your future now

BAYPORT SAVINGS AND LOANS

(Incorporated in Ghana on 23 October 2002 with registration number CA-3,614 as a private company limited by shares)
(Re-registered on 8 September 2015 with registration number CS691702015)
(Converted to a public company limited by shares on 26 October 2015)
(Issued with new registration number PL00022016 on 17 March 2016)
(Issued with new certificate of incorporation for its name change on 31 March 2017)

PROSPECTUS

DATED: 13 SEPTEMBER 2022

RELATING TO THE OFFER AND LISTING OF BONDS (UNDER A GHS 500,000,000 BOND ISSUANCE PROGRAMME) ON THE GHANA FIXED INCOME MARKET OF THE GHANA STOCK EXCHANGE

LEAD MANAGER AND ARRANGER

Stanbic Bank
A member of Standard Bank Group

CO-ARRANGER & SPONSORING BROKER

Databank
Leadership

CO-ARRANGER

absa

BOND TRUSTEE, PAYING BANK, PAYING BANK AND ESCROW AGENT

standard chartered

REPORTING ACCOUNTANT

Deloitte.

LEGAL ADVISER

BENTSI-ENCHILL LETSA & ANKOMAH

CALCULATION AGENT, TRANSFER AGENT & REGISTRAR

CENTRAL SECURITIES DEPOSITORY
You invest, we protect

IMPORTANT INFORMATION AND DISCLAIMERS

THIS PROSPECTUS CONTAINS IMPORTANT INFORMATION ABOUT THE ISSUER AND THE BONDS ISSUED UNDER THIS PROGRAMME. 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 BONDS ISSUED UNDER THIS PROGRAMME PRIOR TO MAKING A PURCHASE

Bayport Savings and Loans Plc (the **Issuer** or the **Company**) is a public company limited by shares incorporated under the Companies Act (as defined) and a specialised deposit-taking institution operating in Ghana and licensed by the BSDI Act (as defined).

The Issuer has established this bond issuance programme to raise an aggregate amount of up to GHS 500,000,000 (the **Programme**) for the purpose set out in Section 2.3 below. Under the Programme, the Issuer may, from time to time, issue Bonds (as defined) denominated in any currency as specified in an Applicable Pricing Supplement (as defined) subject to the approval of the Bank of Ghana. The maximum aggregate principal amount of all Bonds, from time to time, outstanding under the Programme will not exceed the equivalent of GHS 500,000,000.

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

This prospectus (the **Prospectus**) provides, among others, the terms and conditions of the Bonds and the risk factors relating to the Bonds and the Issuer.

The Prospectus has been reviewed and approved by the SEC in accordance with section 3 of the Securities Industry Act (as defined) and the SEC Regulations (as defined). 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) for permission to list and trade the Bonds on the Ghana Fixed Income Market of the GSE (**GFIM**). Such approval is granted subject to the Issuer fulfilling all listing requirements.

A copy of this Prospectus has also been delivered to the RGD (as defined) for filing as required under section 308(6) of the Companies Act.

Neither the SEC, nor the GSE, nor the RGD 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 RGD 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 RGD will not be liable for any claim of any kind whatsoever. Approval of the issue and/or listing of the Bonds 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 Bonds.

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 independent legal adviser, financial adviser or tax adviser for legal, financial and/or tax advice in relation to the purchase of the Bonds.

Prospective investors should also 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 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 and belief of the Arrangers (as defined), the Sponsoring Broker (as defined), the Bond Trustee (as defined), the Reporting Accountants (as defined) and the Legal Advisers (as defined) (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 distribution of this Prospectus and the offer or sale of the Bonds in certain jurisdictions may be restricted by law. Neither the Issuer nor the Arrangers nor the Dealers (as defined) represents that this Prospectus may be lawfully distributed, or that any of the Bonds 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 Bonds or distribution of this Prospectus in any jurisdiction where action for that purpose is required. Accordingly, no Bonds 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 Bonds 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 Arrangers accept no responsibility for any violation by any person of any such restrictions.

Before deciding whether to subscribe for the Bonds, an investor should consider whether the Bonds 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 Bonds. 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 Arrangers.

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 Bonds. 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 Bond 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 Bonds will be subject to deduction for, or on account of, taxes in Ghana, as described in Condition 8 of the Conditions (as defined).

B. SUPPLEMENTS TO THE PROSPECTUS

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

C. PRESENTATION OF FINANCIAL INFORMATION

Unless otherwise indicated, the financial information regarding the Issuer set out in this Prospectus has been derived from the financial forecasts set out under Section 11 (*Summary of Financial Reports and Forecasts*) and Appendix E (*Reporting Accountants Report*) of this Prospectus and reviewed by the Reporting Accountants (as defined).

D. ROUNDING

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

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.

The 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 its expectations with regard thereto or any change in events, conditions or circumstances on which any such statement is based. An investor should not place undue reliance on any forward-looking statements, and is cautioned that any forward-looking statements are not guarantees of future results, performance or achievements of the Issuer.

F. TRANSACTION ADVISERS

Stanbic Bank Ghana LTD (**Stanbic**) is acting as the Lead Manager and Arranger (as defined) for the Programme. Stanbic consents to act in the specified capacity and to its name being stated in this Prospectus. Neither Stanbic nor any of its employees or principals has any material direct or indirect economic or financial interest in the Issuer.

Absa Bank Ghana Ltd (**Absa Ghana**) is acting as Co-Arranger (as defined) for the Programme. Absa Ghana consents to act in the specified capacity and to its name being stated in this Prospectus. Neither Absa Ghana nor any of its employees or principals has any material direct or indirect economic or financial interest in the Issuer.

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

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

Central Securities Depository (GH) Limited (**CSD**) is acting as the Registrar (as defined), the Transfer Agent (as defined) and the Calculation Agent (as defined) 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.

Deloitte is acting as Reporting Accountants to the Issuer in respect of the Programme. Deloitte 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, Deloitte has reviewed the financial forecasts set out under <u>Section 11</u> (*Summary of Financial Reports and Forecasts*) and <u>Appendix E</u> (*Reporting Accountants Report*) of this Prospectus. Neither Deloitte nor any of its partners, principals or employees has any material direct or indirect economic or financial interest in the Issuer.

Bentsi-Enchill, Letsa & Ankomah (**BELA**) is acting as Legal Advisers 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) set out under <u>Appendix D</u> (*Legal Compliance Letter*) of this Prospectus. Neither BELA nor any of its partners or employees has any material direct or indirect economic or financial interest in the Issuer.

G. DIRECTORS' RESPONSIBILITY STATEMENT

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

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

No Director (as defined) has been involved in any of the following events: (a) a petition under bankruptcy or insolvency laws in any jurisdiction filed against such person or any partnership in which he/she is/was a partner or any corporation of which he/she is/was a director or chief executive officer (b) conviction of such person for fraud, misappropriation or breach of trust or any other similar offence and (c) such person being the subject of any order, judgement or ruling of any court of competent jurisdiction or administrative body preventing him/her from acting as an investment adviser, dealer's representative, investment representative, a director of a financial institution or engaging in any type of business or professional activity.

None of the Directors intends to take part in the offer under the Programme. The Issuer Board warrants that no takeover offer has been made in respect of the shares of the Issuer over the past or current financial year.

Signed for and on behalf of the Issuer on 13 September 2022

....	....
Francis Essem Wood	**Akwasi Aboagye**
Chairman/Director	Chief Executive Officer/Director

TABLE OF CONTENTS

CORPORATE INFORMATION OF THE ISSUER

Issuer	**Bayport Savings and Loans Plc** 71 Osu Badu Street, Airport West, Accra, Ghana Digital address: GA-155-9443 Tel: +233(0)302-745-454 Website: www.bayportfinance.com Contact: Akwasi Aboagye (*Chief Executive Officer*) via email: akwasi.aboagye@bayportghana.com Dzifa Abla Cofie (*Chief Finance Officer*) via email: dzifa.cofie@bayportghana.com
Directors	Akwasi Aboagye (*Chief Executive Officer*) Francis Essem Wood (Chairman/Independent Director) David K.T. Adomako (*Non-executive Director*) Emily Whelan Slota (*Independent Director*) Julia Asante (*Independent Director*) Amina Abugdanpokah Kaguah (*Independent Director*) Nothando Ndebele (*Non-executive Director*) Grant Colin Kurland (*Non-executive Director*)
Company Secretary	**Dehands Services Limited** 9 Carrot Avenue, Adjacent Lizzy Sports Complex, East Legon, Accra Tel: +233(0)302-761-746 Contact: Felicia Kpegah via email felicia@dehands-services.com
Auditors	**PricewaterhouseCoopers** PwC Tower, A4 Rangoon Lane, Cantonments City, Accra Tel: +233(0)302-761-500 Contact: Michael Asiedu-Antwi via email michael.asiedu-antwi@pwc.com Sarah Kai Amankwa via email sarah.k.amankwa@pwc.com

CONTACT DETAILS OF THE TRANSACTION ADVISERS

Lead Manager and Arranger	**Stanbic Bank Ghana LTD** Stanbic Heights, Plot 215 South Liberation Link, Airport City, Accra, Ghana Tel: +233(0)302-610-690 Contact: Kobby Bentsi-Enchill (Head, Investment Banking, Ghana) via email Bentsi-EnchillK@stanbic.com.gh Kizito Seddoh (Head, Debt Capital Markets & Distribution, Investment Banking) via email SeddohK@stanbic.com.gh Stacey Owusu-Ansah (Analyst, Debt Capital Markets, Investment Banking) via email Owusu-AnsahS@stanbic.com.gh
Co-arranger	**Absa Ghana Ltd** ABSA House, High Street, Accra, Ghana Tel: +233(0)302-677-576 Contact: Obed Ashie (Head, Corporate and Investment Banking (Debt)) via email Obed.Ashie@absa.africa Kwadwo Boakye-Akyeampong (Analyst, Corporate and Investment Banking (Debt)) via email kwadwo.boakye-akyeampong@absa.africa Emmanuel Oduro-Afriyie (Credit Analyst, Corporate and Investment Banking (Debt)) via email emmanuel.oduro-afriyie@absa.africa Ellen Ohene-Afoakwa (Director, Corporate and Investment Banking (East and West Africa)) via email ellen.ohene-afoakwa@absa.africa)
Co-Arranger & Sponsoring Broker	**Databank Brokerage LTD** 61 Barnes Avenue, Adabraka, Accra, Ghana Tel: +233-(0)302-610-610 Contact: Armah I. J. Akotey via email armah.akotey@databankgroup.com Joyce S. A. Agbozo via email joyce.abozo@databankgroup.com Godfred Yankson via email godfred.yankson@databankgroup.com
Bond Trustee	**Standard Chartered Bank Ghana PLC** Standard Chartered Bank Building No. 87 Independence Avenue Accra, Ghana Tel: +233 200 301110 Contact: Carl Odame Gyenti, PhD via email: carl.odamegyenti@sc.com
Paying Bank	**Standard Chartered Bank Ghana PLC** Standard Chartered Bank Building No 87 Independence Avenue Accra, Ghana Tel: +233(0)302-6722-30

	Contact: Richard Bram Annor (Executive Director & Head, Financial Institutions) via email Richard-Bram.Annor@sc.com Jojo Kakra Bannerman (Executive Director & Head FM Sales, BBD) via JojoKakra.Bannerman@sc.com Carl Odame-Gyenti (Director, Banks & Broker Dealers) via Carl.Odame Gyenti@sc.com Beverly Frimpong (Director & Head, Securities Services) via Beverly.Frimpong@sc.com Eugene Agyeman-Prempeh (Director, Financial Market Sales) via Eugene.Agyeman-Prempeh@sc.com Edmund Bright Oppong (Business Account Manager) via Edmund.BriteOppong@sc.com Craig Kirkwood (Principal, Relationship Manager, I&I) via Craig.Kirkwood@sc.com Nana Ocran (Client Coverage Manager, BBD) via Nana.Ocran@sc.com Amtul Siita Jameel (Director, Client Manager) via Amtulsiita.Jameel@sc.com
Escrow Agent	**Standard Chartered Bank Ghana PLC** Standard Chartered Bank Building No 87 Independence Avenue Accra, Ghana Tel: +233(0)302-6722-30 Contact: Richard Bram Annor (Executive Director & Head, Financial Institutions) via email Richard-Bram.Annor@sc.com Jojo Kakra Bannerman (Executive Director & Head FM Sales, BBD) via JojoKakra.Bannerman@sc.com Carl Odame-Gyenti (Director, Banks & Broker Dealers) via Carl.Odame Gyenti@sc.com Beverly Frimpong (Director & Head, Securities Services) via Beverly.Frimpong@sc.com Eugene Agyeman-Prempeh (Director, Financial Market Sales) via Eugene.Agyeman-Prempeh@sc.com Edmund Bright Oppong (Business Account Manager) via Edmund.BriteOppong@sc.com Craig Kirkwood (Principal, Relationship Manager, I&I) via Craig.Kirkwood@sc.com Nana Ocran (Client Coverage Manager, BBD) via Nana.Ocran@sc.com Amtul Siita Jameel (Director, Client Manager) via Amtulsiita.Jameel@sc.com
Legal Advisers	**Bentsi-Enchill, Letsa & Ankomah** 4 Momotse Avenue, Adabraka, Accra, Ghana Tel: +233-(0)302-208-888 Contact: Seth Asante via email seth.asante@belonline.org Frank Akowuah via email fnakowuah@belonline.org Nana Esi Ghunney via email nebghunney@belonline.org Gifty Aku Hlordjie via email gahlordjie@belonline.org

Calculation Agent, Registrar and Transfer Agent	**Central Securities Depository (Ghana) Limited** 4th Floor, Cedi House, Accra, Ghana Tel: +233(0)302-689-313 Contact: Kwame Addai Boa-Amponsem via email kwame.boa-amponsem@csd.com.gh
Reporting Accountants	**Deloitte Ghana** Plot No. 71, The Deloitte Place, Off George W. Bush Highway, Accra Tel: +233(0)302-775355 Contact: Emmanuel Martey via email emartey@deloitte.com.gh Prince Osei via email posei@deloitte.com.gh

DEFINITIONS

Unless inconsistent with the context or separately defined in this Prospectus or an 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
Affiliates	means, in relation to a corporate body, its subsidiary, its holding company, or any other subsidiary or holding company of its holding company, and **Affiliate** shall be construed accordingly
Agency Agreement	means the agency agreement dated on or about the date of this Prospectus entered between the Issuer, the Paying Bank and the CSD, in relation to the Bonds (and as amended, restated and/or supplemented from time to time)
Applicable Law	means any law or regulation of any governmental or other regulatory authority which governs the Programme, the Conditions and the Bonds (in accordance with which the same are to be construed) or any relevant person, and **Applicable Laws** shall be construed accordingly
AML Laws	means the Anti-Money Laundering Act, 2020 (Act 1044), the Anti-Money Laundering Regulations, 2008 (L.I. 1925) and the Anti-Terrorism Act, 2008 (Act 762) (as amended by as amended by the Anti-Terrorism Amendment Act, 2012 (Act 842) and the Anti-Terrorism Amendment Act, 2014 (Act 875) or any statutory modification or re-enactment thereof (as well as any related directives, guidelines or notices issued by the Bank of Ghana or the SEC)
Applicable Pricing Supplement	means the pricing supplement issued in relation to each Series or Tranche (substantially in the form set out in Appendix A (*Form of Applicable Pricing Supplement*) to this Prospectus) as a supplement to this Prospectus, giving details of that particular Series or Tranche and the Conditions applicable to each Bond in that Series or Tranche in so far as such terms and conditions are different from these Conditions
Arrangers	means the Lead Manager & Arranger and the Co-arrangers which are acting as arrangers and/or managers for the Programme, and **Arranger** shall be construed accordingly
Auditors	means PricewaterhouseCoopers, the statutory auditors of the Issuer as at the date of the Prospectus
Bank of Ghana Act	means the Bank of Ghana Act, 2002 (Act 612) (as amended by the Bank of Ghana (Amendment) Act,

