30 September</b>	<b>(167,777.09)</b>	<b>(83,599.97)</b>	<b>(92,057.47)</b>	<b>(66,883.87)</b>	<b>22,463.03</b>

## 11.3 REPORTING ACCOUNTANT REPORT ON PROSPECTIVE FINANCIAL INFORMATION



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### REPORTING ACCOUNTANTS' REPORT ON FINANCIAL FORECAST AND PROJECTIONS TO THE BOARD OF DIRECTORS OF PBC LIMITED

We have examined the prospective financial information for the years ending 30 September 2016 to 2020, in accordance with International Standards on Assurance Engagements (ISAE) 3400, The Examination of Prospective Financial Information. The Directors are responsible for the prospective financial information and the assumptions on which it is based.

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

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

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

Yours faithfully,

Signed by Victor Gborglah (ICAG/P/1151)  
For and on behalf of Ernst & Young (ICAG/F/2016/126)  
Chartered Accountants  
Accra, Ghana

Date: 19 October 2016



#### 11.4 INTERIM FINANCIAL STATEMENTS FOR FIRST 9 MONTHS OF 2015/16

The following financial statements are extracts from the Issuer's interim financial statements for the period from 30<sup>th</sup> September, 2015 up to 30<sup>th</sup> June, 2016. Further information on the Issuer's financial affairs, including its accounting policies, notes to its financial statements and the Reporting Accountant's report are contained in the full report. Copies of this can be obtained from the registered offices of the Issuer during normal business hours of any Business Day as well as the offices of the Note Trustee.

##### Unaudited Income Statement for 9 Months ended 30<sup>th</sup> June, 2016

	9 Mths-2016 GHS'000	9 Mths-2015 GHS'000
<b>Revenue</b>	1,811,639.60	1,255,995.90
Cost of Sales	(1,616,010.29)	(1,115,017.98)
<b>Gross Profit</b>	<b>195,629.32</b>	<b>140,977.92</b>
Other Income	3,988.38	2,396.78
Direct Operating Expenses	(59,386.60)	(52,154.26)
General and Administrative Expenses	(44,835.74)	(36,420.87)
<b>Operating Profit before financing cost</b>	<b>95,395.36</b>	<b>54,799.56</b>
Net Finance Expenses	(79,688.41)	(59,634.68)
<b>Profit/(Loss) before Taxation</b>	<b>15,706.95</b>	<b>(4,835.12)</b>
Income Tax Expense	(3,926.74)	0.00
<b>Profit/(Loss) for the year transferred to Income Surplus</b>	<b>11,780.22</b>	<b>(4,835.12)</b>
<b>Income Surplus Account</b>		
Balance at 1 October	1,806.31	(4,464.10)
Net Profit for the Period	11,780.22	(4,835.12)
<b>Total Comprehensive Income</b>	<b>13,586.53</b>	<b>(9,299.21)</b>

**Unaudited Statement of Financial Position for 9 Months ended 30<sup>th</sup> June, 2016**

	<b>9 Mths-2016 GHS'000</b>	<b>9 Mths-2015 GHS'000</b>
<b>Non-current assets</b>		
Property, plant and equipment	112,069.56	93,885.71
Investment in subsidiaries	69,805.60	57,533.97
Available for sale financial assets	2,232.73	3,549.09
<b>Total non-current assets</b>	<b>184,107.88</b>	<b>154,968.76</b>
<b>Current assets</b>		
Inventories	104,691.07	79,275.10
Accounts receivables	81,263.48	66,724.51
Short term investments	83,661.51	93,987.06
Cash and cash equivalents	26,711.17	27,605.62
<b>Total current assets</b>	<b>296,327.22</b>	<b>267,592.29</b>
<b>Total assets</b>	<b>480,435.11</b>	<b>422,561.05</b>
<b>Equity</b>		
Stated capital	15,000.00	15,000.00
Retained earnings	13,586.53	(9,299.21)
Other reserves	2,002.33	3,318.69
<b>Total Equity</b>	<b>30,588.85</b>	<b>9,019.48</b>
<b>Non - current liabilities</b>		
Deferred tax liability	1,725.04	468.48
Income tax liability	3,907.74	0.00
Finance lease	3,195.29	4,337.89
Medium term loan	13,132.78	15,380.15
Long term loan	13,976.90	8,334.07
Preference share capital	0.10	0.10
	<b>35,937.85</b>	<b>28,520.69</b>
<b>Current liabilities</b>		
Bank overdraft	211,229.41	238,123.86
Short term loan	196,090.31	138,244.68
Medium term loan (current portion)	2,512.16	4,342.52
Finance lease (current portion)	395.62	518.19
Accounts payables	3,680.90	3,791.64
<b>Total current liabilities</b>	<b>413,908.40</b>	<b>385,020.88</b>
<b>Total liabilities</b>	<b>449,846.26</b>	<b>413,541.57</b>
<b>Total liabilities and equity</b>	<b>480,435.11</b>	<b>422,561.05</b>

**Unaudited Cash Flow Statement for 9 Months ended 30<sup>th</sup> June, 2016**

	<b>9 Mths-2016 GHS'000</b>	<b>9 Mths-2015 GHS'000</b>
<b>Cash flows from operating activities</b>		
Profit before taxation	15,706.95	(4,835.12)
Depreciation and amortisation charges	11,578.27	9,377.46
Interest received	(1,113.66)	(2,438.06)
Interest expense	80,802.06	62,072.75
<b>Operating profit before working capital changes</b>	<b>106,973.63</b>	<b>64,177.03</b>
Change in inventories	(45,302.96)	(44,499.22)
Change in trade and other receivables	44,192.34	20,129.96
Change in trade and other payables	(9,595.10)	(7,864.29)
<b>Cash generated from operations</b>	<b>96,267.91</b>	<b>31,943.48</b>
Income taxes paid	(19.00)	0.00
<b>Net cash used in operating activities</b>	<b>96,248.91</b>	<b>31,943.48</b>
<b>Cash flows from investing activities</b>		
Interest received	1,113.66	2,438.06
Interest paid	(80,802.06)	(62,072.75)
Payments to acquire property plant and equipment	(22,891.61)	(27,844.03)
<b>Net cash (used in) / generated from investing activities</b>	<b>(102,580.01)</b>	<b>(87,478.71)</b>
<b>Cash flows from financing activities</b>		
Short term loan received	72,489.22	20,049.68
Finance lease	(1,055.15)	(861.09)
Medium term loan (Repayment) / Received	1,193.09	3,415.42
Changes in long-term loan	624.30	-
<b>Net cash generated from financing activities</b>	<b>73,251.46</b>	<b>22,604.01</b>
Net increase / (Decrease) in cash and cash equivalent	66,920.36	(32,931.22)
Cash and cash equivalent at 1 October	(167,777.09)	83,599.97
<b>Cash and cash equivalent at 30 June</b>	<b>(100,856.74)</b>	<b>50,668.75</b>

## 11.5 PROJECTED FINANCIAL PERFORMANCE

The following financial statements are extracts of the Issuer's projected financial statements for the period up to 2016 to 2020. Further information on the Issuer's financial affairs, including its accounting policies, notes to its financial statements and the Reporting Accountant's report are contained in the full report. Copies of this can be obtained from the registered offices of the Issuer during normal business hours of any Business Day.

### 5 Year Forecast Income Statement for the Periods Ending 30 September 2016, 2017, 2018, 2019 and 2020

	2016 GHS'000	2017 GHS'000	2018 GHS'000	2019 GHS'000	2020 GHS'000
Revenue	1,873,313.18	2,305,069.14	2,593,591.01	2,967,610.16	3,350,350.85
Cost of Sales	(1,665,414.64)	(2,057,568.74)	(2,317,439.28)	(2,655,251.85)	(3,002,886.67)
<b>Gross Profit</b>	<b>207,898.54</b>	<b>247,500.40</b>	<b>276,151.73</b>	<b>312,358.31</b>	<b>347,464.17</b>
Other Income	5,314.20	13,589.45	20,693.34	25,767.50	31,344.25
Direct Operating Expenses	(66,516.69)	(69,807.55)	(84,972.38)	(95,497.24)	(106,076.43)
General and Administrative Expenses	(55,781.30)	(71,090.10)	(78,687.43)	(86,556.17)	(98,585.21)
<b>Operating profit before financing cost</b>	<b>90,914.75</b>	<b>120,192.21</b>	<b>133,185.27</b>	<b>156,072.40</b>	<b>174,146.78</b>
Net Finance Expenses	(81,073.02)	(95,567.50)	(100,567.13)	(115,210.00)	(118,500.50)
<b>Profit before Taxation</b>	<b>9,842.18</b>	<b>24,624.71</b>	<b>32,618.14</b>	<b>40,862.40</b>	<b>55,646.28</b>
Income Tax Expense	(2,460.54)	(6,156.18)	(8,154.54)	(10,215.60)	(13,911.57)
<b>Profit for the year transferred to Income Surplus Account</b>	<b>7,381.19</b>	<b>18,468.53</b>	<b>24,463.61</b>	<b>30,646.80</b>	<b>41,734.71</b>
<b>INCOME SURPLUS ACCOUNT</b>					
Balance at 1 October	1,806.31	9,187.50	27,656.03	46,579.08	69,886.80
Net Profit for the year	7,381.19	18,468.53	24,463.61	30,646.80	41,734.71
Dividend paid	-	-	(5,540.56)	(7,339.08)	(9,194.04)
<b>Balance at 30 September</b>	<b>9,187.50</b>	<b>27,656.03</b>	<b>46,579.08</b>	<b>69,886.80</b>	<b>102,427.47</b>

**5 Year Forecast Statement of Financial Position Ending 30 September 2016, 2017, 2018, 2019 and 2020**

	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>
	<b>GHS'000</b>	<b>GHS'000</b>	<b>GHS'000</b>	<b>GHS'000</b>	<b>GHS'000</b>
<b>Non-Current Assets</b>					
Property, plant and equipment	112,069.56	145,879.68	195,491.11	215,005.54	253,311.45
Investment in Subsidiaries	69,805.60	79,805.60	80,000.00	80,000.00	80,000.00
Long term investment	2,232.73	3,854.55	4,072.73	4,363.64	4,567.50
<b>Total non-current assets</b>	<b>184,107.88</b>	<b>229,539.83</b>	<b>279,563.83</b>	<b>299,369.18</b>	<b>337,878.95</b>
<b>Current Assets</b>					
Inventories	57,915.30	23,876.17	35,250.50	40,804.00	64,302.99
Trade and other receivables	37,466.26	19,739.89	21,221.44	23,676.10	30,545.30
Cash and cash equivalents	26,711.17	43,712.60	71,902.38	90,640.71	93,492.88
<b>Total current assets</b>	<b>122,093.18</b>	<b>87,328.66</b>	<b>128,374.32</b>	<b>155,120.81</b>	<b>188,341.18</b>
<b>Total assets</b>	<b>306,200.62</b>	<b>316,868.49</b>	<b>407,938.15</b>	<b>454,489.99</b>	<b>526,220.13</b>
<b>Equity</b>					
Stated Capital	15,000.00	15,000.00	15,000.00	255,000.00	255,000.00
Retained earnings	9,187.50	27,656.03	46,579.08	69,886.80	102,427.47
Other reserves	2,002.33	4,573.19	4,791.38	5,082.29	5,245.50
<b>Total equity</b>	<b>26,189.83</b>	<b>47,229.22</b>	<b>66,370.45</b>	<b>329,969.08</b>	<b>362,672.97</b>
<b>Liabilities</b>					
Deferred tax liability	1,725.04	6,748.40	7,698.09	8,575.20	8,756.50
Income Tax liability	2,460.54	6,156.18	8,310.71	9,526.31	13,641.75
Medium term loan	3,195.29	15,335.00	60,658.33	69,797.63	97,362.63
Long Term Loan	13,132.78	13,976.90	-	-	-
Preference share capital	0.10	0.10	0.10	0.10	0.10
<b>Total non-current liabilities</b>	<b>20,513.76</b>	<b>42,216.58</b>	<b>76,667.23</b>	<b>87,899.24</b>	<b>119,760.97</b>

