



2023

YEAR IN REVIEW



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THE MACROECONOMY

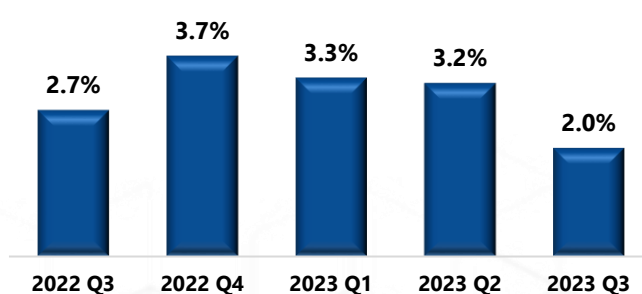
2023

Ghana's gross domestic product (GDP) grew by 2.0% year-on-year in the third quarter of 2023, following a 3.2% rise in the previous three-month period. Thus, GDP growth averaged 2.8% in the first three quarters of the year, driven by the services and agriculture sectors, around the same level as the annual average growth in 2022.

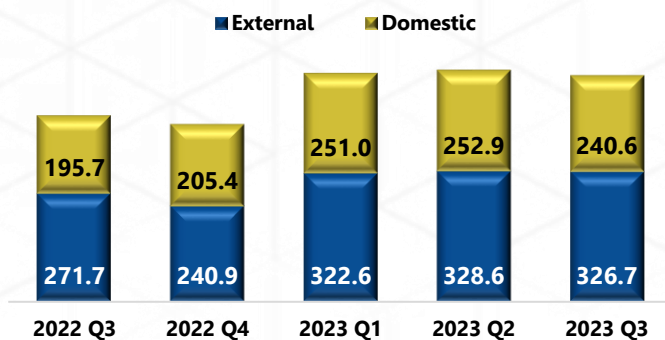
Public debt was ₵567.3 billion cedis (\$37.4 billion) in September, of which 42.4% was domestic debt. Public debt stood at 66.4% of GDP over the same period, declining from 78.5% of GDP as at September 2022, driven downward primarily by the debt exchange programme. Foreign exchange reserves declined to \$5.9 billion in 2023 (1.1 months of import cover) from \$6.2 billion and \$9.7 billion in 2022 (2.7 months).

Inflation declined significantly since the beginning of the year. Despite the upward pressures on food prices, inflation decreased from a peak of 54.1% in December 2022 to about 23.2% in December 2023. Food inflation showed a gradual decrease from the third quarter as a result of the start of a good agricultural season. Non-food inflation rather had a more pronounced decline, reflecting the impact of the monetary policy tightening which ended the year at 30.0%.

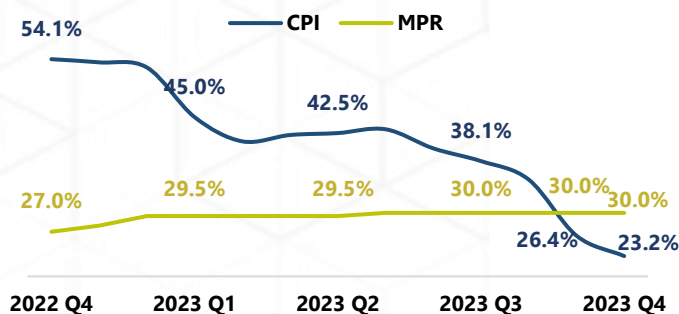
Annual GDP Growth Rate



Public Debt (GH₵ Billions)



Inflation Trend (CPI) vs Monetary Policy Rate (MPR)



CURRENCY AND COMMODITIES

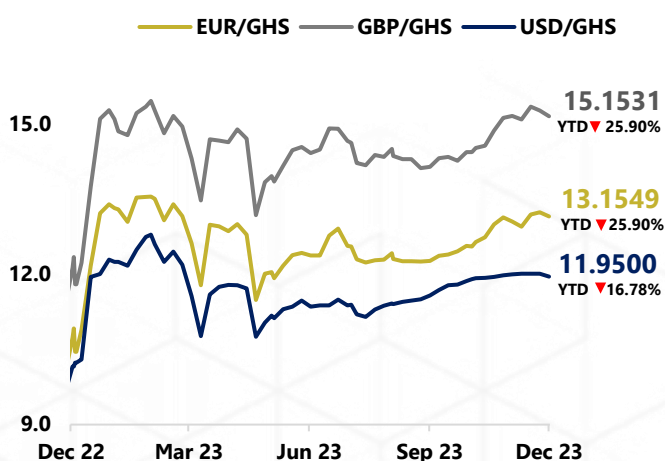
The local currency experienced much volatility in the first quarter of the year but remained relatively stable afterwards. The Bank of Ghana attributed the stability in the foreign exchange market to improved inflows from the IMF Extended Credit Facility (ECF) first tranche, the domestic gold purchase programme, remittances, and FX purchases from mining and oil companies, amid monetary policy tightening. These were further supported by the release of COCOBOD loan facility in December 2023.