Term	Definition
	2016 (Act 918)) or any statutory modification or re-enactment thereof
BELA	means Bentsi-Enchill, Letsa & Ankomah, a firm of legal practitioners licensed by the General Legal Council of Ghana and operating in Ghana
Bond	means a Bond issued under an Applicable Pricing Supplement to this Programme, and **Bonds** shall be construed accordingly
Bond Documents	means this Prospectus, each Applicable Pricing Supplement, the Trust Deed, the Agency Agreement and the Escrow Account Agreement and any other document designated as such, and **Bond Document** shall be construed accordingly
Bondholders	means all holders of Bonds under all Series or Tranches, from time to time, and recorded as such in the Register, and **Bondholder** shall be construed accordingly
Bond Repayment	means the Interest, Instalment Amount, Redemption Amount or other amounts payable on any outstanding Bonds (and as set out in the Conditions or an Applicable Pricing Supplement), and **Bond Repayments** shall be construed accordingly
Bond Repayment Date	means an Interest Payment Date, Instalment Date or a Redemption Payment Date (and as set out in the Conditions or an Applicable Pricing Supplement), and **Bond Repayment Dates** shall be construed accordingly
Bond Trustee	means SCB (or such other person as may be appointed in accordance with the Trust Deed and specified in the Applicable Pricing Supplement as the Bond Trustee) which is acting as the trustee for the Bondholders
Book Closure Period	means 3 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
Borrowers and Lenders Act	means the Borrowers and Lenders Act of Ghana, 2020 (Act 1052) or any statutory modification or re-enactment thereof
BSDI Act	means the Banks and Specialised Deposit-Taking Institutions Act of Ghana, 2016 (Act 930) or any statutory modification or re-enactment thereof
Broken Amount	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,

Term	Definition
	calculated in respect of a Fixed Rate Bond, as provided for by the Applicable Pricing Supplement
Business Day	means a day (other than a Saturday or Sunday or official public holiday) on which banks, the GSE and the CSD are open for general business in Ghana, and **Business Days** shall be construed accordingly
Business Day Convention	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 and, if applicable, as set out in the Applicable Pricing Supplement
Calculation Agent	unless otherwise set out in an Applicable Pricing Supplement, means the CSD
Call Option	means the call option on the Bonds, which may be provided to the Issuer and exercised in accordance with Condition 6.4 of the Conditions, and as set out in the Applicable Pricing Supplement
Central Securities Depository or CSD	means the Central Securities Depository (GH) Limited, a limited liability company duly incorporated under laws of Ghana (or its nominee) operating as a central securities depository where the Bondholders will be credited with the Bonds, or any additional or alternate depository approved by the Issuer
Companies Act	means the Companies Act of Ghana, 2019 (Act 992) or any statutory modification or re-enactment thereof
Co-arrangers	unless otherwise set out in an Applicable Pricing Supplement, means Absa Ghana and DBL, and **Co-arranger** shall be construed accordingly
Conditions	means the terms and conditions set out under Section 12 (*Conditions*) and in accordance with which Bonds shall be issued in terms of the Programme, which terms and conditions may be amended by an Applicable Pricing Supplement, and **Condition** shall be construed accordingly
Credit Reporting Act	means the Credit Reporting Act of Ghana, 2007 (Act 726) or any statutory modification or re-enactment thereof
Currency	means GHS or any foreign currency as may be specified in the Applicable Pricing Supplement. The primary currency of the Bonds shall be GHS. The Issuer may, however, issue Bonds denominated in any foreign currency subject to the receipt of all necessary regulatory approvals from the Bank of Ghana and

Term	Definition
	compliance with conditions under the foreign exchange laws of Ghana
Day Count Fraction	has the meaning provided for in Condition 5.5.2 below
Dealers	unless otherwise set out in an Applicable Pricing Supplement, means the Arrangers, as well as any other dealer that may be appointed under the Programme, from time to time, which appointment may be for a specific issue or on an on-going basis, subject to the Issuer's right to terminate the appointment of any dealer, and **Dealer** shall be construed accordingly
Default Interest	means the default interest, at the rate of 1% *per annum* above the Interest Rate, payable on a Bond in a case where the whole or any part of any due Bond Repayment is not paid for more than 5 Business Days from the relevant Bond Repayment Date, and applicable from the relevant Bond Repayment Date until the date of actual payment to the Bondholders
Directors	mean the directors of the Issuer from time to time, and **Director** means any of them (as applicable in the relevant context)
Early Redemption	means the early redemption of a Bond prior to its due date
Early Redemption Amount	means the amount payable upon the Early Redemption of a Bond
Encumbrance	means 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
Escrow Account	means each temporary account set up with the Agent where all amounts raised from each Series or Tranche will be deposited until transferred to the Issuer's operations account(s)
Escrow Account Agreement	means the escrow account agreement dated on or around the date of this Prospectus and entered between the Issuer, the Joint Lead Managers and the Escrow Agent, in relation to the Escrow Account (as amended, restated and/or supplemented from time to time)

Term	Definition
Escrow Agent	unless otherwise set out in an Applicable Pricing Supplement, means SCB which is acting as the account holding bank for the Escrow Account
Event of Default	means any event contemplated in Condition 17 below, and **Events of Default** shall be construed accordingly
Exercise Notice	means the formal notification by the Issuer of the exercise of a Call Option
Final Redemption	means the Final Redemption of a Bond on the Maturity Date
Final Redemption Amount	means the Principal Amount of a Bond payable in respect of each Bond, upon Final Redemption thereof
Financial Indebtedness	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: (a) Indebtedness for Borrowed Money; or (b) bonds, standby letters of credit, guarantees or other similar instruments issued in connection with the performance of contracts
Fixed Coupon Amount	means the amount of Interest in respect of a Fixed Rate Bond (as set out in the Applicable Pricing Supplement)
Fixed Interest Period	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
Fixed Rate Bonds	means Bonds entitled to a fixed rate of Interest (as set out in the Applicable Pricing Supplement)
Floating Rate Bonds	means Bonds entitled to a floating rate of Interest (as set out in the Applicable Pricing Supplement)
Floating Rate Business Day Convention	means a Business Day Convention specified in Condition 5.2.2 below
Following Business Day Convention	means a Business Day Convention specified in Condition 5.2.2 below
Foreign Exchange Act	means the Foreign Exchange Act of Ghana, 2006 (Act 723) or any statutory medication or re-enactment thereof
GFIM	means the Ghana Fixed Income Market operated by the GSE
Ghana	means the Republic of Ghana

Term	Definition
Ghana Constitution	means the constitution of Ghana adopted by a national referendum on 18 April 1992
GHS	means the Ghana Cedi, the official currency of Ghana or any successor currency
GRA	means the Ghana Revenue Authority, the statutory body responsible for the administration and enforcement of the Income Tax Act and any other tax or other government revenue law in Ghana
Global Bond Certificate	means a certificate evidencing title to the issued Bonds under the Programme and issued to the Bond Trustee as nominee for the Bondholders
GoG Securities	means securities issued by the Government of Ghana
GSE	means the Ghana Stock Exchange
IFRS	means International Financial Reporting Standards
Income Tax Act	means the Income Tax Act of Ghana, 2015 (Act 896) (as amended) or any statutory modification or re-enactment thereof
Indebtedness for Borrowed Money	means any indebtedness of the Issuer for or in respect of: (a) monies borrowed; (b) amounts raised by acceptance under any credit facility; (c) amounts raised pursuant to any note purchase facility or the issue of bonds, notes, debentures, loan stock or similar instruments; (d) amounts raised pursuant to any issue of shares of any person, which are expressed to be redeemable; (e) 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; (f) 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; and/or

Term	Definition
	(g) 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
Instalment Amount	means the amount of the relevant portion of the Principal Amount payable on a Bond on an Instalment Date (as set out in the Applicable Pricing Supplement)
Instalment Date	means the date for the payment of an Instalment Amount (as set out in the Applicable Pricing Supplement)
Interest	means the amount of interest payable on a Bond (as set out in the Applicable Pricing Supplement and Condition 5 below), and **Interests** shall be construed accordingly
Interest Commencement Date	means the date that Interest shall commence to accrue or be calculated (as set out in the Applicable Pricing Supplement)
Interest Determination Date	means the date upon which Interest and the Interest Rate is calculated for a specified Interest Period and as set out in the Applicable Pricing Supplement
Interest Period	means, in relation to a Tranche or Series of Bonds, 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
Interest Payment Date	means the date for the payment of Interest (as set out 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
Interest Rate	means the rate of Interest (as set out in the Applicable Pricing Supplement and Condition 5 below)
Issue Date	in relation to each Tranche or Series, means the date specified as such (as set out in the Applicable Pricing Supplement)
Issue Price	means the price at which the Bonds may be issued (as specified in the Applicable Pricing Supplement). The price and amount to be issued under any Series or Tranche will be determined by the Issuer and the relevant Dealer(s) at the time of issue in accordance with prevailing market conditions

Term	Definition
Issuer	means Bayport Savings and Loans Plc, which is issuing the Bonds under the Programme
Issuer Board	means the board of directors of the Issuer
Issuer Constitution	means the constitution of the Issuer dated 15 March 2017 (as amended from time to time)
Joint Series Meeting	means a meeting of Bondholders of 2 or more Series affected by the subject matter of such meeting, and **Joint Series Meetings** shall be construed accordingly
Joint Tranche Meeting	means a meeting of Bondholders of 2 or more Tranches affected by the subject matter of such meeting, and **Joint Tranche Meetings** shall be construed accordingly
Last Day to Register	means 5 pm on the last Business Day before the first day of a Book Closure Period
Lead Manager and Arranger	unless otherwise set out in an Applicable Pricing Supplement, means Stanbic
Legal Advisers	means BELA
Legal Compliance Certificate	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 Appendix D (*Legal Compliance Letter*)
Maturity Date	means, in respect of a Series or Tranche, the date upon which the Bonds are to be finally redeemed and all amounts due on the Bonds are to be repaid by the Issuer and as set out in the Applicable Pricing Supplement
Maximum Interest Rate	means the maximum rate of Interest that may be payable on a Floating Rate Bond, as agreed by the Issuer, Managers and Dealer (if any) and as set out in the Applicable Pricing Supplement
Meeting	means a meeting of Bondholders convened and held physically or electronically and which may be a Series Meeting, Tranche Meeting, Joint Series Meeting or a Joint Tranche Meeting, and **Meetings** shall be construed accordingly
Minimum Interest Rate	means the minimum rate of Interest that may be payable on a Floating Rate Bond, as agreed by the Issuer, Joint Lead Managers and Dealer (if any) and as set out in the Applicable Pricing Supplement
Modified Following Business Day Convention	means a Business Day Convention specified in Condition 5.2.2 below

Term	Definition
NBFI Act	means the Non-Bank Financial Institutions Act of Ghana, 2008 (Act 774) or any statutory modification or re-enactment thereof
Ordinary Resolution	means a resolution passed at a Series Meeting, Tranche Meeting, Joint Series Meeting or Joint Tranche Meeting (as the case may be) duly convened and held in accordance with Condition 10.1 below and the Trust Deed) by the affirmative vote of, at least, 51% of the outstanding aggregate of the total Principal Amount of the relevant Tranche Bonds, the relevant Series Bonds or all Bonds (as the case may be)
Paying Bank	unless otherwise set out in an Applicable Pricing Supplement, means SCB
Preceding Business Day Convention	means a Business Day Convention specified in Condition 5.5 below
Principal Amount	means the face value of the Bonds
Programme	means the GHS 500,000,000 bond issuance programme established by the Issuer (and as amended from time to time), under which the Issuer may, from time to time, issue Bonds denominated in the Currency and having such maturity as may be set out in the Applicable Pricing Supplement
Prospectus	means this prospectus issued by the Issuer on the date stated hereon (as amended, restated and/or supplemented from time to time)
Redemption	means Redemption by Instalments, Final Redemption or Early Redemption (as the case may be)
Redemption Amount	means the Instalment Amount, the Early Redemption Amount or the Final Redemption Amount (as set out in the Applicable Pricing Supplement)
Redemption by Instalments	means the redemption of a Bond by instalments prior to its due date
Redemption Date	means the date upon which the Issuer undertakes a Redemption (as set out in the Applicable Pricing Supplement)
Reference Rate	means the benchmark interest rate so specified in the Applicable Pricing Supplement for each Series or Tranche of Floating Rate Bonds to be issued under the Programme
Register	means the register of the Bondholders maintained by the CSD in electronic form

Term	Definition
Registrar	unless otherwise set out in an Applicable Pricing Supplement, means the CSD appointed as registrar for the Programme under the Agency Agreement
Relevant Time	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 Bond
Reporting Accountants	means Deloitte, which is acting as the reporting accountants for the Programme
RGD	means the Registrar General's Department, which is the public registry in Ghana responsible for the incorporation of companies and the registration of, among others, public offer documents in accordance with the provisions of the Companies Act
SEC	means the Securities and Exchange Commission of Ghana
Securities Industry Act	means the Securities Industry Act of Ghana, 2016 (Act 929) or any statutory modification or re-enactment thereof
SEC Regulations	means the Securities and Exchange Commission Regulations, 2003 (L.I. 1728) or any statutory modification or re-enactment thereof
Senior Bonds	means Bonds which constitute direct, general, unconditional, unsubordinated and unsecured obligations of the Issuer and have been designated as such in the Applicable Pricing Supplement
Series	means a series of Bonds 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, the first Instalment Amount and related matters may differ)
Series Bondholders	means all holders of Bonds under a particular Series, from time to time, and recorded as such in the Register and **Series Bondholder** shall be construed accordingly
Series Bonds	means the Bonds under a particular Series
Series Meeting	means a meeting of Bondholders of a particular Series and **Series Meetings** shall be construed accordingly
Special Resolution	means a resolution passed at a Series Meeting, Tranche Meeting, Joint Series Meeting or a Joint Tranche Meeting (as the case may be) duly convened

Term	Definition
	and held in accordance with Condition 10.1 and the Trust Deed) by the affirmative vote of, at least, 75% of the outstanding aggregate of the total Principal Amount of the relevant Tranche Bonds, the relevant Series Bonds or all Bonds (as the case may be)
Sponsoring Broker	unless otherwise set out in an Applicable Pricing Supplement, means DBL, which is acting as the sponsoring broker for the Programme
Taxes	has the meaning provided for in Condition 8 below
Tranche	means a tranche of a Series which are identical in all respects (except for Issue Date, Issue Price, Tranche Amount, Interest Commencement Date and amount of first Interest Payment)
Tranche Bonds	means the Bonds under a particular Tranche
Tranche Bondholders	means all holders of Bonds under a particular Tranche, from time to time, and recorded as such in the Register, and **Tranche Bondholder** shall be construed accordingly
Tranche Meeting	means a meeting of Bondholders of a particular Tranche, and **Tranche Meetings** shall be construed accordingly
Transfer Agent	unless otherwise set out in an Applicable Pricing Supplement, means the CSD, which is acting as the transfer agent for the Programme under the Agency Agreement
Transfer Form	has the meaning provided for in Condition 2.4.1 below
Trust Account	means the segregated cash account set up by the Paying Bank as banker for the receipt of all Bond Repayment funds from the Issuer and for disbursements of all Bond Repayments to the relevant Bondholders
Trust Deed	means the trust deed dated on or about the date of this Prospectus and entered into between the Issuer and the Bond Trustee (as amended, restated and/or supplemented from time to time)
USD	means the United States Dollars, the official currency of the United States of America or any successor currency
Written Resolution	means a resolution in writing signed or confirmed in writing by (or on behalf of) Tranche Bondholders, Series Bondholders or all Bondholders (as the case may be) of, at least, 75% of the outstanding aggregate of the total Principal Amount of the relevant Tranche

Term	Definition
	Bonds, the relevant Series Bonds or all Bonds (as the case may be)

1. OVERVIEW OF THE TRANSACTIONS UNDER THE PROGRAMME

1.1 SUMMARY OF THE PROGRAMME

1.1.1 Establishment of the Programme

The Issuer has established the Programme to raise debt financing of up to GHS 500,000,000 for the purpose set out in Section 1.1.2 below. See Section 2.1 (*Legal Basis for Programme*) below.

The Bonds will be issued in one or more Series or Tranches by the Issuer under the Programme. The Bonds will be Senior Bonds and shall be either Floating Rate or Fixed Rate (as indicated in the Applicable Pricing Supplement). The Bonds will be listed on GFIM or any other stock exchange as may be specified in an Applicable Pricing Supplement.

All Bonds in a Series shall have the same maturity date and identical terms (except that the Issue Dates, Issue Price, Interest Commencement Date, amounts of the first interest payment, first Instalment Amount and related matters may be different). Bonds 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 Date 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, which shall be submitted to the SEC for approval.

1.1.2 Use of Bond proceeds

The Issuer has entered into the Escrow Account Agreement with the Escrow Agent for the purpose of setting up and operating the Escrow Account for the deposit of all amounts raised from each Series or Tranche until payment to the Issuer's operations account(s) following the approval of the SEC.

The Issuer shall utilise the proceeds from each Series or Tranche in the manner set out under Section 2.3 (*Use of Proceeds*) below.

1.1.3 Conditions of the Bonds

Section 12 (*Conditions*) contains the terms and conditions of the Bonds, which are governed by Ghanaian law. The Conditions include key terms such as the status of the Bonds, mechanisms for payments under the Bonds, Redemption, taxation, financial covenants, Events of Default and enforcement of the Bonds.

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 Arrangers and, if applicable, the relevant Dealer(s) at the time of issuance in accordance with prevailing market conditions, and will be set out in the Applicable Pricing Supplement issued in respect of the Series or Tranche.