**5 Year Forecast Statement of Financial Position Ending 30 September 2016, 2017, 2018, 2019 and 2020**

	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>
	<b>GHS'000</b>	<b>GHS'000</b>	<b>GHS'000</b>	<b>GHS'000</b>	<b>GHS'000</b>
Bank Overdraft	57,211.17	-	-	-	-
Short Term Loan	196,090.31	235,548.33	-	-	-
Medium term loan (current portion)	2,515.16	20,219.58	26,265.88	32,702.38	28,765.88
Trade and other payables	3,680.40	9,132.55	10,355.80	11,083.82	11,692.50
<b>Total current liabilities</b>	<b>259,497.04</b>	<b>264,900.47</b>	<b>36,621.67</b>	<b>43,786.19</b>	<b>40,458.38</b>
<b>Total liabilities</b>	<b>280,010.80</b>	<b>341,567.70</b>	<b>124,520.91</b>	<b>163,547.16</b>	<b>149,693.00</b>
<b>Total liabilities and equity</b>	<b>306,200.62</b>	<b>407,938.15</b>	<b>454,489.99</b>	<b>526,220.13</b>	<b>549,972.62</b>

**5 Year Forecast Cash Flow Statement for the Periods Ending 30 September 2016, 2017, 2018, 2019, and 2020**

	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>
	<b>GHS'000</b>	<b>GHS'000</b>	<b>GHS'000</b>	<b>GHS'000</b>	<b>GHS'000</b>
<b>Inflows</b>					
Balance B/F	(34,376.00)	(30,500.00)	43,713.00	71,902.00	90,641.00
Produce loan	1,532,000.00	1,011,600.00	1,173,872.00	1,340,100.00	1,507,800.00
C.T.O Proceeds (margins)	193,212.00	216,630.00	242,692.00	274,523.00	306,342.00
Sample residue	6,553.00	7,456.00	8,317.00	9,197.00	9,858.00
C.T.O proceeds (producer price)	1,665,198.00	1,730,200.00	2,122,144.00	2,440,200.00	2,766,960.00
Freight income	18,461.00	14,051.00	15,506.00	18,574.00	19,939.00
Sheanut sales	1,250.00	169,092.00	185,196.00	203,313.00	223,846.00
Sundry income	5,314.00	13,589.00	20,693.00	25,768.00	31,344.00
Medium term loan	10,000.00	0.00	70,000.00	20,000.00	60,000.00
Carpark proceeds outstanding	21,534.00	11,400.00	0.00	0.00	0.00
<b>Total</b>	<b>3,419,146.00</b>	<b>3,143,518.00</b>	<b>3,882,134.00</b>	<b>4,403,576.00</b>	<b>5,016,729.00</b>
<b>Outflows</b>					
Purchases- cocoa	1,665,198.00	1,730,200.00	2,122,141.00	2,440,200.00	2,766,960.00
Purchases - sheanut	39,603.00	93,750.00	175,560.00	193,248.00	212,520.00
Produce loan repayment	1,532,000.00	1,011,600.00	1,173,872.00	1,340,100.00	1,570,800.00
Finance cost	81,073.00	95,568.00	100,567.00	115,210.00	118,501.00
Staff cost	42,637.00	55,816.00	61,398.00	67,538.00	77,665.00
Office cost	6,489.00	6,380.00	7,018.00	7,720.00	8,492.00
Transport cost	9,799.00	15,546.00	17,101.00	20,521.00	22,573.00
Direct cost	2,462.00	6,457.00	7,102.00	7,812.00	9,375.00
Estate & property cost	3,033.00	4,883.00	5,860.00	6,446.00	7,090.00
Agency cost	38,397.00	35,786.00	39,364.00	43,301.00	47,631.00
Taxation	1,900.00	3,000.00	6,000.00	8,000.00	8,000.00
Dividend paid	-	-	5,541.00	7,339.00	9,194.00
Loan repayment-medium term	2,532.00	2,460.00	8,850.00	14,000.00	14,000.00
Capital expenditure	24,520.00	38,360.00	79,857.00	41,501.00	50,435.00
<b>Total</b>	<b>3,449,646.00</b>	<b>3,099,806.00</b>	<b>3,810,231.00</b>	<b>4,312,935.00</b>	<b>4,923,236.00</b>
<b>Balance C/F</b>	<b>(30,500.00)</b>	<b>43,713.00</b>	<b>71,902.00</b>	<b>90,641.00</b>	<b>93,493.00</b>

### 11.5.1 Assumptions Underlying Financial Forecasts

Key Targets	Key Assumptions
<b>Turnover driven by national budget, take over margins and market share</b>	<p>The Issuer projects the following:</p> <ul style="list-style-type: none"> <li>▪ The Issuer's income will continue to depend mainly on takeover margins as approved by the PPRC on produce delivered to the CMC. Margins and producer price of cocoa have been estimated to increase by 5% <i>per annum</i> over the plan period in line with changes in the economic circumstances within the plan period</li> <li>▪ The market share of the Issuer is estimated to increase by 1% points annually using 2015/16 as a base</li> <li>▪ Cocoa output has been estimated as a percentage of market share of the national output in each year</li> <li>▪ Freight earnings from secondary haulage will continue to provide another source of revenue to the Issuer. It is assumed that, within the plan period, the Issuer's share of the secondary haulage will be increased by 1% annually from 41% in 2015/16 to 45% in 2019/2020.</li> <li>▪ With the establishment of the sheanut factory, the Issuer projects to purchase sheanuts to satisfy the factory requirements of 66,000 tonnes annually</li> </ul>
<b>Costs</b>	Cost of sales is expected to move directly in correlation with revenue
<b>Finance cost</b>	Generally average interest rate for the current year will average 25% in 2015/16 and increase to 27% in 2016/17, 28% in 2017 /18, 2018/19 and 2019/20
<b>PP&amp;E</b>	A GHS 424 million growth in capital expenditure over the 5-year period is to support the projected growth in volumes expected over the period
<b>Investment in Subsidiaries</b>	The Issuer projects a 13% grow their investment in subsidiaries over the period
<b>Long Term Loan GBH</b>	This represent a GHS10 million loan contracted from Societe Generale Ghana Limited for the construction of the Golden Bean Hotel
<b>Long term investment</b>	A GHS 424 million growth in capital expenditure over the 5-year period is to support the projected growth in volumes expected over the period
<b>Trade and other Receivables</b>	<ul style="list-style-type: none"> <li>▪ PBC projects a net growth CAGR of "189%</li> <li>▪ With the projected increase in over the period. Trade and other receivables would be held at 27% of revenue</li> </ul>
<b>Inventories</b>	Inventories held will increase at a similar rate as the growth of sales over the period. However, the percentage to revenue will remain at about 21.5% CAGR
<b>Medium Term Loan</b>	PBC expects medium term loans to increase by GHS 94.15 million over the 5-year projected period
<b>Trade and other Payables</b>	<ul style="list-style-type: none"> <li>▪ CAGR of 25%</li> <li>▪ The Issuer will leverage on its economies of scale to obtain suppliers credits for all trade imports.</li> </ul>
<b>Long Term loan</b>	The long term loans will run their full repayment period. The main portion is the loan from Ghana Cocoa Board for the construction of the shea butter factory



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## **12. CONDITIONS**

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The following are the Conditions of the Notes to be issued by the Issuer under the Programme. The Applicable Pricing Supplement in relation to any Series or Tranche of Notes may specify other terms and conditions, which shall, to the extent so specified or to the extent inconsistent with the Conditions, replace or modify the following Conditions for the purpose of such Series or Tranche of Notes. The Conditions, as replaced or modified by the Applicable Pricing Supplement, will be incorporated by reference in each Note.

The Notes are issued subject to the Trust Agreement. The statements in these Conditions include summaries of, and are subject to, the detailed provisions of the Trust Agreement.

Copies of the Trust Agreement are available for inspection by the Noteholders, upon request, at the registered office of the Note Trustee, being at the date hereof, Ridge Tower, West Ridge, Accra, Ghana and for so long as any Notes remain outstanding.

### **1. AUTHORISATION, ISSUE AND SUBSCRIPTION**

#### **1.1 Authorisation**

1.1.1 The Notes are issued by the Issuer in accordance with, and subject to, these Conditions, which were approved by resolutions of the PBC Board passed on October 10, 2016.

1.1.2 A total Principal Amount of GHS 400,000,000 is authorised for issue under this Programme. The Principal Amount of each Note issued by the Directors shall be as recorded in the Applicable Pricing Supplement.

#### **1.2 Issue and Subscription**

1.2.1 The Issuer may issue Notes to such applicants and on such dates as the Issuer deems fit. The Issuer reserves the right, in its sole discretion, to refuse any application in whole or in part, or to accept some applications for the Notes in full and others in part, or to refuse all applications for the Notes on any basis determined by it.

1.2.2 Each Note shall be held subject to the Conditions, which Conditions shall be binding on the Issuer and each Noteholder.

1.2.3 The Noteholders are (by virtue of their subscription for, or purchase of, the Notes) deemed to have notice of, entitled to the benefit of, and are subject to, all the provisions of the Trust Agreement.

### **2. FORM, DENOMINATION, TITLE AND TRANSFER**

#### **2.1 Form of Notes**

2.1.1 The Notes are in dematerialised form and will be electronically maintained on the CSD with an identifying number that will be recorded in the Register.

2.1.2 All Noteholders will be required to open and maintain CSD accounts, which will be credited with the Notes upon issue.

#### **2.2 Denomination of Notes**

Notes shall be issued in the Currency specified in the Applicable Pricing Supplement.

#### **2.3 Title to the Notes**

- 2.3.1 Title to the Notes shall pass by registration in the Register, unless Applicable Laws provide otherwise or provide for additional formalities for transfer of title. In so far as Applicable Law requires notification to the debtor for a valid transfer of title to the Notes, the registration of the transfer in the Register shall constitute evidence of this notification. Except as ordered by a court of competent jurisdiction or as required by law, the Noteholder, as reflected in the Register, shall be deemed to be and may be treated as the absolute owner for all purposes, whether or not it is overdue and regardless of any notice of ownership, trust or an interest in it, any writing on it or its theft or loss and no person shall be liable for so treating the Noteholder.
- 2.3.2 The Issuer shall issue a single Global Note Certificate to the Note Trustee in respect of each series or tranche of Notes. The CSD shall maintain a record of Noteholders' respective electronic book entries in the Register showing the particulars of Noteholders and their respective holdings.
- 2.3.3 The Issuer, Note Trustee, and CSD shall recognise a Noteholder as the sole and absolute owner of the Notes registered in that Noteholder's name in the Register (notwithstanding any notice of change of ownership or writing thereon or notice of any previous loss or theft thereof) and the Note Trustee shall not be bound to request in writing the CSD to enter any trust in the Register or to take notice of or to accede to the execution of any trust (express, implied or constructive) to which the Notes may be subject.