The average annual price of Brent crude oil stood at \$82.49 per barrel in 2023, nearly \$20 lower than the 2022 annual average when an energy supply shortage and concerns over fallout from the Russia-Ukraine war saw prices surge.

Global cocoa market experienced a surge in prices during April 2023, reaching a six-year high on the back of concerns over the availability of cocoa beans and weather-related challenges in key cocoa-producing regions.

Gold posted a 13% annual rise in 2023, its best year since 2020, trading around \$2,060 per ounce.

GH¢ vs Major Currencies



52-week Low ■ Current Price 52-week High



52-week Low ■ Current Price 52-week High



52-week Low ■ Current Price 52-week High



RETURNING TO THE INTERNATIONAL MONETARY FUND (IMF)

Having reached a staff level Agreement in December 2022, Ghana finally, secured an International Monetary Fund (IMF) Executive Board approval for a US\$3 billion External Credit Facility (ECF). An initial disbursement of the first tranche of US\$600 million to Ghana's account was made on May 19, 2023 with subsequent disbursement to be made every six months based on performance review by the IMF.

The IMF agreed to disburse a second tranche of \$600 million to Ghana as part of a three-year bailout program, a week after the nation reached a deal with bilateral creditors to restructure its debt in early January 2024.

According to the Fund, Ghana's performance under the program has been strong - all quantitative performance criteria for the first review and almost all indicative targets and structural benchmarks were met.

Ghana: History of Lending Commitments
as of May 31, 2018
(In millions of SDRs)

Facility	Date of Arrangement	Expiration Date	Amount Agreed (SDR)	Amount Drawn	Amount Outstanding
Extended Credit Facility	17-May-23	16-May-26	2,242	451	
Extended Credit Facility	03-Apr-15	02-Apr-19	664	531	531
Extended Credit Facility	15-Jul-09	23-Jul-12	387	387	258
Extended Credit Facility	09-May-03	31-Oct-06	185	185	
Extended Credit Facility	03-May-99	30-Nov-02	229	176	
Extended Credit Facility	30-Jun-95	02-May-99	164	137	
Extended Credit Facility	09-Nov-88	05-Mar-92	389	389	
Extended Fund Facility	06-Nov-87	09-Nov-88	245	98	
Structural Adjustment Facility Commitment	07-Nov-87	09-Nov-88	130	41	
Standby Arrangement	15-Oct-86	14-Oct-87	82	82	
Standby Arrangement	27-Aug-84	31-Dec-85	180	180	
Standby Arrangement	03-Aug-83	02-Aug-84	239	239	
Standby Arrangement	10-Jan-79	09-Jan-80	53	32	
Standby Arrangement	29-May-69	28-May-70	5	5	
Standby Arrangement	28-May-68	27-May-69	12	12	
Standby Arrangement	25-May-67	24-May-68	25	25	
Standby Arrangement	17-May-66	16-May-67	36	31	
Total			3,025	2,549	789

Source: IMF, Bora Research

DEBT EXCHANGE PROGRAMME

DOMESTIC DEBT EXCHANGE PROGRAMME (DDEP) AND EXTERNAL DEBT RESTRUCTURING

The Ministry of Finance (MoF) reported that a debt sustainability analysis carried out showed that Ghana was faced with a significant financing gap over the coming years and that the public debt was unsustainable. Thus, the MoF on 5th December 2022, announced a Domestic Debt Exchange programme (DDEP) as part of the Government of Ghana's more comprehensive agenda to restore debt and fiscal sustainability.

Under the Exchange Programme, bondholders were invited to exchange certain domestic notes and bonds of the Republic of Ghana, E.S.L.A. Plc, and Daakye Trust Plc (collectively, the Eligible Bonds) for a series of New Bonds.

The diagram below gives an overview of the exchange programme carried out from February 2023;



Source: Ministry of Finance

Overall ₵203 billion has been exchanged, which has resulted in debt service savings of ₵61 billion over 2023.

The MoF pointed out that the country has finalized a strategy to strengthen the financial sector and rebuild financial institutions' buffers after the implementation of the Domestic Debt Exchange Programme.