1.1.4 The Bond Trustee

The Issuer has appointed the Bond Trustee, under the Trust Deed, as trustee for the protection and enforcement of the rights of the Bondholders under the Conditions. Under certain circumstances, the Bond Trustee can be required (subject to it being indemnified and/or secured to its satisfaction) by a Special Resolution or a Written Resolution to exercise its powers under the Trust Deed or if so requested in writing by Bondholders holding, at least, 51% in aggregate of the Principal Amount of the relevant Tranche Bonds, the relevant Series Bonds or all Bonds then outstanding.

1.1.5 Sale and Subscription for the Bonds

Section 13 (*Subscription and Sale Information*) sets out the details on, among others, the sale of the Bonds, the application procedure and payment for the Bonds, and the trading and settlement procedures for the Bonds. Also see Appendix B (*Application Procedure*).

1.1.6 Repayments under the Bonds

All the payment terms of the Bonds are contained in Section 12 (*Conditions*) below and the Applicable Pricing Supplement. Also see "*Repayment*" under Section 3 (*Summary of The Programme*) below.

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

The Paying Bank is responsible for processing and effecting all payments under the Bonds in accordance with Condition 7 (*Payments*) below and the terms of the Agency Agreement. The Calculation Agent is also responsible for calculating any Interest payable under the Bonds and any Interest Rate for the Floating Rate Bonds in accordance with Condition 5 (*Interest*) below and the terms of the Agency Agreement.

1.2 BOND DOCUMENTS

The Bonds are subject to the provisions of the Bond Documents. The Bondholders are bound by, and are deemed to have knowledge of, all the provisions of the Bond Documents. Copies of all the Bond Documents will be available for inspection during usual business hours at the offices of the Bond Trustee.

2. LEGAL BASIS AND RATIONALE FOR THE PROGRAMME

2.1 LEGAL BASIS FOR THE PROGRAMME

The Programme and the listing of Bonds on the GFIM have been approved by the Issuer Board by resolutions at a meeting of the Board on 26 May 2022 and a written Board resolution dated 28 July 2022.

The shareholders of the Issuer have also approved the Programme and the listing of Bonds on GFIM by resolutions passed an extraordinary general meeting of the Issuer on 26 May 2022.

2.2 RATIONALE FOR THE PROGRAMME

The Issuer has established the Programme to raise debt financing of up to GHS 500,000,000 for the purpose set out in Section 2.3 below.

2.3 USE OF PROCEEDS

Bonds will be issued in Series or Tranches for the following over the duration of the Programme:

Table 1: Use of Proceeds

Use of net proceeds	Proportion of net proceeds
Pay down or refinance any indebtedness from existing obligations prior to the establishment of this Programme	**Up to 42.5%**
To finance loans and advances to customers	**Up to 55%**
To finance working capital and liquidity management	**Remaining 2.5%**

The proceeds from each Series or Tranche shall be in the Escrow Accounts until all conditions precedent (set out in the Trust Deed) have been satisfied by the Issuer, whereupon the Escrow Agent shall transfer the funds into the operations account(s) of the Issuer.

2.4 PROGRAMME EXPENSES

The expenses related to the Programme are as follows:

Table 2: Estimated Programme Expenses

No.	Item	Amount in GHS	% of Programme
1	**Advisory fees**		
1.1	Arrangers' fee	6,205,000	1.241
1.2	Legal adviser's fee	400,000	0.080
1.3	Reporting Accountant fee	220,000	0.044
1.4	Bond Trustee fees	200,000	0.040
	Sub Total	**7,025,000**	**1.405**
2	**Regulatory fees**		
2.1	GSE application fee	50,000	0.010
2.2	SEC application fee	250,000	0.050
2.3	CSD fee	90,000	0.018
	Sub Total	**390,000**	**0.078**
3	**Other costs**		
3.1	Roadshow, printing & miscellaneous	100,000	0.020

No.	Item	Amount in GHS	% of Programme
	Sub Total	**100,000**	**0.200**
	Grand Total	**7,515,000**	**1.503**

3. 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 under an Applicable Pricing Supplement:

Factor	Summary Description
Issuer	Bayport Savings and Loans Plc, a savings and loans company licensed by the Bank of Ghana, which is issuing the Bonds under the Programme. The Issuer is a public company limited by shares with company registration number PL00022016
Use of proceeds	The Issuer shall use the net proceeds from any Series or Tranche in the manner set out under Section 2.3 (*Use of Proceeds*) above
Risk factors	There are certain factors that may affect the Issuer's ability to fulfil its obligations under the Bonds issued under the Programme. These are set out under Section 7 (*Risk Factors*) below and include risks related to the Issuer, its business and the Ghanaian economy
Programme size	Up to GHS 500,000,000 aggregate Principal Amount of Bonds outstanding at any one time. The Issuer may increase this aggregate nominal amount of the Bonds that may be issued under this Programme, subject to the approval of the SEC Subject to any Applicable Laws and the relevant corporate approvals, the Issuer may, without consent of the Bondholders, increase the aggregate nominal amount of the Bonds that may be issued under the Programme by issuing a supplementary prospectus thereof to holders in accordance with the Conditions 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 Bonds, shall be and shall be deemed to be references to the increased aggregate nominal amount
Issue Price	Bonds 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
Currency of Bonds	GHS or any foreign currency as may be specified in the Applicable Pricing Supplement. The primary currency of the Bonds shall be GHS. The Issuer may, however, issue Bonds 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

Factor	Summary Description
	Each Series or Tranche 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
Denomination of Bonds	The Bonds 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 as may be allowed or required from time to time by the SEC or any Applicable Laws
Status of Bonds	The Bonds shall be Senior Bonds and may be either Fixed Rate Bonds or Floating Rate Bonds (as indicated in the Applicable Pricing Supplement). See Condition 3 of the Conditions
Fixed Rate Bonds	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
Floating Rate Bonds	Floating Rate Bonds 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 Managers and the relevant parties and specified in the Applicable Pricing Supplement 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 Bonds. Floating Rate Bonds may also have a Maximum Interest Rate, a Minimum Interest Rate or both Interest on Floating Rate Bonds 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
Form and Delivery of Bonds	The Bonds shall be in registered form and held electronically on the Central Securities Depository
Register	The Register will be maintained electronically in a book-entry form on the Central Securities Depository System The Register will be held and updated by the CSD, which shall record each Series and Tranche, the number of Bonds in each Series and Tranche held by each Bondholder and the names and addresses and bank account details of each Bondholder
Distribution of Bonds	Subject to Applicable Laws, the Bonds may be distributed by way of private placement or public offer and, in each case, on a syndicated or non-syndicated basis

Factor	Summary Description
Selling Restrictions	The Bonds will be marketed and sold in Ghana. Bonds that may be marketed and/or sold outside of Ghana will be specified in the Applicable Pricing Supplement and the Issuer and the Dealers shall comply with the Applicable Laws. For a description of certain restrictions on offers, sales and deliveries of Bonds and on distribution of offering material, see Section 12 (*Subscription and Sale Information*) below
Listing	Bonds issued under the Programme will be listed on the GFIM Trading in the Bonds is subject to the trading, clearing and settlement rules and procedures of the GFIM
Rating	The Bonds have not been rated. Details of any subsequent ratings applicable to a particular Series or Tranche will be set out in the Applicable Pricing Supplement Credit ratings assigned to Bonds do not necessarily mean that the Bonds 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 Bonds do not necessarily mean the same thing. The ratings do not address the marketability of any Bonds or any market price. Any change in the credit ratings of Bonds or the Issuer, could adversely affect the prices that a subsequent purchaser will be willing to pay for the Bonds. The significance of each rating should be analysed independently from any other rating
Negative pledge	See Condition 4 of the Conditions
Book Closure Period	The Register will be closed 3 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
Last Day to Register	5 pm on the last Business Day before the first day of a Closure Period
Interest Payment Date	The date of payment of interest on a Bond (as set out in the Applicable Pricing Supplement)
Interest Periods	May be monthly, quarterly, semi-annually or such other periods deemed appropriate and as set out in the Applicable Pricing Supplement
Interest Rates	This will be as indicated in the Applicable Pricing Supplement
Redemption	The Bonds shall be subject to Early Redemption or Optional Redemption and, as stated in the Applicable Pricing Supplement, be redeemed in whole or in part, at the Principal Amount thereof plus accrued Interest, if any, at the relevant Maturity Date

Factor	Summary Description
Taxation	The Issuer is a Ghana resident for tax purposes. All payments of principal and interest in respect of the Bonds will be made in compliance with applicable tax laws of Ghana. Currently, the Issuer is required by the Income Tax Act to withhold tax at the rate of 8% on all interest payments to Bondholders, except where the Bondholders are exempted by Applicable Law. Bondholders are advised to seek professional tax advice concerning their specific tax obligations relating to investing in the Bonds
Events of Default	Events of Default in respect of the Bonds include, but are not limited to, the events set out in Condition 17 of the Conditions
Maturity	The maturity of the Bonds 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 by the SEC (or equivalent body) or any Applicable Laws
Programme expiry	The Programme will expire 5 years from the date of this Prospectus. All Bonds issued prior to the expiry of the Programme will be valid and remain contractual obligations of the Issuer after expiration
Bond Trustee	SCB
Escrow Agent	SCB
Paying Bank	SCB
Calculation Agent	CSD
Costs and expenses of the Programme	The total cost and expense of the Programme is not expected to exceed 5% of the total proceeds of the Bonds. The cost of the Programme is summarised under Section 2.4 (*Programme Expenses*)

4. INCORPORATION OF DOCUMENTS BY REFERENCE

4.1 Incorporated documents

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:

(a) all supplements to the Prospectus circulated or published by the Issuer from time to time;

(b) the Trust Deed;

(c) the Agency Agreement;

(d) the Escrow Account Agreement;

(e) each Applicable Pricing Supplement relating to any Series or Tranche issued or published under this Prospectus;

(f) the report of the Reporting Accountants dated 30 August 2022; and

(g) the audited annual financial statements (and notes thereto) of the Issuer and any interim quarterly financial statements (whether audited or unaudited) of the Issuer.

4.2 Documents for inspection

As long as any Bonds are outstanding, certified copies of the following documents will be available for inspection by Bondholders, on request, at the principal place of business of the Issuer or the offices of the Bond Trustee on Business Days and during normal business hours:

(a) the certificate of incorporation of the Issuer;

(b) the Issuer Constitution;

(c) the savings and loans licence of the Issuer;

(d) the board and shareholder resolutions of the Issuer approving the Programme;

(e) the Prospectus;

(f) 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;

(g) the Global Bond Certificate for each Series or Tranche held by the Bond Trustee on behalf of Bondholders; and/or

(h) any document listed under Section 4.1 (*Incorporated documents*) above.

5. FORM OF THE BONDS

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

(a) the Bonds shall be held electronically on the CSD;

(b) all Bondholders 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 Bondholders;

(d) the CSD shall maintain a Register, which shows a record of Bondholders' respective electronic book entries in the CSD system, the particulars of Bondholders and their respective holdings;

(e) entry on the Register shall represent proof of ownership of the rights in a Bond;

(f) the Issuer shall issue a single Global Bond Certificate to the Bond Trustee (in respect of each Series or Tranche), who will hold the Global Bond Certificate as a nominee for the Bondholders; and

(g) if Bonds are transferred subsequent to issue, rights of ownership will be transferred *via* entries in the Register, per the CSD securities transfer rules.

6. INFORMATION ON THE ISSUER

6.1 OVERVIEW OF THE ISSUER

6.1.1 Incorporation history

The Issuer was originally incorporated as a private limited liability company on 23 October 2002 as "*Ghana Financial Services Limited*". It has subsequently undergone the following corporate changes:

Table 3: Summary of Incorporation History

Change Date	Change Details
5 March 2009	Change of name from "*Ghana Financial Services Limited*" to "*Bayport Financial Services Ghana Limited*"
26 October 2015	Conversion into a public limited liability company (and issued with a new company registration number PL000022016)
2016	Merger with CFC Savings and Loans Limited (**CFC**)
31 March 2017	Change of name from "*Bayport Financial Services Ghana Limited*" to "*Bayport Savings and Loans Plc*" (and issued with a new certificate of incorporation for its name change)

6.1.2 Licensing and regulation

The Issuer was originally licensed by the Bank of Ghana as a finance house on 11 June 2009. However, the Issuer was subsequently licensed by the Bank of Ghana as a savings and loans company on 13 September 2017 as a result of a merger between the Issuer and CFC. The merger (which was completed on 15 August 2017) involved the following:

(a) the transfer of the shareholders of CFC to the Issuer. The shareholders of CFC and the Issuer entered into a share swap agreement dated 20 December 2016 in respect of the swap of the shares of the shareholders of CFC for issued shares in the Issuer. A total number of 2,749,239,848 (valued at GHS 19,942,215) were issued by the Issuer. The consideration for the share swap was 1 CFC share for 3,004,633.714 Issuer shares;

(b) the acquisition by the Issuer of CFC's savings and loans business and assets; and

(c) the conversion of the Issuer to a savings and loans company.

The Issuer is primarily regulated by the Bank of Ghana under the BSDI Act and applicable notices and guidelines of the Bank of Ghana.

6.2 SHAREHOLDING AND CAPITAL STRUCTURE OF THE ISSUER

The Issuer is registered with 20,000,000,000 ordinary shares of no par value, out of which it has issued 14,052,239,848 ordinary shares. As at the date of this Prospectus, the Issuer's stated capital is GHS 29,942,215. The Issuer has not undertaken any capital transactions in the past 5 years. The Issuer has no treasury shares as at the date of this Prospectus.

As at the date of this Prospectus (and as set out in the Reporting Accountant's Report), the details of the shareholdings in the Issuer are as follows:

Table 4: Summary Shareholding Information

Name of Shareholder	Number of Shares	% of Shares
Bayport Management Limited (**BML**)	13,895,998,894	98.89%
Social Security and National Insurance Trust	156,240,953	1.11%
Bayport International Headquarter Company (Pty) Ltd (**BIHQ**)	1	0%
Total	**14,052,239,848**	**100%**

6.3 PROFILE OF SIGNFICANT SHAREHOLDER OF THE ISSUER

BML was incorporated on September 2001 in British Virgin Islands and continued as a Mauritian company with effect from 4 March 2005. BML was registered as a private company limited by shares on 2 March 2005 under the Mauritian Companies Act with registration number 54787 C1/GBL.

BML holds a Category 1 Global Business Licence issued by the Financial Services Commission of Mauritius on 3 March 2005 under the Mauritian Financial Services Act, 2007 and the Financial Services (Consolidated Licensing and Fees) Rules 2008.

BML is a provider of credit solutions augmented with deposit taking and insurance products primarily to individuals in emerging and frontier markets. The authorised businesses of BML include the engagement in global business and borrowing. Loans deducted at source are a core of BML's offering (i.e. unsecured loans where payments are deducted by the employer before the borrower receives the net salary). Borrowers are typically government employees.

BML was converted into a public company limited by shares on 28 July 2011. The shares of BML are listed on the Stock Exchange of Mauritius. The details of the shareholding in BML are as follows:

Table 5: BML Shareholding Structure

Shareholder	Type of Person	Country of Incorporation/Nationality	Number of Shares	% Ownership
Kinnevik New Ventures AB	LLC	Sweden	7,428,902	23.92%[1]
Public Investment Corporation (SOC) Limited	State Owned Entity	South African	6,377,550	20.54%
Takwa Holdco Limited	LLC	Mauritius	5,621,135	18.10%[2]
Elsworthy Holdings, Ltd.	LLC	British Virgin Island	3,672,000	11.82%[3]

[1] Kinnevick New Ventures AB is owned 100% by Kinnevik AB. No equity holder of Kinnevik AB owns more than 8.80% of Kinnevik AB.

[2] Takwa Holdco Limited is owned 100% by Helios Investors II, Africa Ltd which in turn is owned 79% by Helios Investors II, L.P. No equity holder of Helios Investors II, L.P. owns more than 10% of Helios Investors II, L.P.

[3] Elsworthy Holdings, Ltd is owned 67.67% by Galverston Holdings Limited. No equity holder of Galverston Holdings Limited owns more than 50% of Galverston Holdings Limited.