## 2.4 **Transfer of Notes**

- 2.4.1 No transfer of Notes may be registered unless a form of transfer has been delivered to the CSD as per the rules of CSD relating to transfer of securities. Each form of transfer shall be in writing in the usual form or in any other form approved by the CSD. Each form shall be signed by the Noteholder or his duly authorised agent and be delivered to the CSD in respect of the Notes to be transferred and such evidence as to identity, title, authority and legal capacity of the transferor and transferee and their respective agents, if any, as the Issuer or the CSD, may reasonably require (the "**Transfer Form**").
- 2.4.2 The Register shall contain the name, address and bank account details of the Noteholders. The Register shall set out the Principal Amount of the Notes issued to any Noteholder and shall show the date of such issue, the date upon which the Noteholder became registered as such and the unique serial numbers of all securities as pertains in the CSD system.
- 2.4.3 The CSD shall make information on Noteholders contained in the Register available to any Noteholder or any person authorised in writing by the Noteholder as they may reasonably request. The CSD shall not record any transfer other than on Business Days or while the Register is closed.
- 2.4.4 The Register shall be closed during the Book Closure Period. Noteholders entitled to participate in a distribution of Interest, or a Redemption Amount shall be those registered as such on the Last Day to Register.
- 2.4.5 The CSD shall alter the Register in respect of any change of name, address or bank account number of any of the Noteholders of which it is notified in accordance with these Conditions.
- 2.4.6 In the case of an exercise of the Issuer's right to Early Redemption or a partial redemption of a holding of Notes held in the CSD system, the

CSD will change the holdings in the Register to reflect the redemption and the balance of the holding not redeemed.

2.4.7 Exchange and transfer of Notes and securities on registration, transfer, partial redemption or exercise of an option shall be effected according to the rules of the CSD and subject to charges by the CSD and brokers.

2.4.8 No Noteholder may require the transfer of a Note to be registered during a Book Closure Period, after any such Note has been called for Redemption, or (in the case of a partial redemption of Notes) during the period beginning on the 10<sup>th</sup> Business Day before the date of the partial redemption and ending on the date of the partial redemption (both inclusive).

### **3. STATUS**

#### **3.1 Status of the Senior Unsecured Notes**

The Senior Unsecured Notes constitute direct, unconditional, unsubordinated and unsecured obligations of the Issuer and shall rank *pari passu* among themselves and (save for certain obligations required to be preferred by Applicable Law) equally with all other present and future unsecured and unsubordinated obligations of the Issuer, from time to time outstanding.

#### **3.2 Status of the Subordinated Notes**

The Subordinated Notes constitute direct, unconditional, subordinated and unsecured obligations of the Issuer and shall rank *pari passu* among themselves and equally with all other present and future unsecured and subordinated obligations of the Issuer, from time to time outstanding.

### **4. NEGATIVE PLEDGE**

So long as any Note remains outstanding, the Issuer shall not create, incur, assume or permit to arise or subsist any Encumbrance other than a Permitted Encumbrance upon the whole or any part of its undertakings, assets or revenues, present or future, to secure any Financial Indebtedness unless, at the same time or prior thereto, the Issuer's obligations under the Notes:

- (a) are secured equally and rateably therewith, to the satisfaction of the Note Trustee;
- (b) have the benefit of such other arrangement as shall be approved by a Special Resolution (as defined in the Trust Agreement) of the affected Noteholders.

### **5. INTEREST**

#### **5.1 Interest on Fixed Rate Notes**

5.1.1 Each Fixed Rate Note bears Interest on its outstanding Principal Amount from the Interest Commencement Date at the rate per annum (expressed as a percentage) equal to the Interest Rate, such Interest being payable in arrears on each Interest Payment Date up to the Maturity Date.

5.1.2 If a Fixed Coupon Amount or a Broken Amount is specified in an Applicable Pricing Supplement, the amount of Interest payable on each Interest Payment Date in respect of the Fixed Interest Period will amount to the Fixed Coupon Amount or, if applicable, the Broken Amount so specified and, in the case of the Broken Amount, will be payable on the particular Interest Payment Date(s) specified hereon.

## 5.2 Interest on Floating Rate Notes

### 5.2.1 Interest Payment Dates

Each Floating Rate Note bears Interest on its outstanding Principal Amount from the Interest Commencement Date at the rate per annum (expressed as a percentage) equal to the Interest Rate, such Interest being payable in arrears on each Interest Payment Date up to the Maturity Date.

### 5.2.2 Business Day Convention

5.2.2.1 If any date referred to in these Conditions would otherwise fall on a day that is not a Business Day, then such date is subject to adjustment by:

- (a) the Floating Rate Business Day Convention, such date shall be postponed to the next day that is a Business Day unless it would thereby fall into the next calendar month, in which event (i) such date shall be brought forward to the immediately preceding Business Day and (ii) each subsequent such date shall be the last Business Day of the month in which such date would have fallen had it not been subject to adjustment;
- (b) the Following Business Day Convention, such date shall be postponed to the next day that is a Business Day;
- (c) the Modified Following Business Day Convention, such date shall be postponed to the next day that is a Business Day unless it would thereby fall into the next calendar month, in which event such date shall be brought forward to the immediately preceding Business Day; or
- (d) the Preceding Business Day Convention, such date shall be brought forward to the immediately preceding Business Day.

### 5.2.3 Interest Rate for Floating Rate Notes

5.2.3.1 The Interest Rate payable, from time to time, in respect of the Floating Rate Notes shall be determined in the manner specified in the Applicable Pricing Supplement.

5.2.3.2 The Interest Rate for each Interest Period shall be either

- (a) the offered quotation; or
- (b) the arithmetic mean (rounded if necessary to the second decimal place, with 0.002 being rounded upwards) of the offered quotation,

(expressed as a percentage rate *per annum*) for the Reference Rate (as specified in the Applicable Pricing Supplement), in the case of Government of Ghana treasury bill rate on the relevant Interest Determination Date (as specified in the Applicable Pricing Supplement) plus or minus the margin (if any), all as determined by the Calculation Agent.

## 5.3 Accrual of Interest

Interest shall cease to accrue on each Note on the Redemption Date, unless payment of the Principal Amount is improperly withheld or refused, in which event, Interest shall continue to accrue (before as well as after judgment) at the Interest Rate in the manner provided in this Condition 5 to the date of actual payment.

#### 5.4 **Minimum Interest Rate and/or Maximum Interest Rate**

- 5.4.1 If the Applicable Pricing Supplement specifies a Minimum Interest Rate for any Interest Period, then, in the event that the Interest Rate in respect of such Interest Period (determined in accordance with this Condition 5) is less than such Minimum Interest Rate, the Interest Rate for such Interest Period shall be such Minimum Interest Rate.
- 5.4.2 If the Applicable Pricing Supplement specifies a Maximum Interest Rate for any Interest Period, then, in the event that the Interest Rate in respect of such Interest Period (determined in accordance with this Condition 5) is greater than such Maximum Interest Rate, the Interest Rate for such Interest Period shall be such Maximum Interest Rate.

#### 5.5 **Calculation of Interest**

- 5.5.1 The Interest payable in respect of any Note for any Interest Period shall be calculated by multiplying the Interest Rate and the outstanding Principal Amount by the applicable Day Count Fraction, unless the amount of Interest (or a formula for its calculation) is specified in the Applicable Pricing Supplement in respect of such Interest Period (the “**Applicable Pricing Supplement Interest Amount**”), in which case the Interest payable in respect of such Note for such Interest Period shall equal the Applicable Pricing Supplement Interest Amount. Where any Interest Period comprises 2 or more Interest Periods, the amount of Interest payable in respect of such Interest Period shall be the sum of the amounts of interest payable in respect of each of those Interest Periods.
- 5.5.2 “**Day Count Fraction**” in this Condition 5 means:
- (a) if “Actual/365” or “Actual/Actual” is specified in the Applicable Pricing Supplement, the actual number of days in the Interest Period divided by 365 (or, if any portion of that Interest Period falls in a leap year, the sum of (i) the actual number of days in that portion of the Interest Period falling in a leap year divided by 366 and (ii) the actual number of days in that portion of the Interest Period falling in a non-leap year divided by 365);
  - (b) if “Actual/365 (Fixed)” is specified in the Applicable Pricing Supplement, the actual number of days in the Interest Period divided by 365;
  - (c) if “Actual/360” is specified in the Applicable Pricing Supplement, the actual number of days in the Interest Period divided by 360; and
  - (d) if “30/360”, “360/360” or “Bond Basis” is specified in the Applicable Pricing Supplement, the number of days in the Interest Period divided by 360 (the number of days to be calculated on the basis of a year of 360 days with 12, 30-day months (unless (i) the last day of the Interest Period is the 31st day of a month but the first day of the Interest Period is a day other than the 30th or 31st day of a month, in which case the month that includes that last day shall not be considered to be shortened to a 30-day month, or (ii) the last day of the Interest Period is the last day of the month of February, in which case the month of February shall not be considered to be lengthened to a 30-day month)).

5.5.3 For the purposes of any calculations of Interest required pursuant to these Conditions (unless otherwise specified):

- (a) all percentages resulting from such calculations shall be rounded, if necessary, to the nearest one hundred-thousandth of a percentage point (with halves being rounded up);
- (b) all Interest and Interest Rate figures shall be rounded to 2 decimal places (with halves being rounded up); and
- (c) any Currency amount that falls due and payable shall be rounded to the nearest unit of the Currency (with halves being rounded up). For these purposes “unit” means the lowest amount of the Currency.

## 5.6 **Determination and Notification of Interest Rate, Interest and Redemption Amount**

### 5.6.1 *Determination of Interest*

5.6.1.1 The Calculation Agent shall (as soon as practicable after the Relevant Time or as it may be required to) determine any Interest Rate, obtain any quotation, or calculate any Interest or Redemption Amount or other amount (as the case may be) for review by the Note Trustee.

5.6.1.2 The Calculation Agent shall (as soon as practicable on the first day of the Book Closure Period) determine the Interest Rate, obtain the quotation, or calculate the Interest or Redemption Amount or other amount (as the case may be) for review by the Note Trustee.

### 5.6.2 *Notification of Interest*

5.6.2.1 In relation to the determination under Condition 5.6.1.1, the Calculation Agent shall cause:

- (a) the determination of such Interest Rate, obtaining of such quotation, or calculation of such Interest or Redemption Amount or other amount (as the case may be) and the relevant Interest Payment Date, to be notified to the Issuer and the Note Trustee
- (b) the Interest Rate and the relevant Interest Payment Date to be notified to the Noteholders,

no later than the 4th Business Day after such determination or calculation.

5.6.2.2 In relation to the determination under Condition 5.6.1.2, the Calculation Agent shall cause the determination of such Interest Rate, obtaining of such quotation, or calculation of such Interest or Redemption Amount or other amount (as the case may be) and the relevant Interest Payment Date, to be notified to the Issuer, the Note Trustee and the Noteholders, no later than the 4th Business Day after such determination or calculation.