THE BANKING SECTOR

Developments in the banking sector in 2022 were broadly reflective of the distressed macroeconomic conditions as well as the DDEP. Profitability levels declined, with only five (5) out of the twenty-three (23) banks recording profits. The banks made a cumulative loss of over GH¢ 6 billion (nearly 30% of the total equity) on the back of about GH¢ 19.5 billion impairments compared to a profit of over GH¢ 5 billion and GH¢ 1.2 billion impairments in 2021. The industry's Capital Adequacy Ratio (CAR) declined to 16.6% from 19.6% in December 2021 but the non-performing loans (NPL) ratio improved to 14.8% in December 2022 compared with 15.2% in December 2021, on account of high credit growth, relative to the increased stock of NPLs between the two periods. Nine (9) banks recorded negative surpluses and one (1) bank recorded a negative Shareholders' funds.

The first half of 2023 results from banks reflected the lingering effects of the DDEP, notwithstanding the strong rebound in profitability following significant losses incurred at the end of 2022. CAR averaged 14.3%, above the revised regulatory minimum of 10%, but significantly lower than 19.4% during the same period last year, reflecting impairment losses on investments and an increase in the risk-weighted assets of banks. NPL ratio also deteriorated to 16.4% from 14.5% in the same period last year, reflecting higher loan impairments and elevated credit risks

By the third quarter of the year, the banks' results affirmed stronger industry performance relative to 2022. The industry demonstrated accelerated pace of recovery from the recent restructuring programme as well as its resilience and robustness during the period under review. By the third quarter;



Asset Growth
GH¢ 263.1 billion
+ 11.0% Y-o-Y



Shareholder Funds
GH¢ 28.1 billion
- 2.0% Y-o-Y



Loans & Advances
GH¢ 61.2 billion
- 0.4% Y-o-Y



Net Profit
GH¢ 6.5 billion
+ 45.0% Y-o-Y



CAR
17.1% (Q3 2023)
21.7% (Q3 2022)



NPL
16.5% (Q3 2023)
12.1% (Q3 2022)

The Monetary Policy Committee Report for January 2024 shows that the banking sector's performance improved as adverse spillovers from the domestic debt restructuring and macroeconomic challenges receded. As at end 2023, the data shows that the banking sector remains stable, liquid, and profitable.

FIXED INCOME MARKET

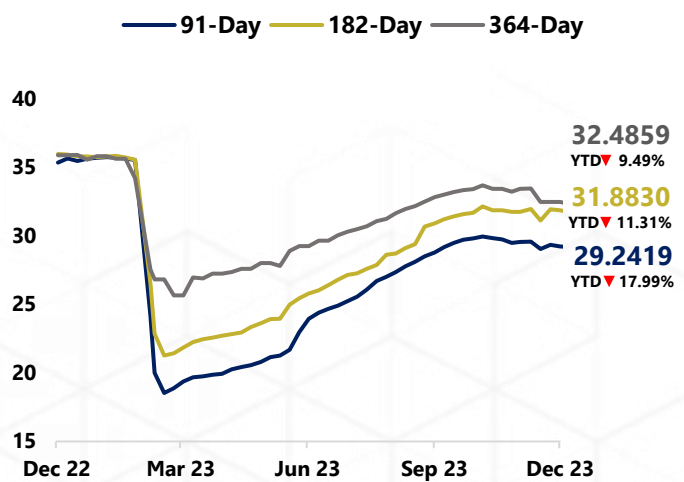
On the money market, interest rates broadly trended downwards in 2023 compared to the end of 2022. Having realized a major dip from a high of 35.36%, 35.97%, 35.89% as at end of 2022 to a low of 18.52%, 21.27% and 26.82% in March 2023 across the 91-day, 182-day and 364-day bills respectively, the bills gradually trended upwards and began to taper in the last few weeks of the year. The bills ended the year at 29.24%, 31.88%, and 32.48% across the 91-day, 182-day and 364-day bills respectively.

The Ghana Fixed Income Market (GFIM) closed the year with a cumulative volume traded of 98.44 billion which is a 57.26% decrease from the 230.32 billion volume traded same period in 2022.

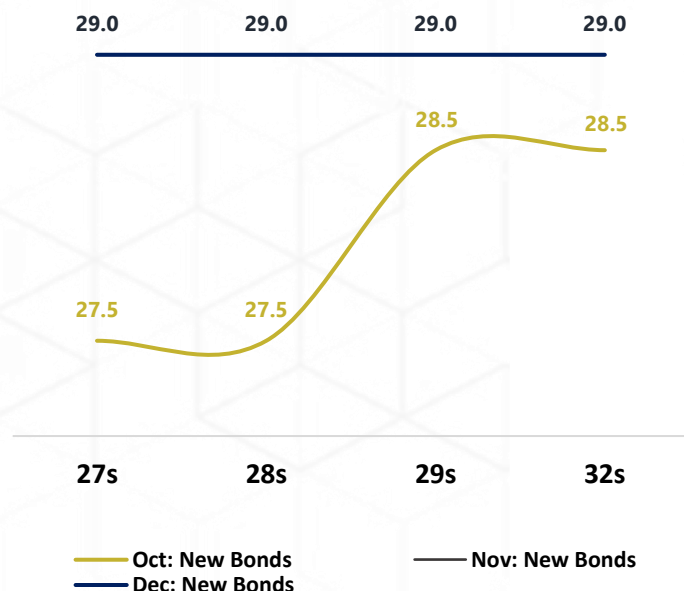
Additionally, the total number of trades for the year declined by 24.36 per cent from 528,188 trades in 2022 to 399,522 trades in 2023.