Shareholder	Type of Person	Country of Incorporation/Nationality	Number of Shares	% Ownership
Grant Colin Kurland	Individual	British	2,863,057	9.22%
Kasumu Ltd	LLC	British Virgin Island	2,582,000	8.31%
Takwa Holdco (2) Ltd.	LLC	Seychelles	1,517,707	4.89%
Justin Chola	Individual	Zambian	242,000	0.78%
Antonio Cortina Icaza	Individual	Mexican	191,128	0.62%
Manuel Carral Riba	Individual	Mexican	147,570	0.48%
Etienne Henry Coetzer	Individual	South African	104,000	0.33%
Mr. Vladimer Gurgenidze	Individual	Georgian	94,594	0.30%
Carlos Guillermo Garcia Muriel	Individual	Mexican	58,800	0.19%
David Keith Rogers	Individual	South African	33,978	0.11%
Nicholas Dominic Haag	Individual	British	30,000	0.10%
David Jacques Rajak	Individual	South African	23,310	0.08%
Daniel Simon Goss	Individual	British	21,764	0.07%
Ted Arthur Kristensson	Individual	Swedish	15,000	0.05%
Sandro Rtveladze	Individual	Georgian	10,294	0.03%
Paul Rodgers	Individual	Spanish	9,324	0.03%
Bryan James Arlow	Individual	South African	4,663	0.02%
Nicole Sanderson	Individual	South African	466	0.002%
Total			**31,049,242**	**100.00%**

BML's robust equity structure (with Kinnevik, Helios and GEPF as core shareholders) and diversified debt sources in bond and loan format ensure sufficient funding for future growth. BML has long-standing borrowing relationships with OPIC, J.P. Morgan, Morgan Stanley, KFW and Standard Bank and the African Local Currency Bond Fund, as well as proven access to the international and local capital markets.

The highlights of BML's financial performance and position for the last 3 years are as follows:

Table 6: Summary Financial Performance Information of BML

Description	2019	2020	2021
Revenue (USD million)	239	196	195
Net interest income (USD million)	198	157	155
Net interest margin	19.4%	14.9%	14.6%
Cost-to-income ratio	61.9%	70.7%	66.3%
Net loan book (USD million)	1,033	949	1,053
Borrowings (USD million)	1,107	1,111	1,129
Equity-to-total assets	15.5%	12.1%	12.9%

Description	2019	2020	2021
RoaA	3.4%	2.0%	1.1%
RoaE	18.6%	15.7%	7.5%
Cost of risk	2.2%	1.7%	1.8%
NPL ratio	4.6%	4.0%	4.0%
Tangible capital ratio	21.8%	19.2%	19.5%

BML is the parent company of the Bayport Group. The Bayport Group started its operations in Zambia in 2002 by introducing pay-roll lending to the mining labour union and expanded to other jurisdictions. BML has a demonstrated track record of growth and profitable expansion into new markets by "exporting the business model" and is now active in 9 countries (Ghana, Uganda, Tanzania, Mozambique, Botswana, Zambia, Columbia and Mexico including the associate company in South Africa. The details of the operational companies of the Bayport Group are as follows:

Table 7: Bayport Group

Name	Location	% of Voting Power	Comments
Bayport Financial Services Limited	Zambia	95.41%	
Bayport Savings and Loans PLC	Ghana	98.89%	This includes the one share held by Bayport International Headquarter Company (Pty) Ltd in Bayport Savings and Loans PLC
Bayport Financial Services Uganda Limited	Uganda	85%	This includes the one share held by Bayport International Headquarter Company (Pty) Ltd in Bayport Savings and Loans PLC
Bayport Financial Services (T) Limited	Tanzania	89%	This includes the one share held by BIHQ in Bayport Financial Services (T) Limited
Money Quest Investments (Proprietary) Limited	Botswana	98.31%	This includes the one share held by BIHQ in Money Quest Investments (Proprietary) Limited
Bayport Colombia S.A.	Colombia	67.6%	The Group indirectly holds the remaining 32.4% of Bayport Colombia S.A. by virtue of the following holdings in Bayport Colombia S.A.: ▪ Bayport Latin America Holdings Ltd – 4.3% ▪ BIHQ – 28.1% ▪ Actvest Ltd – one share Bayport Financial Services (USA) Inc - one share
Bayport Financial Services 2010 (Proprietary) Limited	South Africa	49%	
Bayport Financial Services Mozambique (MCB) S.A. (Sociedade Anonima)	Mozambique	95%	BIHQ holds 9528 shares in Bayport Financial Services Mozambique (Mcb) S.A

Name	Location	% of Voting Power	Comments
Financiera Fortaleza, S.A de C.V, SOFOM, E.N.R	Mexico	14.235%	Bayport Group holds 100% of Financiera Fortaleza, S.A de C.V, SOFOM, E.N.R by virtue of the following holding: Actvest Mexico S.A.P.I de C.V, E.N.R - 85.765%

6.4 GOVERNANCE STRUCTURE OF THE ISSUER

6.4.1 The Issuer Board

As at the date of this Prospectus, the Issuer Board is constituted by 8 Directors. The current members of the Issuer Board are as follows:

Table 8: Summary Information on Directors

Director	Position	Date of Appointment	Other Directorships
Francis Esem Wood	Chairman (Independent Director)	20 June 2019	Pawo Limited
Akwasi Aboagye	Chief Executive Officer	12 August 2021	Africa Sureties and Insurance Advisory Limited, Universal Merchant Bank Limited
David K.T. Adomako	Non-executive Director	24 September 2019	Najat Interiors Limited, Omega Real Estate Limited, Quad Capital Limited, Quad Energy Limited, Quad Oil. & Gas Limited, Amco Limited, Tanoil Limited
Emily Whelan Slota	Independent Director	11 August 2020	Hamanok Oka| Whelan (H.O.W Limited, High Security Treasury Fund Limited, High Return Cash Fund Plc, High Security Treasury Fund Limited, Liquid Financial Services Limited
Julia Anim Asante	Independent Director	8 April 2020	Amber Keye Investments Limited, Birim River Logistics Limited, KJA Utilities Limited, Lubritech Limited, Ntiamoah Foundation, Resolve Pictures Limited, The Embrace Society

Director	Position	Date of Appointment	Other Directorships
Amina Abugdanpokah Kaguah	Independent Director	8 April 2020	Edward Kaguah Foundation, Ghana Life Insurance Company Limited, IPC Petroleum Ghana Limited
Grant Colin Kurland	Non-executive Director	8 November 2021	Bayport Financial Services South Africa Bayport Financial Services Zambia Bayport Financial Services Uganda Bayport Financial Services Tanzania FIMSA Colombia Cashfoundry, UK Bayport Management Ltd Actvest (Mauritius) Actvest (South Africa) Bayport Financial Services Lesotho Bayport Financial Services Mozambique Money Quest Investment (Bayport Financial Services Botswana) Libraval SAS
Nothando Ndebele	Non-executive Director	8 November 2021	Bayport Botswana (Moneyquest Investments) Bayport Mozambique Bayport Tanzania

The profile of the Directors are as follows:

(a) **Francis E. Wood, Independent Director, Ghanaian, 61 years**

Mr. Wood has been the chairman of the Issuer since 2019.

He was a London-based investment banker since 1995 and, before that, an architect in U.S. for 10 years. After business school, Francis joined Merrill Lynch to focus on raising capital for clients in emerging markets. His progression through other firms (e.g. Lehman Brothers, Credit Suisse) led to a role in 2007 as Head of IBG (Investment Banking Group) within First City Monument Bank (FCMB) in Nigeria. FCMB achieved Euromoney's awards for Best Investment Bank and Best Equities House during his tenure, the first Nigerian institution to be awarded by Euromoney. He later returned to a role in London as Managing Director at Barclays Wealth and Investment Management division. Previously, Francis practiced as a registered architect in the US tri-State area of Washington D.C.-Maryland-Virginia managing commercial and mixed-use projects at firms such as Swanke Hayden & Connell, and Ellerbe Becket Inc. He holds an MBA from London Business School and degrees in Architecture from McGill University.

(b) **Akwasi Aboagye, Executive Director, Ghanaian, 39 years**

Mr. Aboagye is a chartered accountant with over twelve years' experience in credit, finance, risk, operations and strategy from working in multinationals across Africa in diverse senior managerial roles. He has led various key projects including implementations of an application fraud risk detection system as well as a complex dealing system for treasury & markets and was also the IFRS 9 lead for the business.

Prior to his appointment he worked with AgDevCo Ghana Limited a UK owned impact Investor in Agribusiness where he was the Finance Manager for Ghana and Sierra Leone.

(c) **David K.T. Adomako, Non-executive Director, Ghanaian, 56 years**

Mr. Adomako is a former investment banker with JP Morgan Chase where he spent 12 years before establishing Tiso Group, a leading investment holding company in South Africa. In 2001, he co-founded Tiso Group where he served as its Managing Director. He was also a founding trustee of Tiso Foundation, a charitable public benefit organisation.

He currently serves as chairman of Tiso Blackstar Group, owner of South Africa's premier English-speaking media publishing group, and is a non- executive director of Kagiso Tiso Holdings, a leading privately held investment holding company. Until 2017, he served as a non-executive director of Nedbank Group and Nedbank Limited, Africa's fourth largest banking group. In addition, he has previously served as a non-executive director for a number of leading companies in South Africa, Nigeria and Ghana.

Mr Adomako holds a Bachelor of Science degree (Honours) from the London School of Economics, and is a World Fellow of the Duke of Edinburgh International Award.

(d) **Emily Whelan Slota, Independent Director, American, 39 years**

Mrs. Slota founded a start-up in 2016, in Ghana, which is involved in developing cutting edge financial technology. Emily has been an Associate Principal at Mckinsey & Co since 2012, where she developed a digital banking strategy for a West African bank and went on to support, build and launch an entirely digital bank in West Africa. She was involved in driving implementation of branch transformation for a West African bank that led to 50% reduction in wait time, significant uptick in salesforce effectiveness, and 40% increase in transaction banking revenues. She has experience working in Nigeria, India and Tanzania.

Emily holds a Master of Science degree in Business Administration and in Public Administration- International Development from Harvard Business School, and a Bachelor of Arts degree in Economics and Administration from Stanford University.

(e) **Julia Asante, Independent Director, Ghanaian, 49 years**

Mrs. Asante Anim is currently the Chief Executive Officer of Amber Keye Investments limited, a Financial Advisory and Strategic Planning firm. An expert in Corporate and Investment Banking, Risk Management and Strategic Planning, she has achieved with over 12 years extensive experience and knowledge of the financial services industry.

Prior to co-founding Amber Keye Investments, Julia worked with Stanbic Bank Ghana LTD, SG Ghana and UMB Bank, encompassing various roles in risk, treasury, and relationship management; Barnett Rose Estates in the Real Estate sector; Kenbert Mines in the mining sector; Lubritech in the Lubes and Lubricants sector; and Institute for Fiscal Studies in the Research and Professional services sector. She volunteers with the Helena Quist Foundation and the Ntiamoah Foundation. She sits on boards across the hospitality, mining, real estate and not-for- profit sectors. Julia is an alumnus of Cass Business School, London, UK where she obtained an MSc in Banking and International Finance in 2003. She received her Bachelor of Engineering in 1997 from the Queen Mary and Westfield College, University of London.

(f) **Amina Abugdanpokah Kaguah, Independent Director, Ghanaian, 52 years**

Mrs. Kaguah is the Managing Partner of ENS Africa Ghana (previously Oxford and Beaumont Solicitors) She is also the head of Corporate and Commercial Practice of the firm.

Amina has over 20 years' post-qualification experience in corporate and commercial law practice with specific expertise in labour and employment law, capital markets, mergers and acquisitions, telecommunications, intellectual property and tax. Prior to Oxford and Beaumont, Amina was a Senior Associate for 8 years at Bentsi-Enchill, Letsa and Ankomah. Amina is a notary public. She holds degrees from the University of Ghana and Ghana School of Law.

(g) **Grant Kurland (Non-executive Director), South African, 51 years**

Grant co-founded Bayport Management Ltd (BML) with Stuart Stone in 2002. Until 2020 Grant was Co-CEO of BML.

Grant started his career at Nando's in 1992 where he developed Nando's franchises internationally, including several African countries. In 1999, he joined Credit Direct, a micro-credit operation, which was acquired by African Bank Investments Limited (ABIL) in 2000. Grant was appointed the head of sales at ABIL, and was responsible for designing its branch and mobile business models, which have become the benchmark in the South African micro-lending industry.

(h) **Nothando Ndebele, Non-executive Director, South African, 48 years**

Nothando is CEO Bayport Africa responsible for growth and strategy of 6 African countries within the BML group. She joined BML in 2019 as Executive Head of Global Capital Markets.

Prior to joining BML she was a Managing Principal in Absa Group as Head of Financial Institutions Group (FIG). Nothando has over 20 years of experience in financial services with a strong focus on corporate finance, advisory, corporate banking, investment research, analysis, valuation and portfolio management. Her work has given her exposure to capital markets and financial services across various countries and continents.

6.4.2 Committees of the Issuer Board

The Issuer Board has 2 committees. The details of the committee are as follows:

Table 9: Issuer Board Committees

Committee	Areas Covered	Committee Members
Audit	▪ systematically analysing and evaluating business processes and associated controls ▪ providing a source of information regarding instances of fraud, corruption, unethical behaviour and irregularities ▪ evaluating the Issuer's governance processes including ethics ▪ performing an objective assessment if the effectiveness of risk management and the internal control framework including AML/CFT	▪ Amina Kaguah (Chairperson) ▪ Emily Slota ▪ Nothando Ndebele
Risk	▪ reviewing, establishing and recommending to the Issuer Board on an annual basis or more frequently, the risk appetite as well as access to appropriateness of the corporate plan in the context of the risk appetite ▪ reviewing the risk management profile of the Issuer to manage and mitigate risk within the approved strategy and make recommendations to the Issuer Board for approval ▪ reviewing and challenging the risk assessment and measurement of key risk including AML/CFT and information systems risk within the Issuer	▪ Julia Asante (Chairperson) ▪ David Adomako ▪ Nothando Ndebele

Committee	Areas Covered	Committee Members
	▪ monitoring and advising the Issuer Board on the risk profile of the business ▪ reviewing the risk reports issued by management of the Issuer to ensure all limits approved by the Issuer Board are being complied with ▪ reviewing key performance indicators on risk and controls and compliance and advising the Issuer Board ▪ reviewing the risk portfolios and concentrations in line with tolerance limits approved by the Issuer Board ▪ reviewing current risk exposures and future risk strategy, considering the macro-economic environment ▪ monitoring significant litigation including receipt and consideration of litigation report ▪ oversight responsibility in respect of the Issuer's information technology use and protection (including but not limited to cybersecurity, data governance, privacy and compliance)	

6.4.3 Other Director matters

(a) **Conflict 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 are not permitted to subscribe for the Bonds.

(b) **Directors' interest in the shares of the Issuer**

None of the Directors holds any of the issued shares of the Issuer.

(c) **Directors' remuneration & benefits**

The breakdown of the remuneration and benefits paid to the Directors and key management of the Issuer from 2019 to 2021 is as follows:

Table 10: Director's Remuneration

Remuneration to Directors	2019	2020	2021
Director fees (GHS)	650,731	862,616	929,538
Other benefits	None	None	None
Key management emoluments (GHS)	5,935,261	6,318,954	5,939,185
Total	**6,585,992**	**7,181,570**	**6,868,723**

6.4.4 Management of the Issuer

(a) The current members of the management team of the Issuer are as follows:

Table 11: Issuer's Management Team

Name	Role	Responsibility
Akwasi Aboagye	Chief Executive Officer	People & Culture, Business Growth & Strategy, Credit management
Dzifa Cofie	Chief Finance Officer	Finance, Liquidity Management, Investor Relations
Allen Jubin	Chief Commercial Officer	Business Transformation, Sales and Operations

(b) **Profiles of managers of the Issuer**

(i) **Akwasi Aboagye**

Mr. Aboagye is a chartered accountant with over 12 years' experience in credit, finance, risk, operations and strategy from working in multinationals across Africa in diverse senior managerial roles. He has led various key projects including implementations of an application fraud risk detection system as well as a complex dealing system for treasury & markets and was also the IFRS 9 lead for the business.

Prior to his appointment to Bayport in 2018 he worked with AgDevCo Ghana Limited a UK owned impact Investor in Agribusiness where he was the Finance Manager for Ghana and Sierra Leone.

(ii) **Dzifa Cofie**

Dzifa is a chartered accountant with 2 decades of experience gained in finance, audit and strategy from working in various companies mainly multinationals, in diverse senior managerial roles. Her career began with PwC Ghana in 1999 as an associate and rose through the ranks to Manager in the Advisory Services line of business. During her time with PwC Ghana she carried out various assignments including year-end financial audit, financial due diligence review, review, design and implementation of business process and controls in compliance with Sarbanes Oxley. Prior to her appointment to Bayport in 2018 she worked with A-Plus Life Assurance a wholly owned Ghanaian business as Executive Director and Chief Finance Officer.