5.6.2.3 Where any Interest Payment Date or Interest Period Date is subject to adjustment pursuant to Condition 5.2.2 (*Business Day Convention*), the Interest and the Interest Payment Date so published may subsequently be amended (or appropriate alternative

arrangements made by way of adjustment) without notice in the event of an extension or shortening of the Interest Period.

#### 5.6.3 *Finality of Determination*

The determination of any rate or amount, the obtaining of any quotation and the making of each determination or calculation by the Calculation Agent shall (in the absence of manifest error) be final and binding upon all parties.

### 6. REDEMPTION, PURCHASE AND CANCELLATION

#### 6.1 Final Redemption

Unless previously redeemed, purchased and cancelled as provided below, each Note shall be finally redeemed on the Maturity Date specified thereon at its Final Redemption Amount.

#### 6.2 Early Redemption

The Early Redemption Amount payable in respect of any Note shall be the Final Redemption Amount unless otherwise specified in the Applicable Pricing Supplement. In the case of a Zero Rate Note, the Early Redemption Amount shall be the “**Amortised Face Amount**” calculated as the Final Redemption Amount of such Note on the Maturity Date discounted back to the due date for payment at a rate *per annum* (expressed as a percentage) equal to the Amortisation Yield (which, if none specified in the Applicable Pricing Supplement, shall be such rate as would produce an Amortised Face Amount equal to the Issue Price if it were discounted back to the Issue Price on the Issue Date) compounded annually.

#### 6.3 Optional Redemption

6.3.1 The Notes may be redeemed at the option of the Issuer in whole (but not in part) at any time, on giving not less than 30 Business Days’ but no more than 60 Business Days’ notice to the Noteholders (which notice shall be irrevocable), at the Principal Amount, together with Interest accrued to the Redemption Date, if (immediately before giving such notice) the Issuer satisfies the Note Trustee that the Issuer has or will become obliged to pay any Additional Amount. Prior to the publication of any notice of redemption pursuant to this Condition 6.3, the Issuer shall deliver or procure delivery to the Note Trustee of:

- (a) a certificate signed by 2 Directors of the Issuer stating that the obligation to pay an Additional Amount has occurred or will occur (irrespective of whether the obligation is then effective); and
- (b) an opinion in form and substance satisfactory to the Note Trustee of independent legal advisers of recognised standing, to whom the Note Trustee shall have no reasonable objection, to the effect that the Issuer:
  - (a) has or will become obliged to pay any Additional Amounts; or
  - (ii) has or will become obliged to make any additional withholding or deduction as a result of such change or amendment (irrespective of whether the obligation is then effective).

6.3.2 The Note Trustee shall accept such certificate and opinion as sufficient evidence of the satisfaction of the circumstances set out in Condition 6.3.1.(a) and Condition 6.3.1.(b) above. Upon expiry of any such notice as

referred to in this Condition 6.3, the Issuer shall be bound to redeem the Notes in accordance with this Condition 6.3.

- 6.3.3 All Notes in respect of which an Exercise Notice is served shall be redeemed, on the date specified in such notice in accordance with this Condition 6.
- 6.3.4 In the case of a partial redemption pursuant to a Call Option, the notice to Noteholders shall also contain the applicable Notes to be redeemed. In the case of a partial redemption, each Note in a Series or a Tranche shall be redeemed in the same percentage of its Principal Amount outstanding. In the case of partial redemption of all Notes, each Series or Tranche shall be redeemed in that percentage of the funds available for payment in redemption as the aggregate Principal Amount outstanding in that Series or Tranche bears to the aggregate Principal Amount of all Notes outstanding and each Note in the Series or Tranche shall be redeemed in the same percentage of Principal Amount outstanding, subject to compliance with any Applicable Laws.
- 6.3.5 The Issuer may at any time purchase or procure others to purchase for its account the Notes at any price in the open market or by tender or by private treaty. Notes so purchased may be held or resold or surrendered for cancellation, at the option of the Issuer. Any Notes so purchased, while held by or on behalf of the Issuer or any Affiliates, shall not entitle the Noteholder to vote at any meeting of Noteholders and shall not be deemed to be outstanding for the purposes of calculating quorums at meetings of Noteholders.
- 6.3.6 Notes purchased by or on behalf of the Issuer, or any Affiliates may be cancelled and if so, together with all Notes redeemed by the Issuer, may not be reissued or resold and the obligations of the Issuer in respect of any cancelled Notes shall be discharged. Notes that have been cancelled shall be notified to the CSD.
- 6.3.7 Notwithstanding any provision in this Condition 6, the Issuer shall not redeem any of the Notes within 6 months of the relevant Issue Date.

## **7. PAYMENTS**

### **7.1 General**

Payments of Interest, Principal Amounts and Redemption Amounts shall be made from the “Escrow Account – Payables and Receivables” by SCB (on the instructions of the Issuer) via electronic funds transfer to the account designated for the purpose by the Note Trustee (**Trustee Account**) by 9:00 am on the 4<sup>th</sup> Business Day before the Redemption Date or Interest Payment Date. Such payment into the Trustee Account shall be a valid discharge by the Issuer of its obligation to pay Interest, the Principal Amount or the Redemption Amount on Redemption, as the case may be.

### **7.2 Payment Upon Redemption**

Interest and Principal Amounts due on Redemption shall only be payable, in respect of Interest, to Noteholders registered as such on the Last Day to Register immediately preceding the Interest Payment Date in question, and, in respect of Redemption, to Noteholders registered as such on the Last Day to Register prior to the Redemption Date

### **7.3 Methods of Payment**



Payments of Principal Amount and Interest in respect of the Notes shall be made in the Currency when due and the amounts credited *via* bank transfer or cheque payment to Noteholders. All payments of Principal Amount and Interest in respect of the Notes are subject, in all cases, to any Applicable Laws, but without prejudice to the provisions of Condition 8 (Taxation). No commissions or expenses shall be charged to the Noteholders in respect of such payments.

#### 7.3.1 *Electronic Transfers*

Where payment is to be made by electronic transfer to a designated account, payment instructions (for value on the due date or, Business Day Convention per the Applicable Pricing Supplement) will be initiated (i) on the due date for payment, and (ii) on the due date for payment (in the case of Interest due other than on Redemption).

#### 7.3.2 *Payment by Cheque*

7.3.2.1 Payments of Interest, Principal Amounts and Redemption Amounts may be made by cheque mailed to the Noteholder's address in the Register if it does not have a bank account, as indicated by the Noteholder on the application form.

7.3.2.2 Cheques in payment of Interest, Principal Amounts and Redemption Amounts shall be drawn on the Note Trustee and issued by the Note Trustee. Payment of cheques shall be a valid discharge by the Note Trustee of the obligation upon it to pay Interest, Principal Amounts and Redemption Amounts, as the case may be.

7.3.2.3 Cheques shall be made payable to the order of (i) the registered Noteholder or (ii) such other person as may have been notified in writing to the Note Trustee by the registered Noteholder (accompanied by the address of that person and such proof of authority as the Issuer or the Note Trustee may require) not later than the Last Day to Register in respect of the relevant Interest Payment Date or Redemption Date, as the case may be.

7.3.2.4 Cheques shall be dated with the relevant Interest Payment Date or Redemption Date, as the case may be, and shall therefore be payable on that date.

7.3.2.5 Cheques shall be posted to the Noteholder entitled thereto or such person notified by the Noteholder to the Note Trustee in terms of Condition 7.3.2.3:

- (a) in the case of Interest, a Business Day before the relevant Interest Payment Date; or
- (b) in the case of Redemption Amounts, a Business Day before the Redemption Date.

7.3.2.6 Cheques shall be posted by registered post, provided that neither the Issuer nor its agents shall be responsible for any loss in transmission and the postal authorities shall be deemed to be the agent of the Noteholders for the purposes of all cheques posted in terms of this Condition 7.

7.3.2.7 If written notice of the intention to collect a cheque is given to the Note Trustee at least 15 Business Days before the relevant

Interest Payment Date or Redemption Date, the cheque shall be available for collection by the Noteholder or other person entitled pursuant to Condition 7.3.2.3 at the office of the Note Trustee:

(a) in the case of Interest, on the relevant Interest Payment Date;  
or

(b) in the case of Redemption, on the Redemption Date.

7.3.2.8 If a cheque is not collected within 2 Business Days of the date for collection set forth in Condition 7.3.2.7 above, the cheque shall be posted to the Noteholder or other person entitled thereto at his/her/its address set out in the Register (or to such other address as may have been notified in writing to the Note Trustee not later than the relevant Last Day to Register).

#### **7.4 Partial Payments**

If at any time a partial payment of Principal Amount and/or Interest is made in respect of any Note, the CSD shall endorse the Register with a statement indicating the amount and date of such payment.

#### **7.5 Unclaimed Payments**

The Issuer shall submit a report of any unclaimed payments of Principal Amounts and Interest to the SEC on an annual basis.

### **8. TAXATION**

All payments made by the Issuer to the Noteholders in respect of the Notes will be subject to withholding tax under the Income Tax Act except where the Noteholder is exempt under Applicable Laws. The Issuer shall not be required to gross up any interest payments on account of any reduction resulting from withholding tax.

### **9. PRESCRIPTION**

Claims against the Issuer for payment of Principal Amount or Interest in respect of the Notes, shall become void unless presented for payment within 6 years from the date on which such payment first becomes due.

### **10. MEETINGS OF NOTEHOLDERS, AMENDMENT, MODIFICATION, WAIVER AND SUBSTITUTION**

#### **10.1 Meetings of Noteholders**

10.1.1 The Trust Agreement contains provisions for convening meetings of Noteholders to consider any matter affecting their interests, including the modification of these Conditions and the Trust Agreement. Noteholder meetings may be convened by the Issuer or by the Note Trustee and shall be convened by the Issuer or the Note Trustee if so requested in writing by the Noteholders holding not less than 30% in aggregate of the total Principal Amount of the Notes then outstanding.

10.1.2 The quorum at any such meeting for passing a Special Resolution shall be as stated in the Trust Agreement.

10.1.3 A decision to:

- (a) amend the Maturity Dates or Redemption of any of the Notes, any Interest Payment Date on the Notes;
- (b) reduce or cancel the Principal Amount of, or any premium payable on Redemption of, the Notes;
- (c) reduce the Interest Rate/s in respect of the Notes or to vary the method or basis of calculating the amount of Interest, Interest Rate/s or the basis for calculating any Interest in respect of the Notes;
- (d) if a Minimum Interest Rate and/or a Maximum Interest Rate is shown hereon, reduce any such Minimum and/or Maximum;
- (e) vary any method of, or basis for, calculating the Final Redemption Amount, the Early Redemption Amount or the Optional Redemption Amount;
- (f) vary the Currency or Currencies of payment of the Notes; or
- (g) modify the provisions concerning the quorum required at any meeting of Noteholders or any adjournment of such meeting or the majority required to pass the Special Resolution,

may only be taken following approval by a Special Resolution.

- 10.1.4 Any Special Resolution duly passed shall be binding on Noteholders (whether or not they were present at the meeting at which such resolution was passed).