Long-term Government securities accounted for 32.47% of market activity, while short-term government instruments constituted 58.64%, with corporate trades comprising 8.89% within the year under review.

Treasury Bill 1-Year Trend

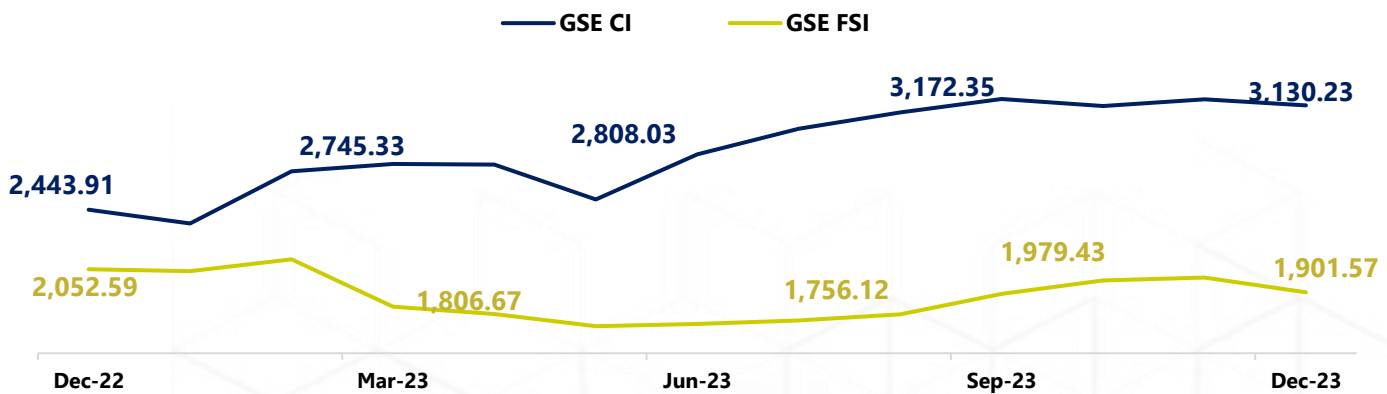


Post-DDEP Yield Curve



EQUITY MARKET

Equity Market Performance



The Ghana Stock Exchange market recorded a mixed performance in 2023, with composite index ending the year with a gain of 28.08%, while the financial index ended the year at a loss of 7.36%.

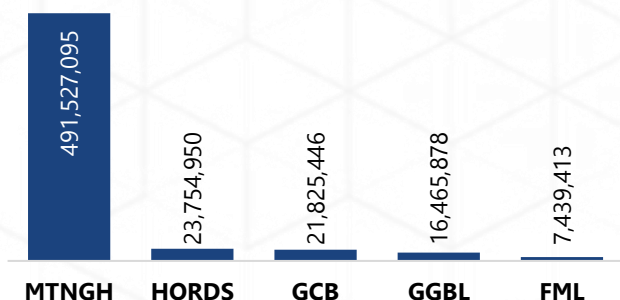
Volumes, value, and number of trades also saw a dip, compared to the figures recorded in 2022.

The cumulative volume traded amounted to 579,675,315, valued at GH¢818.1million, indicating a decline of 56.59% and 50.11% respectively, compared to the same period in 2022.

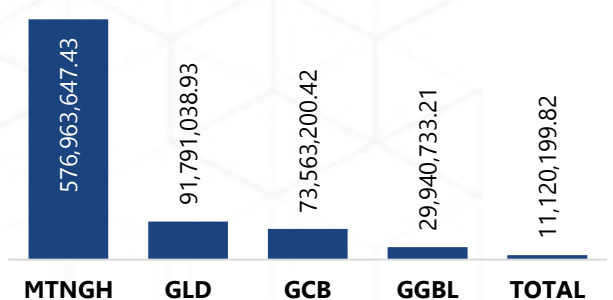
The top gainers for the year were BOPP (187.58%), TOTAL (127.00%), UNIL (109.02%), GGBL (65.85%), and MTN (59.09%).

The biggest losers were Cal (-26.15), EGL (-24.69%), SIC (-22.58%), EGH (-17.17%) and ACCESS (-15.21%).

Top 5 Volume Trades



Top 5 Value Traded (GH¢)





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