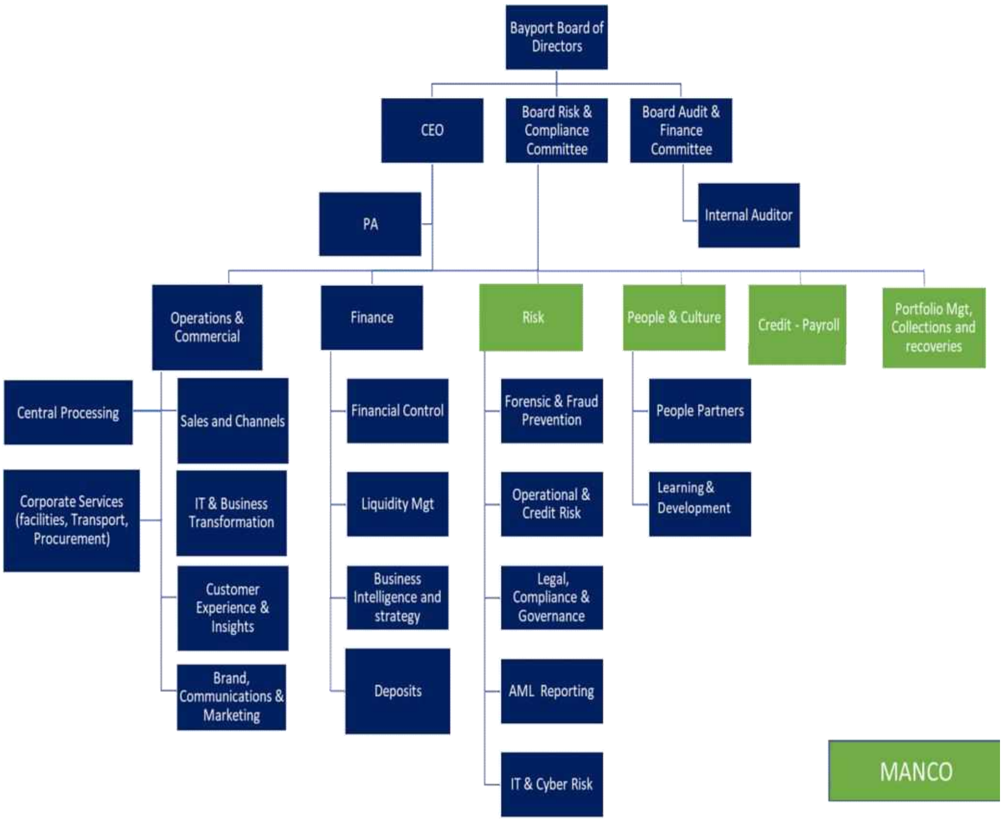
(iii) **Allen Jubin**

Allen joined Bayport in 2014 as a Business Transformation Consultant and has over 20 years' C-level experience in assets management, investment banking and technology.

Prior to joining Bayport, Allen worked with ING Barings, Barclays Capital, ABN AMRO and T-Systems.

He holds a Bachelor of Science (Hons) degree in Business and Information Systems from the University of East London, United Kingdom. He is a member of the British Computer Society and holds certificates in investment management.

Diagram 1: Organisational Structure of the Issuer



6.4.5 Corporate governance

The Issuer is committed to the principles of good corporate governance and their implementation. The Issuer believes that full disclosure and transparency in its operations are in the interest of good governance. The Issuer adopts standard accounting practices and implements sound internal controls to ensure the reliability of the financial statements.

6.4.6 Internal control systems

The Issuer Board is responsible for putting in place such internal controls as it determines are necessary to ensure:

(a) efficiency and effectiveness of operations;

(b) safeguarding of the Issuer's assets (including information);

(c) compliance with applicable laws, regulations and supervisory requirements; and

(d) reliability of reporting /behaving responsibly towards all stakeholders.

The Issuer Board has established an internal control system for identifying, managing and monitoring risks including controls related to financial, operational and reputational risks. These are designed to provide reasonable assurance that risks faced by the Issuer are reasonably controlled.

The Issuer Board annually reviews the effectiveness of internal controls, including a review of financial, operational, compliance and risk management controls. The systems are designed to manage rather than eliminate the risk of failure to achieve business objectives and to provide reasonable, but not absolute, assurance against material misstatement or loss.

The systems of internal control are implemented and monitored by appropriately trained personnel, with clearly defined duties and reporting lines.

6.4.7 Risk management structure

The Issuer Board has established a risk management framework for the Issuer and are responsible for monitoring compliance with the Issuer's risk management policies and procedures, and for reviewing the adequacy of the risk management framework in relation to the risks faced by the Issuer.
The Issuer Board gains assurance in relation to the effectiveness of internal control and risk management from summary information in relation to the management of identified risks and a detailed review of the effectiveness of management of selected key risks. This ensures that the Issuer Board understands the Issuer's key risks and risk management capability, sets standards on governance and compliance and provides assurance over the quality of the Issuer's internal control and management of key risks.

The Issuer's risk management policies are established to identify and analyse the risks faced by the Issuer, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in the Issuer's environment.

The Issuer Board has oversight responsibility relating to establishing policies, standards and guidelines for risk management and compliance with legal and regulatory requirements in the Issuer.

6.5 Overview of the business of the Issuer

6.5.1 Business strategy

The Issuer is currently positioned as the leading deduction at source lender in the Ghanaian market. Its future strategy is based on 2 pillars: (i) compete and lead through digitisation and (ii) sustaining business growth though the expansion of scalable, profit accretive products.

6.5.1.1 Compete and lead through digitisation

The focus will be to continuously improve rolled out application experience for efficient and quick delivery of service to all our customers. In the next year a customer self service access to loan application will be rolled out. This will allow the business to grow and effectively compete in the lending space.

6.5.1.2 Sustaining business growth through expansion of scalable, profit accretive products

The first limb of the Issuer's development strategy is to sustain business growth within the deduction at source lending market and drive market growth. This will be achieved through the further expansion of its market share, focus on existing customer retention, product innovation, price competition, loan book acquisition and cost efficiency.

(a) **Market share**

Currently, the Issuer accounts for about 17% of the payroll-based lending market in Ghana.[4] To expand its market share, the Issuer believes it needs to focus on product innovation within the deduction at source lending space.

[4] Based on collections effected at source - Controller Accountant General's Department (CAGD). As at June 2022, there exists over 700 institutions receiving collections off the CAGD's payroll base. This includes Banks, NBFIs, Specialised Deposit-Taking Institutions, Credit Unions, Associations, Enterprises, and ventures among others. Because the Issuer operates within the financial lending space, the tall of list of institutions is narrowed down to lenders only – institutions licensed to operate as financial institutions. A percentage of the Issuer's total value of deduction is struck against total value of deductions for all lenders.

(b) **Customer retention**

Customer retention is central to the Issuer's strategy of consolidating its existing market share. The Issuer aims to establish itself as the first choice financial services provider to its existing customers. Central to this will be the Issuer's ability to cross-sell new products to those customers, its use of customer data to offer customised, preferential product rates based on good customer repayment behaviour and offer re-financing and extension opportunities on existing loan products. To do this, the Issuer recognises the need to invest in people and technology to be able to offer its clients differentiated pricing based on behavioural data.

(c) **Price competition**

The Issuer's management believes that pricing will continue to be increasingly important in retaining market share and growing the business. In order to achieve its competitive pricing objective, the Issuer plans to leverage operational cost efficiencies, innovation and its balance sheet strength. The Issuer recognises, however, that while it must compete on pricing, it should not be relied upon to be the Issuer's defining competitive characteristic.

(d) **Cost efficiency**

Driving cost efficiency within its business is a key theme for the Issuer, in particular as its market and offering grows. The Issuer believes that cost efficiencies will come from retaining its existing customers and being able to offer them a wider range of products, and from using quicker and more efficient credit decisioning and disbursement technologies.

6.5.2 Competition

Competition is intense in the Issuer's target markets. In the payroll-based lending market, universal banks such as Bank for Africa, Universal Merchant Bank, Standard Chartered Bank Ghana Plc, Absa Bank Ghana and GCB Bank Plc are entering the market, bringing with them brand, cheaper funding options and technology.

The Issuer views its key competitors to be Izwe Savings and Loans Plc, Dalex Finance & Leasing Limited and Letshego Ghana Plc.

6.5.3 Competitive strengths

Despite increased competition in Ghana, the Issuer believes it has a number of proven strengths which will allow it to remain competitive. The following are the key elements which will ensure the Issuer remains competitive:

6.5.3.1 Group structure and support

The Issuer is one of a number of companies within the Bayport Group, all of which offer similar, if not the same, financial products. This, management believes, is a key competitive advantage. Members of the Bayport Group, including the Issuer, benefit from the funding offered by BML, the shared knowledge and experience that sits within the management of BML and the transfer of learning and best practices across the businesses within the Bayport Group. Management believes that the Issuer can learn from the experiences of other members of the Bayport Group and apply to Ghana some of the practices developed in the other countries in which the Bayport Group companies operate. The focus and the similarity of product offering, and operating model used across the countries in which the Bayport Group operates, creates synergies and dynamism which the Issuer believes is not shared by other financial service providers operating in Ghana

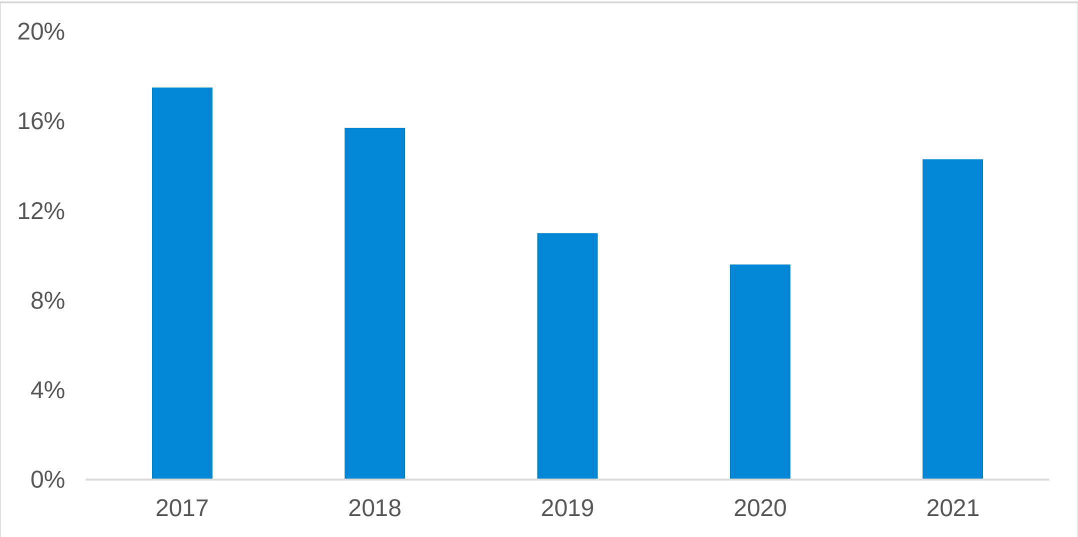
6.5.3.2 Management

A number of the Issuer's management hold positions in different companies across the Bayport Group, which allows those individuals to transfer knowledge and best practices to the Issuer. Group-level skills and experiences feed down to enhance the operation, efficiency and direction of the Issuer's business. The Issuer believes that these skills, combined with its in-country team management team, provide it with a skill-set that places it at the leading edge NBFIs in Ghana.

6.5.3.3 Quality of loan-book

The Issuer believes that its strategy and careful approach to lending is reflected in the quality of its loan-book. The relatively small number of defaults and non-performing loans in its loan portfolio is, the Issuer believes, a strength which will allow it to expand its lending operations and to further expand its product offering.

Diagram 2: Historical Non-Performing Loans Ratio



6.5.3.4 Risk management

The Issuer believes that its robust customer identification and verification procedures, its focus on affordability calculations, collection procedures that are effectively “hard-wired” into the payroll process to allow collection of repayments before the customer receives his salary, and the institutionalised culture of not over-lending to customers, combine to create an environment where customer delinquency is minimised and non-performing loans are in the manageable minority. In a market which the Issuer believes has significant growth potential for the products and services it offers, the Issuer believes that these values will allow it to develop sustainably and with less risk than those entities which prioritise growth without the corresponding risk management processes, giving it a competitive advantage over the medium to long-term.

6.5.3.5 Target clients and offered products

In the view of the Issuer, the fact that the Issuer’s current core business is payroll-based lending to public sector employees is a competitive strength in that the roles of public sector employees and their incomes are relatively secure and regular, compared to workers within the private formal and informal sectors. These factors ensure that delinquency rates remain relatively low, and allow the Issuer to build longer-term customer relationships, which will, it believes, offer the opportunity for refinancing and the marketing of new products.

6.5.3.6 Geographical cover

The Issuer’s geographical coverage offers a key competitive advantage over other comparable institutions in the Ghanaian market. The existing spread of its branches across the country, combined with the coverage offered by its agents, provides the Issuer with lending opportunities not available to its competitors with fewer or more centralised branches.

6.5.3.7 Innovation

The Issuer seeks to innovate in the markets in which it operates. It aims to innovate in terms of its approach to lending, its product offering, its distribution channels and collection channels. The Issuer believes that its size, the synergies offered across the companies within the Bayport Group and the Bayport Group’s corporate ethos of entrepreneurialism, drive a spirit of innovative responses to market opportunities.

6.5.3.8 Brand

The Issuer believes that the value of its brand is considerable within Ghana. The Issuer’s focus on responsible lending and stable and consistent operating practices is, the Issuer believes, helping to build the Bayport brand into one that resonates integrity, responsibility and consistent performance. The Issuer believes that it can harness the values associated with its brand in helping it to differentiate its operations from those of its competitors.

6.5.3.9 Culture

The Issuer believes that it has created a strong culture based on a high quality product offering and corporate responsibility. This commitment means that the customer and the wider community will be the ultimate beneficiaries of the Issuer's high standards. However, the Issuer believes that an important by-product of its way of working is the development of a corporate ethos which will allow it to attract and recruit the highest quality of employees who will further the Issuer's aims of developing a successful business which is underpinned by integrity and high standards.

6.5.4 Development of the Issuer's business

The Issuer's business in Ghana has developed significantly. Its net worth has increased from GHS 131,498,298 in 2017 to GHS 163,143,461 in 2021. In the same period, its net loan book has increased from GHS 438,991,286.98 to GHS 682,639,563.63. Branch numbers have reduced from 53 in 2017 to 10 in 2021 in line with business optimisation and digitisation to heighten customer experience. Meanwhile, balance sheet assets have grown from GHS 538,973,768 to GHS 789,879,663.