## 10.2 **Modifications & Waiver**

- 10.2.1 The Note Trustee may agree, without the consent of the Noteholders, to effect:

- (a) any modification of any provision of the Trust Agreement or the Notes (including these Conditions) which is of a minor nature or is made to correct a manifest error in the opinion of the Note Trustee, provided that such modification is not prejudicial to the interests of the Noteholders; and
- (b) any other modification and any waiver or authorisation of any breach or proposed breach of any provision of these Conditions or the Trust Agreement which are in the opinion of the Note Trustee, not materially prejudicial to the interests of the Noteholders -provided that no such modification shall be permitted unless an opinion of legal counsel is delivered to the Note Trustee to the effect that the Noteholders will be subject to Ghana tax on the same amount and in the same manner and at the same times as would have been the case if such modification had not occurred.

- 10.2.2 The Note Trustee may take into account, among other things, any confirmation from the rating agencies that the then current ratings of the relevant Notes would not be adversely affected in considering whether any such modification, waiver or authorisation would be materially prejudicial to the interests of the Noteholders.

- 10.2.3 Any such modification, waiver or authorisation may be given or made on such terms and subject to such conditions as the Note Trustee may in its sole discretion determine and shall be binding on the Noteholders and, unless the Note Trustee otherwise agrees, the Note Trustee shall cause such modification to be notified to the Noteholders within 5 Business Days after modification, provided that the Note Trustee shall not exercise any powers conferred upon

it by this Condition 10 in contravention of any express direction by a Special Resolution or a request in writing made by the Noteholders of not less than 30% in aggregate Principal Amount of the affected Notes then outstanding (provided that no such direction or request shall affect any authorisation, waiver or determination previously given or made).

### 10.3 Substitutions

10.3.1 The Note Trustee may, without the consent of the Noteholders, agree on such terms as it may specify to the substitution of the Issuer's successor in business where the substitution of the Issuer is as a result of a merger, an acquisition, or other form of business combination involving the Issuer.

10.3.2 Subject to obtaining the prior consent of the Noteholders, the Note Trustee may agree on such terms as it may specify to the substitution of the Issuer where the Issuer is substituted with its Affiliate in its place as issuer under the Trust Agreement and the Notes.

## 11. NOTICES

11.1 Notices to Noteholders will be deemed to be validly given if: (i) sent by first-class mail (airmail if overseas) to them (or, in the case of joint holders, to the first-named in the Register) at their respective addresses as recorded in the Register; or (ii) published in a newspaper of general circulation in Ghana and approved by the Note Trustee. Each such notice shall be deemed to have been validly given on the 10<sup>th</sup> Business Day after the date of postage.

11.2 Notices to the Issuer will be deemed to be validly given if delivered to the Issuer at its registered address and clearly marked on their exterior "*Urgent - Attention: Chief Executive Officer*" (or at such other address and for such other attention as may have been notified to the holders in accordance with Condition 11.1). Such notices will be deemed to have been validly given at the opening of business on the next Business Day on which the Issuer's registered address is open for business.

11.3 Notices to the Note Trustee will be deemed to have been validly given if delivered to the registered office of the Note Trustee and clearly marked on their exterior "*Urgent - Attention: Director, Treasury.*"

## 12. FURTHER ISSUES

The Issuer may from time to time, without the consent of the Noteholders and in accordance with the Trust Agreement, create and issue further securities ranking *pari passu* with the Notes or a Series or Tranche in all respects (except for Interest, the first Interest Payment Date and Issue Date) and so that such further issues shall be consolidated and form a single series with the outstanding Notes. References in these Conditions to the Notes include (unless the context requires otherwise) any other securities issued pursuant to this Condition 12. Any such other securities shall be constituted by an addendum to the Trust Agreement.

## 13. ENFORCEMENT

13.1 At any time after the Notes become due and payable, the Note Trustee may, at its discretion and without further notice, institute such proceedings against the Issuer as it may think fit to enforce the terms of the Trust Agreement and the Notes, but it need not take any such proceedings unless:

(a) it shall have been so directed by a Special Resolution or so requested in writing by Noteholders holding, at least, 30% in Principal Amount of the Notes outstanding; and

(b) it shall have been indemnified to its satisfaction.

- 13.2 No Noteholder may proceed directly against the Issuer unless the Note Trustee, having become bound so to proceed, fails to do so within a reasonable time and such failure is continuing.

#### **14. INDEMNIFICATION OF THE NOTE TRUSTEE**

- 14.1 The Trust Agreement contains provisions for the indemnification of the Note Trustee and for its relief from responsibility in certain circumstances. Subject to the fiduciary obligations of the Note Trustee to the Noteholders, the Note Trustee may enter into business transactions with the Issuer and any entity related to the Issuer without accounting for any profit. The Note Trustee is not responsible for the validity, sufficiency or enforceability of the Trust Agreement or the Notes, nor is the Note Trustee obliged to take any action unless indemnified and/or secured to its satisfaction. The Note Trustee is also entitled to be paid its costs and expenses in priority to the claims of the Noteholders.

- 14.2 In the exercise of its powers and discretion under these Conditions and the Trust Agreement (including but not limited to those referred to in this Condition 14), the Note Trustee will have regard to the interests of the Noteholders as a class and will not be responsible for any consequence of such exercise for individual Noteholders of Notes as a result of such Noteholders being connected in any way with a particular territory or otherwise, and the Note Trustee shall not be entitled to require, nor shall any Noteholder be entitled to claim, from the Issuer, any indemnification or payment in respect of any tax consequence of any such exercise upon individual Noteholders.

#### **15. GOVERNING LAW AND JURISDICTION**

- 15.1 The Notes and the Trust Agreement are governed by, and shall be construed in accordance with Ghanaian law.
- 15.2 The courts of Ghana shall have exclusive jurisdiction to hear and determine any suit, action or proceedings, and to settle any disputes, which may arise out of or in connection with the Notes or the Trust Agreement.

#### **16. FINANCIAL COVENANTS**

An Applicable Pricing Supplement may contain such financial covenants as may be determined by the Issuer.

#### **17. EVENTS OF DEFAULT**

The Note Trustee may (at its discretion) or shall (if so requested in writing by the Noteholders of not less than 30% in Principal Amount of the Notes then outstanding or if so directed by a Special Resolution) (subject in each case to being indemnified and/or secured to its satisfaction) give notice to the Issuer specifying any affected Notes and that such Notes are immediately due and repayable in the Principal Amount together with accrued interest if, in the case of the Notes, any of the following Events of Default occurs:

- (a) **Non-payment:** The Issuer fails to pay the Principal Amount of any of the Notes when the same becomes due and payable either at the Maturity Date, upon Redemption, by declaration or otherwise, or the Issuer is in default with respect to the payment of Interest or Additional Amounts on any of such Notes and such default in respect of Principal Amount, Interest or Additional Amounts continues for a period of 5 Business Days;

- (b) **Breach of Other Obligations:** the Issuer is in default in the performance, or is otherwise in breach, of any warranty, covenant, obligation, undertaking or other agreement under the Notes or the Trust Agreement (other than a default or breach elsewhere specifically dealt with in this Condition 17(b)) and such default or breach (if capable of remedy) is not remedied within 30 calendar days (or such longer period as the Note Trustee may in its sole discretion determine) after notice thereof has been given to the Issuer and, if applicable, by the Note Trustee;
- (c) **Cross-default:**
  - (i) any Financial Indebtedness of the Issuer in excess of GHS 5,000,000 (A) becomes due and payable prior to the due date for payment thereof by reason of any default by the Issuer; or (B) is not repaid at maturity as extended by the grace period, if any, applicable thereto; or
  - (ii) any guarantee given by the Issuer in respect of the Financial Indebtedness of any other person is not honoured when due and called, *provided that* the aggregate Principal Amount of such Financial Indebtedness referred to in (Condition 17(c)(i)) or (Condition 17(c)(ii)) exceeds GHS 5,000,000;
- (d) **Insolvency:**
  - (i) any Person shall have instituted a proceeding or entered a decree or order for the appointment of a receiver, manager, administrator, liquidator or rehabilitation manager in any insolvency, rehabilitation, readjustment of debt, marshalling of assets and liabilities or similar arrangements involving the Issuer or all or substantially all of their respective assets and such proceeding, decree or order shall not have been vacated or shall have remained in force undischarged or unstated for a period of 60 Business Days; or
  - (j) the Issuer shall institute proceedings under any applicable bankruptcy, insolvency or other similar law now or hereafter in effect to be placed into rehabilitation, adjudicated as bankrupt or shall consent to the filing of a bankruptcy, insolvency or similar proceeding against it or shall file a petition or answer or consent seeking reorganisation under any such law or shall consent to the filing of any such petition, or shall consent to the appointment of a receiver, manager, administrator, liquidator, rehabilitation manager or trustee or assignee in bankruptcy or liquidation of the Issuer or in respect of its property, or shall make an assignment for the benefit of its creditors or shall otherwise be unable or admit its inability to pay its debts generally as they become due or the Issuer commences proceedings with a view to the general adjustment of its Indebtedness, which event in any such case is (in the sole opinion of the Note Trustee), materially prejudicial to the interests of the Noteholders; or
- (e) **Substantial Change in Business:** The Issuer makes or threatens to make any substantial change in the principal nature of its business as presently conducted which is (in the sole opinion of the Note Trustee) materially prejudicial to the interests of the Noteholders;
- (f) **Maintenance of Business:** the Issuer fails to take any action as is required of it under the Applicable Laws or otherwise to maintain in effect its corporate existence or fails to take any action to maintain any material rights, privileges, titles to property, franchises and the like necessary or desirable in the normal conduct of its business, activities or operations which is (in the sole opinion of the Note Trustee) materially prejudicial to the interests of the Noteholders and

such failure (if capable of remedy) is not remedied within 30 Business Days (or such longer period as the Note Trustee may in its sole discretion determine) after notice thereof has been given to the Issuer;

- (g) **Material Compliance with Applicable Laws:** the Issuer fails to comply in any material respect with any Applicable Laws for any purpose to enable it lawfully to exercise its rights or perform or comply with its obligations under the Notes or the Trust Agreement or to ensure that those obligations are legally binding and enforceable or that all necessary agreements or other documents are entered into and that all necessary consents and approvals of, and registrations and filings with, any such authority in connection therewith are obtained and maintained in full force and effect;
- (h) **Invalidity or Unenforceability:** the Note Trustee is of the opinion determined in its sole discretion that any of following occurrences in this Condition 17(h) is materially prejudicial to the interests of the Noteholders:
  - (i) the validity of the Notes or the Trust Agreement is contested by the Issuer;
  - (ii) it is or becomes unlawful for the Issuer to perform or comply with all or any of its obligations set out in the Notes or the Trust Agreement; or
  - (iii) the Issuer shall deny all or any of its obligations set out in the Notes or the Trust Agreement (whether by a general suspension of payments or a moratorium on the payment of debt or otherwise);
- (i) **Government Intervention:**
  - (i) all or any substantial part of the undertaking, assets and revenues of the Issuer is condemned, seized or otherwise appropriated by any person acting under the authority of any national, regional or local government; or
  - (ii) the Issuer is prevented by any such person from exercising normal control over all or any substantial part of its undertaking, assets, revenues and, following the occurrence of any of the events specified in this Condition 17(i), the Note Trustee is of the opinion determined in its sole discretion that such occurrence is materially prejudicial to the interests of the Noteholders.
- (j) **Financial Covenants:** If any financial covenant specified in an Applicable Pricing Supplement falls below the required thresholds contemplated therein or in the Applicable Pricing Supplement and the said default is not rectified within 60 clear days; or
- (k) **Negative Pledge:** The Issuer fails to remedy a breach of Condition 4 (Negative Pledge) and such failure continues for a period of 10 Business Days after receipt by the Issuer of written notice from any Noteholder or the Note Trustee requiring same to be remedied.

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## 13. SUBSCRIPTION AND SALE INFORMATION

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### 13.1 GENERAL

The Notes will be offered from time to time by the Issuer to the Dealer that is appointed by the Issuer in respect of any Series or Tranche of Notes.

Any agreement for the sale of Notes will, *inter alia*, make provision for the form and terms and conditions of the relevant Notes, the price at which such Notes will be sold by the Dealer and the commissions or other agreed discounts (if any) payable or allowable by the Issuer in the event of an underwriting of the Notes by the Dealer(s).

### 13.2 APPLICATION PROCEDURE

Application forms (as set out in Appendix A) for the Notes may be obtained from the head offices of the Arranger, Sponsoring Broker or the Issuer. Applications must be submitted directly to the Arranger or the Sponsoring Broker at either of their respective head offices marked for the attention of the “*Chief Executive Officer*”, so as to arrive no later than 17:00 hours GMT on the date specified in the Applicable Pricing Supplement. Successful Applicants will be notified by the Issuer or the Arranger of the amount of Notes allotted to them immediately after the allotment date specified in the Applicable Pricing Supplement.

### 13.3 PAYMENT FOR THE NOTES AND DELIVERY

Payment for the Notes is to be made in full to the Issuer in immediately available funds by the date specified in the Applicable Pricing Supplement. The Notes will be credited electronically on the CSD.

### 13.4 SETTLEMENT PROCEDURE

Payment of the subscription price for the Notes may be made:

- (a) either by banker's cheque drawn in favour of “**PBC Limited Note Programme**”, such cheque to reach the Dealer no later than 15:00 hours (GMT) 2 Business Days before the issue date against delivery of a deposit slip; or
- (b) by bank transfer or remittance, to be made on the instructions of the successful applicant to his/her/its bank for the funds to be credited to the following account, with details below:

*Account Name:* **PBC Limited Note Programme Collection Account**  
*Bank Name:* Fidelity Bank Ghana Limited  
*Account Number:* 1330032254110  
*Bank Branch:* Ridge  
*Branch Sort Code:* 240101  
*SWIFT:* FBLIGHAC

### 13.5 SELLING RESTRICTIONS

13.5.1 The following are the selling restrictions relating to the Notes:

- (a) the Notes being issued under this Prospectus and the Applicable Pricing Supplement are restricted to distribution only within the Republic of Ghana and not for distribution in any other jurisdiction;
- (b) each Dealer undertakes that:
  - (i) it has complied, and will comply, with all Applicable Laws in relation to any sale or distribution of the Notes; and



- (ii) it will not distribute this Prospectus, any Applicable Pricing Supplement or any related offering material outside Ghana.

13.5.2 These selling restrictions may be supplemented or modified with the agreement of the Issuer subject to the approval of the SEC. Any such supplement or modification may be set out in the Applicable Pricing Supplement (in the case of a supplement or modification only relevant to a particular Series or Tranche of Notes) or in a supplement to this Prospectus.



**BENTSI-ENCHILL**  
LE TSA & ANKOMAH

P1/138

12-Oct-16

The Director-General  
Securities and Exchange Commission  
30, Third Circular Road  
Cantonments, Accra  
Ghana

The Managing Director  
Ghana Stock Exchange  
5<sup>th</sup> Floor, Cedi House  
Liberia Road, Accra  
Ghana

Dear Sirs,

**PBC LIMITED: ESTABLISHMENT OF GHS 400 MILLION UNSECURED NOTE PROGRAMME AND LISTING OF NOTES ON THE GHANA FIXED INCOME MARKET OF THE GHANA STOCK EXCHANGE**

**1. Introduction**

We have acted as legal counsel to PBC Limited, a public limited liability company incorporated under the laws of Ghana and whose shares are listed on the Ghana Stock Exchange ("PBC"), in connection with the establishment of a GHS 400 million unsecured note programme (the "**Note Programme**") and the proposed listing of notes issued under the Note Programme (the "**Notes**") on the Ghana Fixed Income Market of the Ghana Stock Exchange (the "**GIFM Listing**").

**2. Documents Examined**

**2.1** For the purpose of giving this opinion, we have examined drafts of the following documents (the "**Programme Documents**");

**2.1.1** the prospectus to be issued by the Company and which sets out, among others, the terms and conditions of the Notes (the "**Prospectus**");

**2.1.2** the trust agreement to be entered into between PBC and Fidelity Bank Ghana Limited (the "**Note Trustee**") as the trustee for the noteholders under the Note Programme (the "**Trust Agreement**"); and

**2.1.3** the agency agreement to be entered into between PBC, the Note Trustee (as paying agent and paying bank for the Note Programme) and the Central Securities Depositories (Ghana) Limited as the transfer agent, calculation agent and registrar for the Note Programme (the "**Agency Agreement**").

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

LEX MUNDI

LEGAL PRACTITIONERS, NOTARIES PUBLIC & TRADEMARK AGENTS

LEXAfrica

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In association with

Lex Mundi  
Lex Africa  
Udo Udoma & Belo-Osagie

2.3 In addition, we have examined originals or copies certified to our satisfaction of the following documents:

2.3.1 the certificate of incorporation of PBC dated January 27, 2014;

2.3.2 the certificate to commence business of PBC dated April 23, 2014;

2.3.3 the regulations of PBC amended by special resolution on June 24, 2015 (the "**Regulations**");

2.3.4 the extract of the minutes of the meeting of the board of directors of PBC ("**PBC Board**") held on October 10, 2016, which indicates that the PBC Board approved and authorised, *inter alia*, the establishment of the Note Programme, the application for the GFIM Listing, the terms and conditions of the respective Programme Documents, the execution and performance of the Programme Documents and the appointment of any of the Chief Executive Officer and the deputy Chief Executive Officers of PBC to sign the Programme Documents (the "**Board Resolution**"); and

2.3.5 the extract of the minutes of the meeting of the shareholders of PBC held on September 29, 2010, which indicates that the shareholders of PBC authorised the PBC Board to, *inter alia*, raise debt capital, from year to year, for financing PBC's cocoa purchases and that the amount of debt capital to be raised in any year may exceed PBC's prevailing stated capital but limited to the maximum value of PBC's cocoa purchases for the specific year (the "**Shareholders' Resolution**").

2.4 We have also examined such other documents and certificates, searches and records as are necessary under the laws of Ghana to enable us give this opinion.

### 3. Scope and Purpose of the Opinion

4.1 We are qualified to practise law in Ghana. This opinion is limited to matters of Ghanaian law as in force and applied at the date of this opinion. We have not investigated the laws of any country other than Ghana and we express no opinion on the laws of any other jurisdiction.

4.2 This opinion is given on the basis of the assumptions set out in Schedule A (Assumptions) and is subject to the qualifications set out in Schedule B (Qualifications).

### 4. Opinion

Based on the preceding paragraphs, we are of the opinion that:

#### 4.1 Incorporation

4.1.1 PBC is duly incorporated as a public limited liability company under the laws of Ghana.

4.1.2 PBC has perpetual corporate existence and the capacity to sue or be sued in its name and to carry on its businesses as currently conducted.

**4.1.3** To the best of our knowledge and upon due enquiry, PBC has all the necessary power and authority to own its property and assets and to carry on its businesses as currently conducted and no steps have been (or are being taken) to appoint any administrator, receiver, liquidator or analogous person or body over, or to wind up or dissolve, PBC (or to take any analogous action) nor has a moratorium been declared on the payment of any indebtedness of PBC.

#### **4.2 Powers and Authorisations**

PBC:

**4.2.1** has the power to enter into, and perform its obligations under, the Programme Documents;

**4.2.2** has taken all necessary action to authorise the entry into, and performance of its obligations under, the Programme Documents; and

**4.2.3** has taken all necessary action to authorise the signature and delivery of all notices, certificates, communications and other documents to be delivered by it under the Programme Documents.

#### **4.3 Regulatory Approvals and Consents**

Apart from the approval of the Securities and Exchange Commission for the public offer of the Notes and the approval of the Ghana Stock Exchange for the GFIM Listing, no regulatory approvals, consents, licensing or authorisations are required for the establishment of the Note Programme, the issuance of the Notes or the GFIM Listing.

#### **4.4 Prospectus and the Notes**

**4.4.1** The Prospectus complies with the relevant provisions of Schedule 5 of the Securities and Exchange Commission Regulations, 2003 (L. I. 1728) and Schedule 7 of the Companies Act, 1963 (Act 179).

**4.4.2** The Programme Documents and the Notes constitute the legal, valid and binding obligations of PBC, enforceable in accordance with their terms in Ghana.

**4.4.3** PBC's obligations under:

**4.4.3.1** the Senior Unsecured Notes constitute direct, unconditional, unsubordinated and unsecured obligations of PBC and shall rank *pari passu* among themselves and (save for such obligations as may be preferred by virtue of any provision of the insolvency and similar laws of general application in Ghana) equally with all other present and future unsecured and unsubordinated obligations of PBC, from time to time outstanding; and



**4.4.3.2** the Subordinated Notes constitute direct, unconditional, subordinated and unsecured obligations of PBC and shall rank *pari passu* among themselves and equally with all other present and future unsecured and subordinated obligations of PBC, from time to time outstanding.

**4.5 Contractual Obligations**

To the best of our knowledge and upon due enquiry, there are no contractual agreements, obligations or undertakings preventing PBC from undertaking the Note Programme.

**4.6 The Regulations**

**4.6.1** The Regulations comply with all legal requirements on the contents of the regulations of a public company.

**4.6.2** The issue of the Notes pursuant to the listing rules of the Ghana Fixed Income Market does not contravene any provision of the Regulations.

**4.6.3** The Note Programme does not contravene any provision of the Regulations or any applicable laws in Ghana.

**4.7 Taxes and Stamp Duty**

**4.7.1** The statements in the Prospectus regarding taxation in Ghana are correct in all material respects.

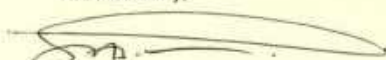
**4.7.2** Interest payments under the Notes will be subject to withholding tax of 8%, except in relation to Noteholders who are exempt from withholding tax.

**4.7.3** Each of the Agency Agreement and the Trust Agreement is subject to a nominal stamp duty, at a rate of GHS 0.50, in accordance with the Stamp Duty Act, 2005 (Act 659) in order to be admissible in evidence, and enforceable, in any legal proceedings in Ghana.

**4.8 Registrations and Filings**

No registration or filing is required at any registry for the Agency Agreement and the Trust Agreement to be valid, binding and enforceable in accordance with their respective terms.