Diagram 3: Number of Loans Disbursed

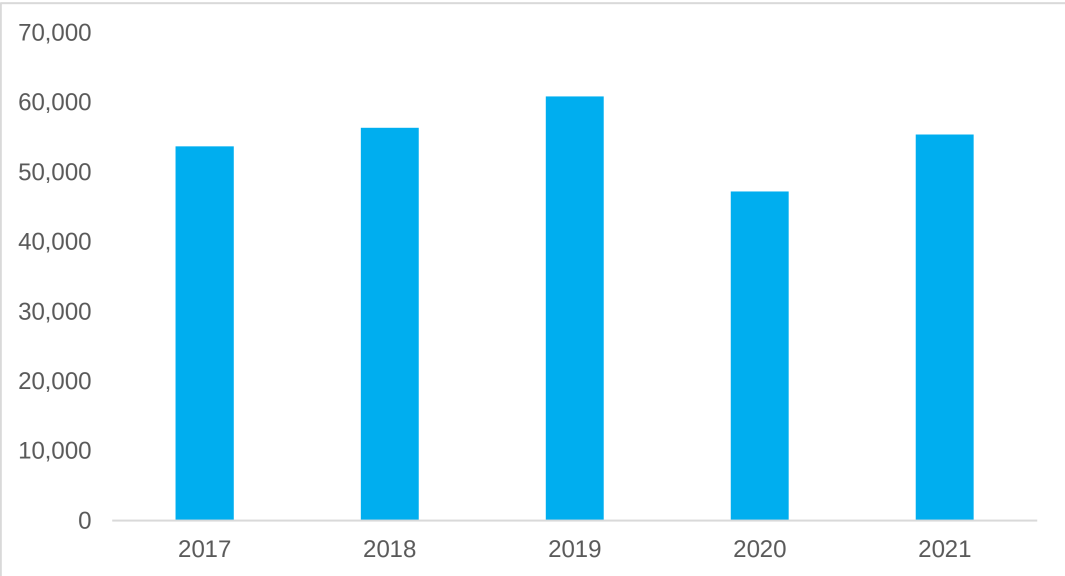


Diagram 4: Value of Loans Disbursed (GHS)

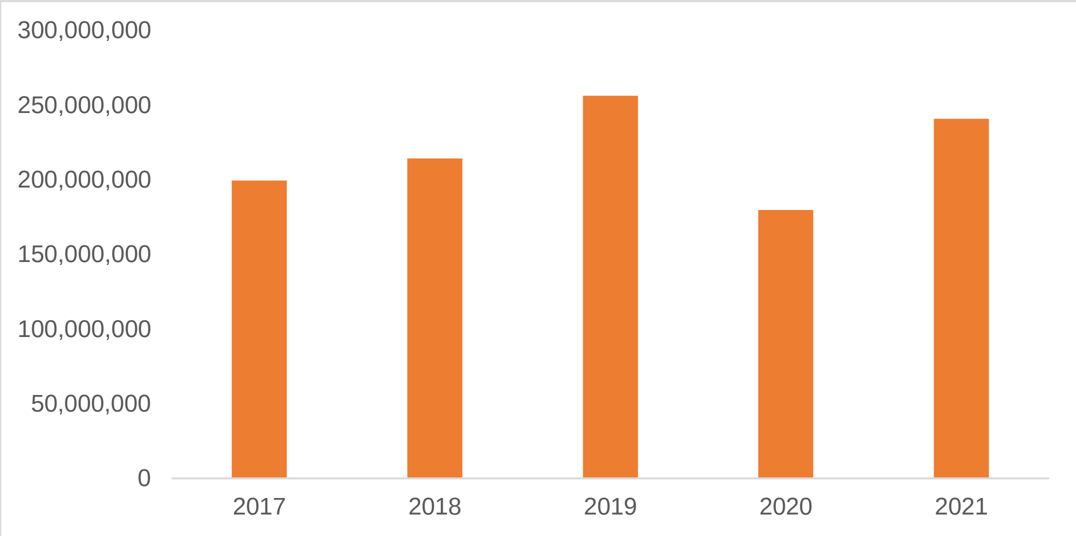
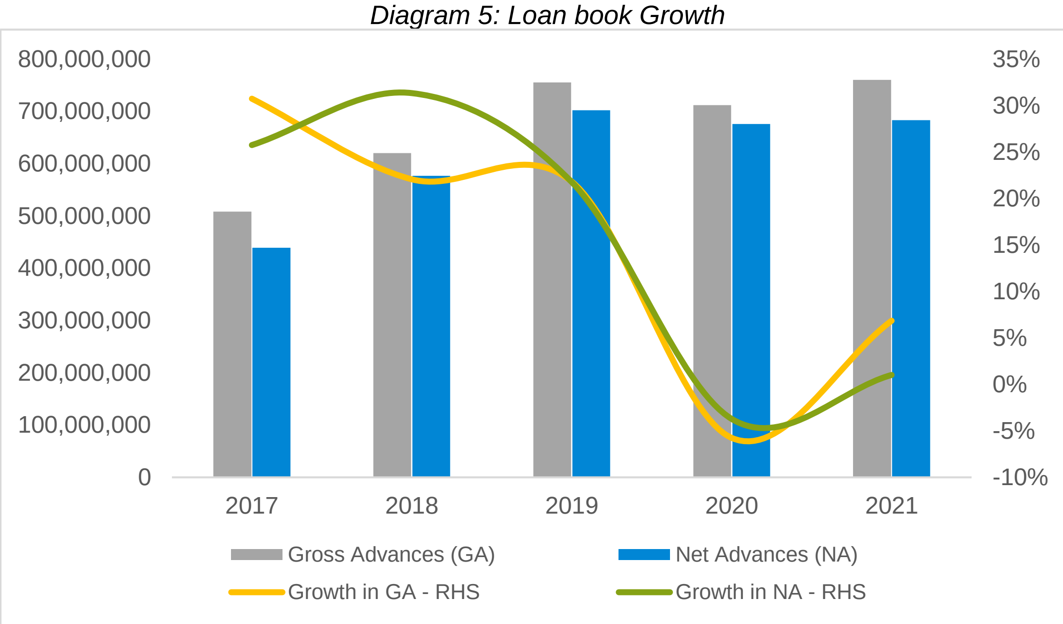


Diagram 5: Loan book Growth



The Issuer's business in Ghana is payroll lending and credit life.

(a) **Payroll lending**

Payroll lending was the first business line introduced by the Issuer in Ghana and is at the core of the Issuer's business in the country. It is supported by a large number of well trained staff, strong disbursement and collection procedures and is underpinned by shared know-how and experience within the rest of the Bayport Group.

Further details of the payroll loan product offered by the Issuer can be found in Section 6.5.9 (*Lending products*) below.

(b) **Credit insurance**

The Issuer provides optional credit insurance in the form of its credit life offering. Credit life offers the Issuer's customers the opportunity to insure their loans against loss of earnings resulting from death, disability, illness or involuntary retrenchment.

The breakdown of the Issuer's total revenue (by category of activity and market) from 2019 to 2021 is as follows:

Table 12: Breakdown of Total Revenue

	2019	2020	2021
Credit Life Income	4,092,538	3,999,524	3,822,198
Payroll Interest Income	243,841,518	269,148,963	269,710,823
Retail Interest Income	15,983,017	22,314,342	20,132,565
Other Income	2,822,925	3,176,301	3,528,278
Total	**266,739,997**	**298,639,130**	**297,193,865**

6.5.5 Customer base

The Issuer's customer base in Ghana is heavily concentrated in the civil and public service which happens to be the largest employment category (approximately 94% of customers) with the remainder (approximately 5% of customers), spread across quasi-government and parastatals. Non-public sector customer base hasn't been constituted in these numbers due to a shutdown of the retail business in May if 2021.

6.5.6 Distribution channels

The Issuers distributes its products mainly through its 10 branches where it provides the full banking suite as prescribed by regulation. However, Bayport has additional 33 sales centres solely for payroll sales.

Table 13: Distribution of the Issuer's Branch Network and Sales Centres in Ghana

Region	Number of Branches
Greater Accra	2
Ashanti	1
Bono	1
Eastern	1
Northern	1
Upper West	1
Volta	1
Western	1
Central	1
Total	**10**

Region	Number of Sales Centres
Greater Accra	2
Ashanti	6
Bono	2
Bono East	4
Brong Ahafo	1
Central	3
Eastern	4

Region	Number of Branches
Northern	2
Oti	1
Savana	2
Upper East	2
Volta	2
Western	4
Upper West	3
Total	**38**

6.5.7 Revenue

The Issuer generates revenue by means of interest income on the loans it disburses and administrative fees for the arrangement of the loan. The Issuer also earns commission on insurance products that it offers. Interest rates and fees charged are market driven and competitive.

6.5.8 Funding of operations

The Issuer funds its operations by means of customer deposits, bonds, bilateral borrowing, equity and debt funding from BML and income generated from its product offering.

6.5.9 Lending products

The Issuer's lending products are as follows:

6.5.9.1 Payroll loans

The Issuer's key product in the Ghanaian market is the payroll loan. This product allows an individual to borrow against his future salary earnings. Repayment of principal and interest are deducted directly from the customer's salary on a monthly basis at source, so that the customer will receive his salary net of repayments owed to the Issuer.

The loan process involves a parent agreement between the Issuer and the customer's employer setting out the modalities of operation. A loan agreement between the customer and the Issuer is also established. The loan underwriting process involves the customer providing specific identification and employment documentation including salary information as a basis for determining their eligibility for the loan amount applied for. The Issuer's Credit Life offering ensures that the customer's outstanding loan amounts are repaid to it should the customer be retrenched, become disabled, pass away or suffer an incapacitating disease. Should a customer voluntarily resign from their position, the Issuer will collect on the loan via debit order or alternatively, agree another off-payroll process with the customer through which it will attempt to recover the outstanding amount under the loan The median term of payroll loans in terms of value is 51 months The average amount disbursed is GHS 5,427.

All loans disbursed are denominated in GHS and are fixed rate products.

6.5.10 Deposit products

The Issuer began its deposit taking activities in August 2014. The Issuer has a fixed deposit account called BayPlus which pays interest at a fixed or negotiated margin above the government's treasury bill with the aim of providing stable funds to fund its loan book. Customers are able to open a fixed deposit account with an initial investment amount of not less than GHS 500.

6.5.11 Insurance products

The Issuer provides credit insurance in the form of its credit life offering. Credit life offers the Issuer's loan customers the opportunity to insure their loans against loss of earnings caused by death, disability, illness or unemployment.

6.5.12 Loan usage

The Issuer's customers use loans primarily for personal consumption including education and home improvement purposes.

6.5.13 Lending policies

The Issuer's lending policies are as follows:

(a) **Responsible lending**

Responsible lending is at the core of the Issuer's operations. As well as being one of its ethical pillars, responsible lending is built into the credit underwriting process. The Issuer is focused on avoiding clients becoming over-indebted as a result of its loan offering and has instituted checks to ensure that customers are not unduly overburdened by the loan repayment.

(b) **Loan approval**

The average turnaround time for the disbursement of a valid loan application is 30 minutes. The introduction of the Third Party Referencing System (TPRS) by the Controller and Accountant General's Department payroll provides third parties like the Issuer easy access to authentic customer information and account management. This is expected to result in faster and easier loans processing compared with the previous manually driven process. There are, however, teething challenges such as arbitrary blocking of customer affordability by third parties that are being addressed.

Ineligible loan applicants who are automatically excluded from borrowing include applicants who will exceed the statutory retirement age at the time of loan maturity, under 18 years of age, applied for voluntary retrenchment, been in employment for less than 3 months, rehabilitated insolvent and contract or seasonal workers. Loans are disbursed by direct payment into customers' account by cheque, in cash, or a combination of these.

(c) **Loan recovery**

Upon receipt of the payment schedule from the employer of the client, the individual accounts of all employees are credited with the payments per the schedule. For all non-payments, 2 actions happen simultaneously:

- a schedule of all non-payments is prepared and sent to the various employers for feedback on the reasons for non-payments; and
- all customers with completed direct debit forms are activated directly through their banks or through the automated clearing house platform via our sponsoring banks.

If deemed as administrative, the issue is generally resolved directly with the employer, without recourse to the customer. If the reason for the delay is one of credit, then a centralised arrears management team will attempt to contact the customer to resolve the issue and recover the loan. For customers whose telephone numbers have changed and we are unable to contact them, the details are given to field collectors to assist in tracing them. When all these measures fail, the data is sent to external debt collectors, who assist in the recovery of the loans.

(d) **Classification and provisioning of loans**

(i) Classification

The Issuer monitors loans according to the categories set out below which reflect respective recovery capabilities and customers' creditworthiness levels, having regard to the procedures and principles established by Ghanaian law:

Table 14: Classification of Loans

No	Responsibility
1	standard performing
2	performing active 1-2
3	performing active 3-4
4	non-performing
5	doubtful
6	bad

Classifications 1-3 above are loans which fall into in the performing category while classifications 4-6 are non-performing loans.

(ii) Provisioning

Provisions are determined by testing the loan portfolio in 3 ways:

- by recency, which is a measure of when payment was last received on the loan;
- by aging, which indicates how many days a loan is in arrears; and
- by reasoning, which explains why payments have been missed on a loan.

Provisions are then tested periodically on a recoverability basis.

6.6 ISSUER DISCLOSURES

6.6.1 Related Party Transactions

As at the date of the Prospectus, the Issuer has entered into the following related party transactions:

Table 15: Trading Transactions

Interest expense	**2017**	**2018**	**2019**	**2020**	**2021**
BML	1,702,524	1,904,116	-	-	-
BIHQ	-	8,444,297	25,789,508	44,919,086	27,348,803
Total	**1,702,524**	**10,348,413**	**25,789,508**	**44,919,086**	**27,348,803**
Professional fees					
Actvest (Proprietary) Limited	-	5,461,022	4,064,537	4,767,988	5,224,863
Total	**-**	**5,461,022**	**4,064,537**	**4,767,988**	**5,224,863**

Table 16: Amount Due to Related Parties (Other Liabilities)

Other liabilities	**2017**	**2018**	**2019**	**2020**	**2021**
BML	6,228,900	11,041,929	15,543,826	70,675	143,601
Actvest (Proprietary) Limited	3,264,827	4,126,589	2,144,638	481,632	1,341,485
Bayport Financial Services Ltd ("Zambia")	-	37,885	-	-	-
Total	**9,493,727**	**15,206,403**	**17,688,464**	**552,307**	**1,485,086**

Table 17: Amount Due to Related Parties (Shareholder Loans)

Loans from shareholder	**2017**	**2018**	**2019**	**2020**	**2021**
BIHQ	-	73,931,002	175,133,041	142,380,666	68,019,722

Table 18: Compensation to Directors and Other Key Management

	2018	**2019**	**2020**	**2021**
Short-term employee benefits	2,978,471	3,028,457	2,816,572	1,918,928
Post-employment benefits	168,833	170,000	170,000	130,001
Total	**3,147,304**	**3,198,457**	**2,986,572**	**2,048,929**

6.6.2 Subsidiaries and Affiliates

As at the date of the Prospectus, the Issuer has no subsidiary. The affiliates of the Issuer are as indicated under Section 6.3 (*Profile of significant shareholder of the Issuer*) above.

6.6.3 Indebtedness of the Issuer

The tables below set out the existing indebtedness of the Issuer as at 31 December 2021. The Issuer will primarily fund repayment of these obligations through collections from loans to its customers and proceeds from bond issuances under the Programme. An inability to access funds may result in an inability to finance its operations. To mitigate this risk, standby facilities are maintained to provide strategic liquidity to meet unexpected and material cash outflows in the ordinary course of business. The funding base chiefly comprises a combination of (i) corporate and institutional deposits, (ii) retail deposits, (iii) funding from BML, and (iv) bank overdraft facilities. Information on the Issuer's projected cash flow is provided on page 166 of the Prospectus.

Table 19: Indebtedness of the Issuer under the Expired Bond Programme

Tranche	Tenor	Issue Date	Maturity Date	Principal Amount (GHS)	Interest accrued (GHS)	Security Status
7	5-Year	23/08/2017	23/08/2022	35,000,000	2,512,329	Senior Unsecured
8	5-Year	11/10/2017	11/10/2022	11,325,860	508,889	Senior Unsecured
11*	3-Year	27/06/2019	27/06/2022	25,667,500	77,354	Senior Unsecured
12	3-Year	30/09/2019	30/09/2022	41,248,000	2,312,148	Senior Unsecured
13	3-Year	24/06/2021	24/06/2024	38,369,000	150,848	Senior Unsecured
14	5-Year	24/06/2021	24/06/2027	36,535,000	150,995	Senior Unsecured

**As of the date of this prospectus, the Issuer has redeemed Tranches 7 and 11*

Table 20: Indebtedness of the Issuer under Unsecured Bilateral Facilities

Lender	Type of Facility	Agreement Date	Maturity Date	Principal	Outstanding Amount
CalBank PLC	Term Loan	30/09/2021	30/11/2026	GHS 60,000,000	GHS 30,000,000
Universal Merchant Bank LTD	Overdraft	08/11/2021	30/11/2022	GHS 10,000,000	GHS 9,799,324
Stanbic Bank Ghana LTD	Term Loan	26/09/2018	31/05/2023	GHS 145,000,000	GHS 145,000,000
Blue Orchard Finance 1	Term Loan	18/07/2018	20/07/2023	GHS equivalent of USD 3,500,000	GHS 8,376,382
Blue Orchard Finance 2	Term Loan	30/08/2018	04/09/2023	GHS equivalent of USD 2,000,000	GHS 4,769,889

Lender	Type of Facility	Agreement Date	Maturity Date	Principal	Outstanding Amount
Regional Education Finance Fund for Africa	Term Loan	18/07/2018	20/07/2023	GHS equivalent of USD 5,500,000	GHS 9,573,152
Overseas Private Investment Corporatio n (OPIC)	Term Loan	21/08/2018	10/08/2022	GHS equivalent of USD 7,100,000	GHS 43,019,722
BHIQ Loan	Subordinated Term Loan	01/03/2018	31/03/2030	GHS 25,000,000	GHS 25,000,000

As at the date of this Prospectus, the Issuer has not created any security over its assets.

6.6.4 Employees

As at the date of this Prospectus, the Issuer has 148 permanent employees and 146 contract staff.

Table 21: Summary Information on the Issuer's employees

	2019	2020	2021
Permanent	434	230	177
Contract	202	121	130
Total	**636**	**351**	**307**

6.6.5 Insurance

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

Table 22: Insurance policies

Policy type	Asset/interest covered	Insured value
Assets-all-risk insurance	Furniture and fittings, it and office equipment situated at 39 of the Issuers branches and centres set out in the policy	GHS 2,082,639.09
Directors and officers liability insurance	Indemnity against losses arising from any claim against directors/officers during the insurance period by reason of wrongful act in their lawful capacities as directors/officers	GHS 1,500,000
Public liability insurance	Public liability in respect of the Issuer's head office and 32 branches and centres set out in the policy	GHS 1,000,000
Cash in transit insurance	Cash in transit for the Issuer's branches and centres set out in the policy	GHS 500,000
Motor insurance	Comprehensive	GHS 350,000 per accident
Motor Insurance	Third party	GHS 350,000 per accident

6.6.6 Intellectual property

The Issuer has not registered any all trademarks, logos and copyrights. It has, however, entered into a technical services agreement dated 26

September 2017 with Actvest Proprietary Limited (as the service provider) for the provision of specified services. The agreement has been duly registered with the Ghana Investment Promotion Centre.