Yours faithfully,



**Seth Asante**  
(Partner and Head of Financial Institutions and Capital Markets)  
Bentsi-Enchill, Letsa & Ankomah

Schedule A

**Assumptions**

In giving this opinion, we have assumed, and this opinion is given on the basis, that:

1. all original documents supplied to us are complete, authentic and up to date, and that all copy documents supplied to us are complete and conform to the originals;
2. the Board Resolution was duly passed at a duly constituted meeting of the PBC Board and all requirements relating to disclosure of interest and due consideration of the commercial interests of PBC were complied with;
3. the Shareholders' Resolution was duly passed at a duly constituted meeting of the shareholders of PBC after the PBC Board fully disclosed all material details relating to the transaction; and
4. all disclosures made to us by PBC and its officers as reflected in the Prospectus are materially correct as at the date of this opinion and no event has occurred which undermines or may undermine the correctness of those disclosures.

We have found nothing to indicate that the above assumptions are not justified.

Schedule B

**Qualifications**

This opinion is subject to the following qualifications:

1. the enforcement of the Programme Documents may be limited by any laws relating to insolvency, reorganisation, moratorium or other similar laws affecting creditors' rights generally; and
2. any claims may be or become barred under laws relating to the limitation of actions or may be or become subject to set-off or counterclaim.

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## **15. GENERAL INFORMATION**

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### **15.1 AUTHORISATION**

The establishment of the Programme and the issue and listing of Notes under the Programme have been duly authorised by a resolution of the PBC Board at a meeting held on 10<sup>th</sup> October, 2016. The shareholders of PBC have also (by a resolution passed on 29<sup>th</sup> September, 2010) authorised the PBC Board to raise debt capital, from year to year, for financing the Issuer's cocoa purchases. This Prospectus has been approved by the SEC. The listing of any relevant Series or Tranche of Notes on GFIM has been provisionally approved by the GSE.

### **15.2 MATERIAL CONTRACTS**

Other than in the ordinary cause of business, the Issuer has not entered into any contract containing provisions under which the Issuer has an obligation or entitlement, which is, or may be, material to the ability of the Issuer to meet its obligation in respect of the Notes.

### **15.3 LITIGATION**

The Issuer (whether as defendant or otherwise) is not engaged in any legal, arbitration, administration or other proceedings, the results of which might have or have had (during the 12 months prior to the date of this Prospectus) a significant effect on the financial position or the operations of the Issuer, nor is it aware of any such proceedings being threatened or pending.

### **15.4 CONFLICTS OF INTEREST**

At the date of this Prospectus, there are no potential conflicts of interest between any duties, to the Issuer, of the members of its administrative, management or supervising bodies and their private interests or other duties. However, it cannot generally be ruled out that such persons have such interests at the time of the offer or issue of Notes. Whether this is the case will depend on the facts at the time of the offer or issue. A description of any potential conflicting interest that is of importance to an offer or issue of Notes will be included in the Applicable Pricing Supplement, specifying the persons included and types of interests.

### **15.5 AUDITING**

The Issuer's financial statements for the years ended ended 30<sup>th</sup> September, 2013, 30<sup>th</sup> September, 2014 and 30<sup>th</sup> September, 2015 were prepared in accordance with IFRS and were audited by PKF. EY Ghana has acted as Reporting Accountants to this Programme.

### **15.6 MATERIAL CHANGE**

Save as disclosed in this Prospectus, there has been no material adverse change in the prospects, nor any significant change in the financial or trading position of the Issuer since 30<sup>th</sup> September, 2015.

### **15.7 LISTING**

The Notes will be listed on the GFIM.

### **15.8 EXCHANGE CONTROLS**

Currently, there are no exchange control restrictions in Ghana preventing foreign residents from freely subscribing to the Notes. Foreign investors can freely subscribe for or purchase Notes. Interest payable on Notes held by foreign investors is freely remittable out of Ghana. The proceeds of Redemption or the sale of Notes due to a foreign investor are freely remitted out of Ghana through an authorised dealer bank.



## 15.9 CLEARING SYSTEM

The Notes have been accepted for clearance through the CSD system. The appropriate ISIN Code for each Tranche or Series of Notes will be specified in the Applicable Pricing Supplement. If the Notes are to be cleared through an additional or alternative clearing system, the appropriate information will be specified in the Applicable Pricing Supplement.

The address of the CSD is:

**Central Securities Depository (Ghana) Limited**  
4<sup>th</sup> Floor, Cedi House  
Accra, Ghana

## 15.10 DOCUMENTS AVAILABLE FOR INSPECTION

As long as any Notes are outstanding, originals or certified copies of the following documents will be available for inspection, on request, at the principal place of business of the Issuer or the offices of the Note Trustee during normal business hours (except on Saturdays, Sundays and public holidays):

- (a) the Regulations and other constitutional documents of the Issuer;
- (b) the board and shareholder resolutions of the Issuer approving the Programme and the issue of the Notes;
- (c) this Prospectus;
- (d) when published, any future prospectus, supplements and Applicable Pricing Supplements;
- (e) the Trust Agreement;
- (f) the Agency Agreement;
- (g) the Escrow Account (Note Subscriptions) Agreement;
- (h) the Escrow Account (Payables and Receivables) Agreement;
- (i) the audited annual financial statements of the Issuer for the years ended ended 30<sup>th</sup> September, 2013, 30<sup>th</sup> September, 2014 and 30<sup>th</sup> September, 2015;
- (j) when published, the most recently published audited annual financial statements of the Issuer and the most recently published unaudited interim financial statements of the Issuer, together with any audit or review reports prepared in connection therewith;
- (k) the Legal Compliance Letter;
- (l) the report of EY Ghana as Reporting Accountants to the Programme;
- (m) prospective financial information for 5 years ending 30<sup>th</sup> September, 2020;
- (n) the Global Note Certificate for each Series or Tranche of Notes held by the Note Trustee on behalf of Noteholders; and
- (o) any further documents incorporated into this Prospectus by reference.

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## APPENDIX A: FORM OF APPLICABLE PRICING SUPPLEMENT

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DATE: [-----]



**PBC LIMITED**

*Incorporated as a public limited liability company in the Republic of Ghana with registration number CS387132014*

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**Issue of [Aggregate Nominal Amount of Series/Tranche] [Title of Notes] Under the  
GHS 400,000,000 Note Programme**

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This document constitutes the Applicable Pricing Supplement relating to the issue of Notes described herein. Terms used herein shall be deemed to be defined as such for the purposes of the Conditions of the Notes, as set forth in the Prospectus dated [●]. The Notes may be redeemed at the option of the Issuer on the terms contained in the Conditions. This Applicable Pricing Supplement contains the final terms and conditions of the Notes and must be read in conjunction with the Prospectus.

*[Include whichever of the following apply or specify as "Not Applicable". Note that the numbering should remain as set out below, even if "Not Applicable" is indicated for individual paragraphs or subparagraphs. Italics denote directions for completing the Applicable Pricing Supplement.]*

<b>1. Description of the Notes</b>	
1.1. Issuer	PBC Limited
1.2. Issue:	
1.2.1. Tranche Number:	
1.2.2. Series Number	
1.3. Principal Amount:	
1.3.1. Tranche:	
1.3.2. Series	
1.4. Issue Date	
1.5. Specified Denomination of Notes	
1.6. Minimum Subscription Amount	
1.7. Subscription Multiples beyond Minimum	
1.8. Issue Price	[*] % of Aggregate Principal Amount (plus accrued interest from (insert date) if applicable)
1.9. Status of the Notes	
1.10. Redemption Amount	
1.11. Closing Date for Subscription	
1.12. Date for Notification of Allotment	
<b>2. Provisions Related to Interest Payable</b>	
2.1 Fixed Rate Note Provisions	(Delete if not applicable)
2.1.1 Fixed Rate of Interest	% Rate applicable
2.1.2 Broken Amount	(Provide details of any initial or final broken interest amounts which do not correspond with the Fixed Coupon Amount)
2.1.3 Day Count Fraction	(Applicable/Not Applicable)
2.1.4 Fixed Coupon Amount	
2.1.5 Interest Commencement Date	
2.1.6 Interest Determination Dates	
2.1.7 Interest Payment Dates	(*) each year
2.1.8 Maturity Date	

2.1.9 Other terms relating to the method of calculating interest for the Fixed Rate Notes	(Not Applicable/provide details)
2.2 Floating Rate Note Provisions	(Delete if not applicable)
2.2.1 Interest Commencement Date	
2.2.2 Interest Rate	Reference rate Plus the Margin to be applied at the beginning of each interest payment period
2.2.3 Interest Periods	
2.2.4 Interest Payment Dates	
2.2.5 Interest Determination Date	
2.2.6 Reference Rate	
2.2.7 Method for determining Reference Rate	(Provide Details)
2.2.8 Business Day Convention	(Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention/other (Provide Details))
2.2.9 Maximum Rate of Interest	
2.2.10 Minimum Rate of Interest	
2.2.11 Margin	(* per cent or basis points)
2.2.12 Step up Margin	
2.2.13 Party Responsible for calculating the rate of Interest and Interest Amounts	
2.2.14 Day Count Fraction	
2.2.15 Fall-back provisions, rounding provisions, denominator and any other terms relating to the method of calculating interest on Floating Rate Notes, if different from those set out in the Conditions.	
2.2.16 Maturity Date	
2.3 Zero Rate Note Provisions	(Delete if not applicable)
2.3.1 Maturity Date	
2.3.2 Amortisation Yield	[●]% <i>per annum</i>
<b>3. Provisions Regarding Redemption</b>	
3.1 Redemption/Payment Basis	(Redemption at Par or other (specify))
3.2 Issuer's Early Redemption	(Applicable/Not-Applicable)
3.3 Issuer's Optional Redemption	(Applicable/Not-Applicable)
3.4 Other terms applicable on Redemption	(specify)
<b>4. Distribution</b>	
4.1 Provisions regarding distribution	
4.2 Method of distribution	(Syndicated/Non-Syndicated)
<b>5. Financial Covenants Provisions</b>	
5.1 Financial Covenants	
<b>6. General Provisions</b>	

6.1 Form of Notes	With the exception of a Global Note Certificate issued in respect of this Series or Tranche of Notes issued under this Applicable Pricing Supplement, all Notes will be in dematerialised form and electronically registered on the Central Securities Depository.
6.2 Additional selling restrictions	(provide details if any)
6.3 Settlement Procedures and Instructions	
6.4 Bank Account to which payments are to be made	
6.5 Listing	Ghana Fixed Income Market
6.6 Tax	Interest earned on Notes is subject to 8% withholding tax unless exempted by law (attach copy of certificate of exemption where applicable).
6.7 Governing Law	Ghanaian Law
<b>7. Additional Information</b>	
7.1 Date of receipt of approvals for issuance by Board of Directors and Shareholders	(NB: only relevant where Board (or similar authorisation is required for the particular series or tranche of notes)
7.2 New/Additional Agents	(Specify Agents and specified offices of Agents, if new or other Agents appointed).
<b>IMPORTANT DATES AND TIMES FOR OFFER</b>	
<b>Offer Opening Date and Time:</b>	
<b>Offer Closing Date and Time</b>	Completed Applications forms must be received by Dealers at their Specified Offices before or on.....
<b>Allotment date</b>	All applicants will be notified of their allotment by fax/email/telephone no later than.....
<b>Payment date</b>	Payment for good value by Successful Applicants must be received by .....
<b>Issue Date</b>	The Notes will be issued by the Issuer by .....
<b>Delivery Date</b>	Notes will be credited to CSD accounts of successful paid up (receipt of cleared funds in Issuers designated collection account) applicants within 2 days of Issue date
<b>Listing on the GSE</b>	Issued Notes will be listed for trading within 2 business days of Issue date

#### **[MATERIAL ADVERSE CHANGE STATEMENT]**

[Except as disclosed in this document,] There has been no significant change in the financial or trading position of the Issuer since [*insert date of last audited accounts or interim accounts (if later)*] and no material adverse change in the financial position or prospects of the Issuer since [*insert date of last published annual accounts.*] [If any change is disclosed in the Pricing Supplement, consideration should be given as to whether or not such disclosure should be made by means of a supplemental Programme Memorandum rather than in a Pricing Supplement.]