6.6.7 Immovable property

The Issuer leases all of the real estate it uses for its operations. The Issuer maintains an all-assets-risk insurance policy on its assets. The details of the Issuer's leasing arrangements in respect of its business premises are as follows:

Table 23: Immovable properties

No.	Name of Branch/Centre	Commencement Date	Expiry Date	Duration
BRANCHES				
1	Berekum	1 November 2020	31 October 2022	24 months
2	Cape Coast	1 December 2020	30 November 2022	24 months
3	Head Office	15 November 2020	14 November 2023	36 months
4	Head Office Annex	24 February 2019	25 February 2023	48 months
5	Ho	1 January 2019	31 December 2022	36 months
6	Koforidua	1 January 2021	31 December 2025	60 months
7	Kokomlemle	1 August 2021	31 July 2023	24 months
8	Nkawkaw	1 January 2014	31 December 2031	204 months
9	Sunyani	1 June 2022	31 May 2026	48 months
10	Takoradi	1 September 2022	31 August 2023	12 months
11	Tamale	1 September 2022	31 August 2025	36 months
12	Wa	1 January 2017	31 December 2027	120 months
SALES CENTERS				
1	Adum-Kumasi	I June 2022	31 May 2025	36 months
2	Akim Oda	1 April 2023	31 March 2024	12 months
3	Asamankese	12 July 2022	11 July 2024	24 months
4	Assin Fosu	1 June 2022	31 May 2024	24 months
5	Atebubu	1 March 2022	28 February 2024	24 months
6	Bawku	1 December 2021	30 November 2023	24 months
7	Bekwai	1 June 2022	31 May 2024	24 months
8	Berekum	1 November 2020	31 October 2022	24 months
9	Bole	1 May 2022	30 April 2027	60 months
10	Bolgatanga	1 March 2021	28 February 2024	36 months
11	Cape Coast	1 December 2020	30 November 2022	24 months
12	Dormaa	1 June 2022	31 May 2024	12 months
13	Duayaw Nkwanta	1 July 2021	30 June 2023	24 months
14	Dunkwa-on-Offin	15 February 2022	14 February 2024	24 months
15	Effiduase	1 September 2021	31 August 2023	24 months
16	Ejura	1 June 2022	31 May 2024	12 months
17	Goaso	1 August 2022	31 July 2024	24 months
18	Kasoa	1 August 2021	31 July 2023	24 months
19	Koforidua	1 April 2021	31 March 2023	24 months
20	Konongo	1 September 2021	31 August 2023	24 months
21	Kumasi-Adum	1 June 2022	31 May 2025	36 months
22	Kumasi – Amakom	1 May 2021	30 April 2031	120 months
23	Nkwanta	1 November 2021	31 October 2023	24 months
24	Nkoranza	1 June 2022	30 December 2023	24 months
25	Salaga	1 March 2022	28 February 2024	24 months
26	Sefwi Wiawso	1 December 2021	30 November 2023	24 months
27	Sunyani	1 June 2022	31 May 2026	48 months
28	Swedru	1 December 2021	30 November 2023	24 months
29	Takoradi	1 April 2021	31 March 2024	36 months

No.	Name of Branch/Centre	Commencement Date	Expiry Date	Duration
30	Techiman	1 November 2020	31 October 2022	24 months
31	Wa	1 March 2022	28 February 2024	24 months
32	Yendi	1 September 2022	31 August 2025	12 months
33	Half-Assini	1 March 2022	28 February 2024	24 months
34	Kintampo	1 March 2022	28 February 2024	24 months
35	Prestea	1 March 2022	28 February 2024	24 months
36	Salaga	1 March 2022	28 February 2024	24 months
37	Upper West (Jirapa)	1 March 2022	28 February 2024	24 months
38	Upper West (Nandom)	1 March 2022	28 February 2024	24 months

6.6.8 Material Contracts

As at the date of this Prospectus (and other than in the ordinary course of business or except for the Bond Documents), 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 Bonds.

Litigation

As at the date of this Prospectus, 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.

Auditing

The Directors were responsible for the preparation and fair presentation of the financial information of the Issuer in accordance with the International Financial Reporting Standards. Deloitte's responsibility was to express a conclusion on the accompanying financial information. Deloitte conducted their review in accordance with International Standard on Review Engagements (ISRE) 2400 (Revised), Engagements to Review Historical Financial Statements and International Standard on Assurance Engagement (ISAE) 3400 and the Examination of Prospective Financial Information.

Exchange control

As at the date of this Prospectus, there are no exchange control restrictions in Ghana preventing foreign residents from freely subscribing for the Bonds. Foreign investors can freely subscribe for or purchase Bonds. Bond Repayments are freely remittable out of Ghana by foreign residents through an authorised dealer bank.

7 RISK FACTORS

Prior to making an investment decision, prospective purchasers of the Bonds should carefully consider, along with the information referred to in this Prospectus, the following risk factors (which are not meant to be exhaustive) associated with an investment in Ghana, the Issuer and the Bonds.

7.1 RISKS RELATING TO GHANA

7.1.1 Economic instability risk

Ghana, as an emerging economy, is subject to constant macroeconomic instabilities occasioned by both internal and exogenous factors. Although significant strides have been made by policymakers to tighten fiscal deficit, drive fiscal consolidation efforts, slow down the pace of debt accumulation, reduce inflation to manageable levels (as well as stabilise interest rates and other macroeconomic fundamentals) and contain local currency shocks, these fundamentals are still in a developing stage. Investors in the Bonds should be cognisant of the potential impact of adverse changes in the macroeconomic framework on the operations of the Issuer and the resultant effect on the Issuer's ability to meet its obligations to the Bondholders.

7.1.2 Political instability risk

There has been a peaceful and uneventful change of government since 1992 when the country adopted multi-party democracy as a system of government. Hence, Ghana's democratic credentials have been enhanced from an international community perspective over the years. That notwithstanding, any significant adverse changes in policies (including rejection or reversal of reform policies favouring privatisation, industrial restructuring, administrative and regulatory reform and economic management reforms) may have negative effects on the economy, and potentially impact the Issuer's ability to meet its obligations to the Bondholders.

7.1.3 High commodity dependence risk

Ghana commenced commercial crude oil production from the Jubilee field in 2011. Since then, there has been an increase in the contribution of crude oil and gas to Ghana's export earnings, fiscal budget and GDP. The growing volume of crude oil output (together with the uptick in oil prices) has augmented trade receipts from cocoa and gold exports to yield trade surplus for the third consecutive year in 2021, although at a diminishing rate. While the Ghanaian economy is relatively diversified, its foreign exchange earning potential is largely dependent on 3 major export commodities. Gold, crude oil and cocoa accounted for 81% of Ghana's trade receipts in 2021. These commodities are, however, highly susceptible to extreme volatility from external market dynamics, geopolitics, global growth conditions and weather dynamics particularly in the case of cocoa. Ghana's external sector is thus highly vulnerable to commodity price and output shocks with potential exchange rate risks to any offshore Bondholders.

7.1.4 Budget fiscal risk

Ghana is facing elevated fiscal risks given the budget rigidities, potential increased spending ahead of the 2024 general elections and the contingency spending pressures induced by the coronavirus (COVID-19). Ghana's Debt Sustainability Analysis (DSA) suggests a sustainable debt trajectory, although at high risk of debt distress. This is largely on account of financial and energy sector bailout costs, and the one-off fiscal costs of measures to boost economic activity following the impact of the COVID-19 pandemic. Notwithstanding this, Ghana's domestic revenue performance remains sluggish when compared to its peers, with tax revenue accounting for 11% of GDP in 2021 (vs. the Sub-Saharan African average of 15% in 2020). Total non-discretionary expenditure on worker compensation, interest payments, goods and services and statutory allocations consumed 153% of total revenue and grants and 156% of domestic revenue in 2021. While the successful completion of the 4-Year Extended Credit Facility (ECF) programme with the International Monetary Fund came with far-reaching fiscal and institutional reforms along with accompanying legislation to guide the fiscal administration going forward, the persistent revenue shortfalls remain a risk. That said, deteriorating key macroeconomic indicators are likely to negatively impact market conditions and affect the Issuer's ability to meet its obligations to the Bondholders.

7.1.5 COVID-19-induced economic risk

The average economic growth of 7.0% achieved for the period of 2017 to 2019 on the back of fiscal & monetary policy support was adversely impacted by the ongoing COVID-19 pandemic, which dragged down growth to 0.5% in 2020. However, the upscaling of fiscal and monetary interventions by the Ghanaian government together with ongoing vaccination and steady easing of COVID-related restrictions boosted real GDP growth to 5.4% in 2021. On the back of this growth optimism, the Government projects a 5.8% economic expansion in its budget statement and economic policy for 2022. Amidst the growth optimism, the Government announced an aggressive fiscal consolidation plan, after posting an overall budget deficit (excluding bailout costs) equivalent to 9.3% of GDP in 2021. In the 2022 budget, the Government projects the overall fiscal balance for 2022 (including bailout costs) at GHS 37.0 billion (7.4% of GDP).

Although in the medium term Ghana is set to recover from the effects of the COVID-19 pandemic, which are narrowing fiscal space and expanding debt levels due to the heightened recourse to borrowing to finance the widening fiscal deficits, current weak aggregate demand resulting from reduced income levels and a general slowdown in economic activity will translate into less-than-projected cash flows to the Issuer.

7.1.6 Energy sector-related risk

Ghana's power supply challenges have been well documented, resulting in regular load shedding which hampered economic activity in periods preceding 2014. The power supply challenges stemmed largely from reduced generation capacity due to fuel supply challenges, droughts that impeded hydro production, transmission and distributional losses and a non-cost reflective tariff structure. These challenges compounded the financial problems in the energy sector and created a systemic risk to banks and input suppliers along with the power generation and distribution value chain. In addressing the power supply challenges, the Government of Ghana rapidly expanded generation capacity to meet the nation's growing power demand.

The power contracts largely included "take or pay" Power Purchase Agreements (PPAs) with the Independent Power Producers (**IPPs**). The fragmented and uncoordinated approach to resolving the power supply deficit has yielded an installed capacity that is almost twice Ghana's peak power demand. The excess capacity charges and failure to take full delivery of gas supplies under the existing contracts due to gas infrastructure deficit has imposed contingency liabilities on the government.

Prior to 2021, the government set out to renegotiate the commercial agreement for the IPPs to possibly attract savings on power contracts. The renegotiations have been secured and documentation of renegotiated agreement is underway and in process towards completion. The average cost of generation has declined from 16.2 USc/kWh to 10.5 Usc/kWh. The proactive management of the energy sector has yielded remarkable results evidenced by potential cost savings of circa USD 13.2 billion. While the Government's efforts to complete documentation for the IPPs renegotiations is on-going, failure to finalise and fully implement the negotiated agreement with the IPPs may be dire. This scenario could gradually plunge the nation into another episode of intermittent power supply which will slow down GDP growth, weaken income levels and GETFund Levy collections to support debt service under the Programme.

7.2 RISKS RELATING TO THE ISSUER

7.2.1 High leverage risk

After completion of each Series or Tranche, the Issuer's debt stock may increase, translating potentially into increased debt service obligations. To mitigate risks associated with gearing, the Programme permits the Issuer to be indebted up to a total principal amount of GHS 500,000,000. From a regulatory perspective, the Issuer is required to maintain a gearing ratio of 80%, monitored by the Bank of Ghana, failing which appropriate remedial measures/sanctions will apply. The Issuer achieved a gearing ratio of 72% at the end of 2021 and has embedded in its risk management strategy a plan to operate within the limit of 80% throughout the shelf-life of the Programme. If the Issuer does not receive considerably sufficient and consistent inflows, it would not be able to meet its obligations to the Bondholders.

7.2.2 Business model risk

The Issuer is primarily a leading provider of payroll lending, providing the platform for individuals in the civil service to borrow against their future salary incomes. The Issuer's key relationship is with the civil service, to whose employees it offers payroll lending products. In 2022, the focus on payroll lending has been further reinforced which makes the business performance heavily linked to the stability of employment contracts in the civil service and the timeliness of payments from the Controller and Accountant General's Department. Any adverse civil service reforms are likely to materially impact the profitability, liquidity and sustainability of the Issuer's core business operation.

7.2.3 Credit risk

Credit risk arising from changes in credit quality and the recoverability of the Issuer's loans and other exposures to borrowers and counterparties are inherent in its business. In lending transactions, credit risk arises through non-performance by a customer or market counterparty for facilities granted. These facilities are typically payroll loans and advances to customers.

As at 31 December 2021 the Issuer's most significant credit exposures were through loans and advances to customers and loans and advances to banks (GHS682.4 million as at 31 December 2021 compared to GHS675.7 million as at 31 December 2020). Deterioration in the credit quality of the Issuer's borrowers and counterparties could have a material adverse effect on its business, financial condition and results of operations. Adverse changes in the credit quality of the Issuer's borrowers and counterparties could reduce the value of the Issuer's assets, and require increased provisions for non-performing assets. In addition, changes in economic conditions may result in deterioration in the value of security held against lending exposures and increase the risk of loss in the event of borrower default.

7.2.4 Operational risk

The Issuer may face increased operational risks as a result of the growth of its business. Operational risk is the risk of direct and indirect loss resulting from inadequate or failed internal processes, systems and external events. Operational risks are inherent in the Issuer's business, including the risk of loss resulting from inadequate or failed internal and external processes, documentation, people and systems or from external events. The Issuer's business is dependent on its ability to process accurately and efficiently a high volume of complex transactions. The Issuer's systems and processes are designed to ensure that the operational risks associated with its activities are appropriately controlled, but any weakness in these systems could result in a negative impact on the Issuer's business, financial condition, results of operations and prospects.

Notwithstanding anything in the paragraph above, this risk factor should not be taken as implying that the Issuer will be unable to comply with its obligations as a supervised non-bank regulated by the Bank of Ghana.

7.2.5 Competition risk

The Issuer's business is subject to significant competition from other non-bank financial institutions, including potentially bank financial institutions and micro-credit companies operating in Ghana. Some competitors may have greater financial and other resources relative to the Issuer. A total of 25 savings and loans institutions also operate in the Issuer's sector and pose significant competition risk. In addition, the Issuer has witnessed some level of incursion, although not significant, from certain banks in their payroll lending territory. Competition remains high and is expected to intensify as banks introduce new products and services to capture deposits and to increase market shares. The Issuer's margins may therefore come under pressure thereby reducing profitability. Competition may also increase in some or all of the Issuer's principal revenue sources and may have an adverse effect on its financial condition and results of operations.

7.2.6 Litigation risks

From time to time, the Issuer is involved in litigation, receives claims from tax authorities or claims arising from the conduct of its business. As at 31 December 2021 (and based upon available information and, where appropriate, legal advice), the Issuer is not aware of any potential proceedings, or other claims which will have a material adverse impact on the Issuer's financial position. However, the occurrence of potential proceedings, or other claims leading to a substantial legal liability could have a material adverse effect on the Issuer's business, results, operations, reputation and financial condition.

7.2.7 Information technology risks

The Issuer is subject to the risk of failure of its information technology systems and breaches of its security systems. Various external events beyond the Issuer's control and the control of its management could have a major impact on the Issuer's business and information technology systems. The Issuer's recent significant investments in digitizing certain important aspects of its business operations can be affected by ICT-related risks. Examples of such events are natural catastrophes, war, vandalism and local or international virus attacks. The Issuer has contingency plans, intended to ensure its capacity to maintain services with, and the confidence of its clients and other counterparties should a serious situation arise that has the potential to impact its core and non-core operations. However, the Issuer's contingency plans may fail, which could result in a material adverse effect on the Issuer's business, results, operations, reputation and financial condition.

7.2.8 Liquidity risk

Liquidity risk arises if the Issuer has insufficient funds or marketable assets to fulfil its current or future payment obligations when due. The Issuer relies largely on continuous access to financial markets for short and long term financing. An inability to access funds may result in an inability to finance its operations. In addition, standby facilities are maintained to provide strategic liquidity to meet unexpected and material cash outflows in the ordinary course of business. The funding base chiefly comprises a combination of corporate and institutional deposits, retail deposits and funding from BML and bank overdraft facilities. If the Issuer is not able to re-finance its liabilities as they become due, it could suffer an adverse effect on its business, financial condition and results of operations. Liquidity risk may result in an adverse impact on the Issuer's financial condition and inability to pay amounts due to the Bondholders.