## **INTERESTS OF NATURAL AND LEGAL PERSONS INVOLVED IN THE ISSUE/OFFER**

So far as the Issuer is aware, no person involved in the offer of the Notes has an interest material to the offer. [Need to include a description of any interest, including conflicting ones, that is material to the issue/offer, detailing persons involved and the nature of the interest.]

## **RESPONSIBILITY**

The Issuer and its board of directors accept responsibility for the information contained in this Applicable Pricing Supplement which, when read together with the Prospectus, contains all information that is material in the context of the issue of the Notes.

## **PBC LIMITED**

By:

Duly authorised signatory

By:

Duly authorised signatory

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**APPENDIX B: APPLICATION FORM**

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**APPLICATION FORM****PBC LIMITED**

*(Incorporated as a public company with limited liability in the Republic of Ghana with registration number CS387132014)*

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**APPLICATION FORM FOR TRANCHE/SERIES [•]**

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**Issue of [•] Year [•] Rate [•] Notes****Under the GHS 400,000,000 Note Programme**

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Applicants must complete all sections of the application form. Please read the Section E 'Notes and Instructions for Completing Application Form' below for guidance. Application lists will close at 17 hours GMT on [•], [•].

**SECTION A**

Name of Applicant	
Postal Address (P. O. Box or Private Bag)	
Name of Contact Person	
Telephone number	
Facsimile number	
E-mail address	
Tax Status (Y/N)	
<i>Central Securities Depository Account Details:</i>	
Depository Participant Code	
Depository Account Number	
Account Type	

**SECTION B (Subscription Amount)**

	A Nominal Value (GHS)	B Issue Price (%)	C Total Consideration (C = A x B)
Amount applied for		[•]	

### SECTION C (Declaration)

<p>To: The Board of Directors of PBC Limited</p> <p>I/We, the undersigned, warrant that I/we have full legal capacity to contract on behalf of the applicant stated in Section A overleaf (the "Applicant"), and on behalf of the Applicant irrevocably and unconditionally apply for and agree to take up the nominal value of the Notes stated in Column "A" in Section B overleaf at the price stated in Column B in Section B, or any lesser nominal value of the Notes that may be allotted to the applicant in terms of the Trust Agreement dated [●]. Where a lesser nominal value of the Notes is allotted to the Applicant, I agree that the relevant amount payable by the Applicant in terms of Column "C" in Section B overleaf will be reduced <i>pro rata</i> to the lesser nominal value so allotted. I/We acknowledge that the Applicant will be unconditionally liable for payment in respect of the Notes allotted and that such payment will be made in full accordance with the payment procedures set out under <u>Section 13</u> (<i>Subscriptions and Sale</i>) of the Prospectus by [●] GMT on [●].</p>
Signature:
Full Name:
Capacity:
Date:

### SECTION D (Instructions: Payment of Entitlements)

Interest payments and the principal repayment in respect to the Notes and refunds, if any, that are due in respect of bids where payments have been made at the time of application are to be made to:
<b>(a) At (postal address):</b>
City:
Region:
<b>(b) Or into my Current Account (Account Details for the CSD Account):</b>
Name of Bank:
Bank Branch:
Bank Account Number:
Sort Code:
SWIFT Code:
<i>Complete only (a) or (b). If both are completed, effect will be given to (b)</i>

## **SECTION E (Notes and Instructions for Completing Application Form)**

### **1. Completing this form:**

- A. All alterations to this application form must be authenticated by full signature. All applications must be made without conditions stated by the applicants.
- B. Under no circumstances whatsoever may the name of the applicant be changed and if this is done then the application form will be invalid.
- C. All Applicants must open and maintain a Central Securities Depository account for the entire duration of the Notes.
- D. Guide to Completing the Application Form:

#### **Section A:**

Provide the following details:

- (a) Full Name of Applicant
- (b) Postal Address (e.g. P. O. Box 1235)
- (c) Name of Contact Person if the applicant is not the same person completing the forms in the case of individuals or representative of an institutional applicant.
- (d) Telephone Number on which the applicant can be contacted e.g. 0302-123456
- (e) Facsimile Number in the same format as Telephone Numbers
- (f) E-mail Address to receive communication regarding this offer such as Allotment Notification etc.
- (g) Tax Status: State your tax status as either 'Y' if the applicant is subject to pay Withholding Tax or 'N' if exempted by law. For guidance, mutual funds licensed by the SEC or approved Pension Fund Schemes licensed by the NPRA of Ghana are exempted by law from paying withholding tax on interest income.
- (h) Central Securities Depository Account Details:
  - Depository Participant Code e.g. ABC-P, BCDN-C etc.
  - Depository Account Number e.g. 11223344
  - Client Type: Local Individual (LI), LC (Local Company), FI (Foreign Individual), FC Foreign Company (FC).

#### **Section B (Subscription Amount):**

- (a) Amount applied must be in lots of GHS [●].
- (b) Nominal Amount of the Application
- (c) Issue Price for [●] is [●]%
- (d) Total Consideration: Nominal Amount x Issue Price

#### **Section C (Declaration)**

Applications are made subject to the provisions of the Programme Memorandum to which this form is attached. This must be completed by the applicant if an individual or his/her attorney if one has been appointed or the authorised representatives of a legal person or institutional investor.

#### **Section D (Instructions for the Payment of Entitlement)**



The applicant must provide information instructions relating to the payment of entitlements from the investment (coupon and principal) by the paying agent. Only 1 of the 2 options provided should be selected by the applicant:

- (a) Warrant or Cheque mailed to the address provided by the applicant. The Paying Agent will not be liable for the risks associated with this method of receiving entitlements paid by the issuer.
- (b) Bank Account: All applicants should confirm the details of the bank account details from the depository member who set-up their CSD account. The Paying Agent will be said to have paid entitlements due an applicant to the bank account information provided by the note registrar (Central Securities Depository).

- E. Photocopies or other copies of an application form shall not be accepted.
- F. Applications are irrevocable and shall not be withdrawn or amended without the written consent of the Issuer. The Issuer reserves the right to accept or reject any application in whole or in part. The Issuer will notify successful applicants or the relevant Placing Agent of amounts allotted to them no later than [•] hrs (GMT) on [•], [•].

## 2. **Acceptance**

By signing an application form the applicant undertakes to pay the Issuer on the Issue Date in same-day funds the purchase price for the Notes allotted in accordance with the provisions of the Applicable Pricing Supplement.

## 3. **Settlement Procedure**

Payment of the subscription price for the Notes shall be made either:

- (a) either by banker's cheque drawn in favour of "**PBC Limited Note Programme**", such cheque to reach the Dealer no later than 15:00 hours (GMT) 2 Business Days before the issue date against delivery of a deposit slip; or
- (b) by bank transfer or remittance, to be made on the instructions of the successful applicant to his/her/its bank for the funds to be credited to the following account, with details below:

*Account Name:* **PBC Limited Note Programme Collection Account**

*Bank Name:* Fidelity Bank Ghana Limited

*Account Number:* 1330032254110

*Bank Branch:* Ridge

*Branch Sort Code:* 240101

*SWIFT:* FBLIGHAC

## 4. **Delivery of Notes**

The Notes will be credited to each successful applicant's Central Securities Depository account against cleared funds within 2 Business Days of the Issue Date.

## 5. **General**

The Prospectus and any contracts resulting from an acceptance of an application for the Notes shall be governed and construed in accordance with Ghanaian law.

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## APPENDIX C: FORM OF GLOBAL NOTE CERTIFICATE

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### PBC LIMITED

*(Incorporated as a public limited liability company in the Republic of Ghana with registration number CS387132014)*

CERTIFICATE NUMBER	SERIES NUMBER	TRANCHE NUMBER
--------------------	---------------	----------------

---

### GHS 400,000,000 NOTE PROGRAMME

**Issue of [Senior Unsecured][Subordinated] (Floating/Fixed/Zero Rate) Notes Due.....**

---

This Note Certificate certifies that

**[Note Trustee Name and address]**

holds this certificate on behalf of Noteholders specified in the Register dated {xxx} (the “**Noteholder**”) are, as at the date hereof, registered as the holder of [principal amount] of [Senior Unsecured][Subordinated][Floating/Fixed/Zero]Rate Notes referred to above (the “**Notes**”) of PBC Limited (the “**Issuer**”). The Notes are subject to the terms and conditions (the “**Conditions**”) in the Prospectus dated [●]. Expressions defined in the Conditions have the same meanings in this Note Certificate.

The Issuer, for value received, promises in accordance with the Conditions to pay to the Noteholders as the Registered holder hereof on the Redemption Date (or such earlier date as the amount payable upon prepayment in accordance with the Conditions), the Principal Amount of: [amount in figures]  
(amount in words)

(or so much thereof as may then be outstanding) and to pay interest on such Principal Amount from the Issue Date in arrears at the rates, in the amounts and on the dates for payment provided for in the Conditions and the Applicable Pricing Supplement together with such other sums and additional amounts (if any) as may be payable under the Conditions and the Applicable Pricing Supplement.

For the purposes of this Note Certificate, (a) the holder of the Note(s) represented by this Note Certificate is bound by the provisions of the Prospectus, the Trust Agreement, the Agency Agreement, and the Applicable Pricing Supplement, (b) the Issuer certifies that the Noteholder is, at the date hereof, entered in the Register as the holder of the Note(s) represented by this Note Certificate, (c) this Note Certificate is evidence of entitlement only, (d) title to the Note(s) represented by this Note Certificate passes only on due registration on the Register, and (e) only the duly registered holder of the Note(s) represented by this Note Certificate is entitled to payments in respect of the Note(s) represented by this Note Certificate.

This Note Certificate shall not become valid for any purpose until authenticated by or on behalf of the CSD.

This Note shall be governed by, and constructed in accordance with, the laws of Ghana.

IN WITNESS whereof the Issuer has caused this Note Certificate to be executed on its behalf.

**PBC LIMITED**

By:

By:

Duly authorised signatory

Duly authorised signatory

**CERTIFICATE OF AUTHENTICATION**

This Note is duly authenticated by or on behalf of Central Securities Depository (Ghana) Limited as Registrar (without recourse, warranty or liability)

By:

By:

Duly authorised signatory

Duly authorised signatory

106 Olusegun Obasanjo Way,  
Dzorwulu, Accra-Ghana  
+233-302-745754-6  
+233-302-745760  
[info@pbcgh.com](mailto:info@pbcgh.com)  
[www.pbcgh.com](http://www.pbcgh.com)