7.2.9 Regulatory changes risk

The Issuer is subject to Applicable Laws. The introduction of changes in, or the inconsistent or unpredictable application of, Applicable Laws from time to time may materially affect the operations of the Issuer and, ultimately, its ability to meet its obligations to the Bondholders.

The Issuer is subject to the Bank of Ghana's capital adequacy guidelines for banks, which provide for a minimum ratio of total capital to risk adjusted assets both on a consolidated basis and on a non-consolidated basis expressed as a percentage. The Issuer's failure to maintain its ratios may result in administrative actions or sanctions against it which may have a material adverse effect on the Issuer's operating licence, business performance, financial condition and results of operations.

7.3 RISKS RELATING TO THE MARKET

7.3.1 Secondary market risk

The Bonds may have no established trading market when issued, and a vibrant secondary market may not have developed in the short to medium term. If a market does develop, it may not be very liquid or liquid enough to meet the needs of potential investors. Therefore, investors may not be able to trade the Issuer's bonds 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 Bonds that are especially sensitive to interest rates, currency or market risks and 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 Bonds 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 the Bonds.

7.3.2 Market price risk

The market price of the Bonds 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 Bonds. 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 Bonds without regard to the Issuer's results of operations or financial condition.

7.3.3 Emerging markets risk

The market price of the Bonds is broadly 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. More particularly, the market price of the Bonds is likely to be influenced by economic conditions in Ghana and Issuer-specific factors. 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 Bonds.

7.3.4 Exchange rate and exchange control risk

The Issuer will pay the Principal Amount and Interest in 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 Bonds, (ii) the Investor's Currency equivalent value of the principal payable on the Bonds and (iii) the Investor's Currency equivalent market value of the Bonds.

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 investor to convert payments (in respect of the Bonds) made by the Issuer in local currency into the Investor's Currency. This could have a material adverse effect on the market value of the Bonds. There may also be tax consequences for investors.

7.3.5 Interest Rate and Fixed Rate Bonds risk

Investment in Fixed Rate Bonds involves the risk that if market interest rates subsequently increase above the rate paid on the Fixed Rate Bonds, this will adversely affect the value of the Fixed Rate Bonds. Bonds with variable interest rates can be volatile investments. If they are structured to include multipliers or other leverage factors, or caps or floors, or any combination of those features or other similar related features, their market values may be even more volatile than those for securities that do not include those features.

7.4 RISKS RELATING TO THE BONDS

7.4.1 Bond suitability risk

The investment activities of certain investors may be subject to investment laws and/or regulations or review or approval by certain authorities. Each potential investor should, therefore, consult its legal advisers to determine whether (and to what extent) the Bonds are legal investments for it, can be used as collateral for borrowing and/or have any restrictions on their purchase or pledge. Investors which are financial institutions should also consult their legal advisers or the appropriate regulators to determine the appropriate treatment of the Bonds under any applicable risk-based capital or similar rules.

7.4.2 Bond redemption risk

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

The Issuer may be expected to redeem Bonds when its cost of borrowing is lower than the interest rate on the Bonds. 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 Bonds 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.

7.4.3 Unsecured Bonds risk

The Issuer's obligations under the Senior Bonds constitute unsecured obligations of the Issuer, unless otherwise indicated in the Applicable Pricing Supplement for the issuance of the Bonds. Accordingly, any claims against the Issuer under the Bonds 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 the Issuer's ability to generate cash flows.

7.4.4 Amendment risk

The Conditions contain provisions for calling Series Meetings, Tranche Meetings, Joint Series Meetings or Joint Tranche Meetings to consider matters affecting the interests generally of Tranche Bondholders or Series Bondholders or all Bondholders, including material changes to the Conditions and the waiver of, or the rescission of, any acceleration following an Event of Default. These provisions permit defined majorities to bind either Tranche Bondholders, Series Bondholders or all Bondholders (including Bondholders who did not attend and vote at the relevant Meeting and Bondholders who voted in a manner contrary to the majority). As a result, such binding decisions made by the majority of the relevant Tranche Bondholders, the relevant Series Bondholders or all Bondholders may be averse to the interests of potential investors.

7.4.5 Change in Applicable Law risk

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 Bonds affected by it.

7.4.6 Credit Ratings risks

The Issuer and the Bonds issued have not been rated by any rating agency. One or more independent credit rating agencies may subsequently assign credit ratings to the Bonds. The ratings may not reflect the potential impact of all risks related to the structure, market, additional factors discussed above, and other factors that may affect the value of the Bonds. A credit rating is not a recommendation to buy, sell, or hold securities and may be suspended, revised or withdrawn by the assigning rating agency at any time.

Credit ratings assigned to Bonds do not necessarily mean that the Bonds are a suitable investment. A rating may be subject to revision, suspension or withdrawal at any time by the rating agency. Similar ratings on different types of bonds do not necessarily mean the same thing. The ratings do not address the marketability of any Bonds or any market price. Any change in the credit ratings of Bonds or the Issuer, could adversely affect the price that a subsequent purchaser will be willing to pay for the Bonds. The significance of each rating should be analysed independently from any other rating.

7.4.7 Further Bond issuance risk

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

7.4.8 Non-petition risk

Each Bondholder will be deemed to have agreed that it will not, at any time, institute against the Issuer (or join any institution against the Issuer) any insolvency, liquidation, reorganisation, arrangement proceedings or other similar proceedings under any Applicable Law in connection with the obligations of the Issuer relating to the Bonds, the Bond Documents or otherwise owed to the Bondholders. If this provision is unenforceable under Applicable Law, it could result in a court, liquidator or receiver (i) liquidating the assets of the Issuer notwithstanding the absence of Bondholder voting required for such liquidation pursuant to the Bond Documents, or (ii) failing to liquidate notwithstanding such voting direction.

8 OVERVIEW OF THE GHANAIAN ECONOMY

8.1 GENERAL OVERVIEW[5]

Ghana is the second largest economy in West Africa by Gross Domestic Product (**GDP**), with a GDP of GHS 459.13 billion (USD 79.08 billion) in 2021. The economy expanded at an average growth rate of 4.4% from 2014 to 2021, with a recent peak of 8.1% in 2017. The provisional overall real GDP growth for 2021 is estimated at 5.4%, well above the average growth for 2014 to 2021 and significantly above the 0.5% COVID-restrained growth in 2020. The discovery of oil and gas and the resultant extraction since December 2010 have considerably boosted Ghana's appeal as a destination for foreign direct investments, positively impacting the country's growth prospects. Notwithstanding the strong outturn in recent years, Ghana's growth has been less inclusive, resulting in higher than anticipated inequality and a slower rate of poverty reduction. The country has an estimated population of 30.8 million, with 56.7% living in urban areas and 38.2% being youth (15 – 35 years).

Ghana recorded modest success in reducing poverty levels in the previous decade as the country climbed into a lower middle-income status by 2010, estimated at USD 2,565 per capita in 2021. However, the economy relies heavily on informal agriculture and natural resources for exports with little to no value addition. The Ghana Statistical Service (GSS) estimates, in its Ghana Living Standards Survey (GLSS 7), concluded in 2017 that the informal sector employed approximately 71.3% of the country's workforce. The GSS also estimated the share of the informal sector in Ghana's GDP at 25.8% in 2021. The rate of poverty reduction has slowed in recent years because the extractive sector, which accounts for a significant part of economic growth, is mainly foreign-owned, capital intensive and generates fewer local jobs. The Government has embarked on an ambitious economic transformation agenda centred on human capital development, economic diversification and industrialisation, resulting in shared growth, job creation and social protection for the economically vulnerable. The Ghanaian economy is still susceptible to significant domestic and external shocks which could potentially slow down economic growth, including considerable depreciation of the GHS, high fiscal and current account deficits, high inflation, disruption to crude oil production and export, high contingent liabilities in the energy sector and state-owned enterprises (**SOEs**), fluctuation in commodity prices, global geopolitical conflicts such as the Russia-Ukraine tensions, global health pandemic such as COVID-19. See Section 7 (*Risk Factors*).

Like other emerging markets, Ghana's economic growth slowed over the last 10 years against the COVID-19 pandemic, high inflation, rising public debt, currency volatility, wider fiscal deficits and an energy crisis. From a peak of 14.0% in 2011, real GDP growth slowed to 2.1% in 2015 before recovering strongly to 8.1% in 2017. This was on the back of growth in the industrial

[5] 2022 Budget Statement and Economic Policy, Ghana Statistical Services GDP report (2013-2021), Bank of Ghana: Summary of Economic and Financial Data (March 2022)

sector, primarily driven by a rebound in upstream oil and gas production from the Jubilee and Tweneboa, Enyenra and Ntomme (**TEN**) oil fields over the period. The emergence of COVID-19 pandemic dragged down economic growth to 0.5% in 2020. However, the Ghanaian economy commenced a recovery in 2021 with real GDP growth of 5.4% against the Government's revised target of 4.4%.

In August 2014, the Government of Ghana (following bouts of macroeconomic instability and slowing growth rate after the 2012 general elections) requested the International Monetary Fund's (**IMF**) support for a 3-year fiscal adjustment programme to help restore policy credibility, investor confidence and macroeconomic stability. After a critical assessment of Ghana's situation, the IMF approved a 3-year technical and financial support on 3 April 2015 to help correct Ghana's domestic and external imbalances. The technical assistance programme with an extended credit facility worth SDR 664.2 million (~USD 918 million) focused on the following objectives: (i) achieve a front-loaded fiscal adjustment to restore debt sustainability through expenditure containment, and improved revenue mobilisation, (ii) structural reforms to strengthen public financial management and fiscal discipline through budget transparency, payroll clean-up and right-sizing the civil service, (iii) restore the effectiveness of the inflation-targeting framework to help reduce inflation to single digits, and (iv) preserve financial sector stability. Although the programme recorded a successful first year of implementation in 2015, a combination of unanticipated shortfall in petroleum revenue amidst election-related spending in 2016 dragged the programme off track. However, a renewed commitment to fiscal discipline led to a 1-year extension of the programme to ensure the successful completion and implementation of critical reforms by April 2019. The IMF programme culminated in several significant fiscal and monetary policy reforms, including (but not limited to) the passage of the Public Financial Management Act, 2016 (Act 921) and the Fiscal Responsibility Act, 2018 (Act 982) (which establishes a Fiscal Council and a Financial Stability Council). The key objective of these reforms is to lock in the gains from the IMF programme and sustain the macroeconomic achievements over the medium term. However, contingent liabilities in the energy and financial sectors and shocks from the COVID-19 pandemic resulted in an erosion of fiscal gains under the IMF programme. Consequently, the government is embarking on a self-imposed fiscal adjustment plan to restore fiscal and debt sustainability by reducing the fiscal deficit into compliance with the Fiscal Responsibility Act by 2024.

As part of the 2015 – 2019 IMF technical assistance programme, the Bank of Ghana commenced broad-based reforms across the various segments of the financial sector in 2017 following an asset quality review in 2016, pursuant to preserving financial sector stability. The reforms included (but were not limited to) an increase in the minimum capital requirement for universal banks by more than 230% to GHS 400 million, implementation of corporate governance structures with the fit and proper directives for key management and directors, the resolution and revocation of licences of defunct financial institutions and the implementation of the Basel II/III framework to tighten credit risk management frameworks. The financial sector reforms were also extended to the asset management firms regulated by the SEC, which resulted in the revocation of licences of defunct asset managers with industry recapitalisation currently under consideration. With the renewed commitment to macroeconomic stability and policy credibility, the Government launched its seven-year policy document titled "*The Coordinated Programme of Economic and Social Development Policies (CPESDP) for the period 2017-2024"* to succeed the Ghana Shared Growth and Development Agenda (GSGDA) I and II. With this strategy document, the Government seeks to consolidate the macroeconomic gains and build on the GSGDA I and II by transforming agriculture and industry, revamping economic and social infrastructure, strengthening social protection and inclusion, and reforming public institutions.

Ghana's macroeconomic environment has improved significantly since 2017, with improved fiscal and monetary management supporting a more robust domestic and external position. In 2017, the government rolled out several policies to stimulate agriculture growth and industrial sectors, including the '1 District 1 Factory' (1D1F) and 'Planting for Food and Jobs' (PFJ) programmes. The PFJ programme was aimed at revamping agriculture productivity across the country's agricultural zones, while the 1D1F programme aimed to link agriculture productivity to industrial zones to create a value-added economy. The 1D1F programme seeks to establish at least one factory or enterprise in each district in Ghana, which would be owned and managed by private investors and entrepreneurs. Against this backdrop, some taxes were reviewed downwards. In contrast, others were abolished to minimise the impact of cost-push factors in the build-up of inflation and to improve the business operating environment. This, together with appropriate monetary policy, contributed to a decline in inflation from 15.4% in December 2016 to 7.8% in the first quarter of 2020, within the Bank of Ghana's target range of 8% ± 2%. However, new taxes were introduced in 2021 and 2022 to correct the fiscal imbalance worsened by the COVID pandemic, the financial sector clean-up cost and the energy sector bailout. These measures could increase the operating cost for businesses in addition to other external market shocks. According to the 2022 budget, one hundred and six (106) companies are in operation under the 1D1F programme, which has created 156,782 direct and indirect jobs. The Government expects that the completion of the 1D1F projects under construction and in the pipeline will create additional 131,817 direct and indirect jobs in 134 districts across the country. To complement these efforts, the Government launched a *Ghana Beyond Aid"* development strategy in May 2019, focusing on agriculture modernisation and export-led industrialisation. The overarching objective is to propel Ghana from a lower-middle-income country to a higher-middle income by the next decade.

Ghana's economy is recording a commendable recovery from the COVID pandemic. After the COVID-induced collapse to 0.5% in 2020, real GDP growth recovered strongly to 5.4% in 2021. Economic activity is projected to remain broadly strong, with real GDP growth projected at 3.7% in 2022 but expected to remain above 5.0% in the medium term. Fiscal deficit and inflation are expected to remain high in the short-term but decline steadily to target levels in the medium-term, anchored on a credible macroeconomic framework.

Table 24: Macroeconomic Performance Data

	2015	2016	2017	2018	2019	2020	2021
The Real and Monetary Sectors							
GDP current (GHS billions) - Rebased	183.53	219.60	262.80	308.59	356.54	391.94	459.13
Real GDP Growth Rate (percent.)	2.1%	3.4%	8.1%	6.2%	6.5%	0.5%	5.4%
End Period Inflation (per cent.)	17.70%	15.40%	11.80%	5.80%*	7.80%	10.50%	12.6%
Monetary Policy Rate (per cent.)	26.0%	25.5%	20.0%	17.0%	16.0%	14.5%	14.5%
Ghana Cedi /US$ Exchange Rate	3.80	4.20	4.42	4.82	5.53	5.76	6.01
Balance of Payments (USD millions)							
Merchandise Trade Balance	(3,109)	(1,689)	1,188	1,809	2,257	2,043	1,108
Current Account Balance	(2,809)	(2,832)	(2,005)	(2,044)	(1,864)	(2,135)	(2,497)
Capital and Financial Account	3,018	2,558	3,016	1,500	3,068	2,887	3,269
Overall Balance of Payments	(129)	247	1,091	(672)	1,341	368	510
Gross Foreign Assets	5,885	6,162	7,555	7,025	8,418	8,624	9,695
Fiscal Sector							
Total Government Revenues and Grants (GHS billion)	32.04	33.68	41.50	47.64	53.38	55.14	110.40
Total Government Expenditures (GHS billion)	38.59	51.13	51.99	58.20	67.86	96.41	67.90
Government Overall Balance (% of GDP)	(4.9%)	(6.2%)	(4.8%)	(3.9%)	(4.8%)	(11.4%)	(9.3)
Public Debt							
Domestic Public Debt (GHS billion)	59.9	53.4	66.7	86.9	105.5	149.8	181.8
External Public Debt (GHS billion)	40.3	69.2	75.8	86.3	112.7	141.8	170.0
Gross Public Debt (% of GDP)	53.9%	57.0%	55.5%	57.6%	62.4%	74.4%	76.6%

*Source: Ministry of Finance, Bank of Ghana, Ghana Statistical Service *Rebased CPI (2018 = 100)*

8.2 POLITICAL BACKGROUND

Ghana is one of the most stable democracies in Africa. The country's first two decades of post-independence history were characterised by long military rules interspaced with civilian governments. After almost a decade of quasi-military rule under the then Provisional National Defence Council, intense internal and external pressures on the government led to the passage into law of the Ghana Constitution. Additionally, the reinstatement of multi-party democracy in the same year ushered Ghana into its Fourth Republic.

Ghana is a unitary republic with sovereignty residing in the Ghanaian people. This status is conferred by the Ghana Constitution, a hybrid of the Westminster and United States of America's systems of government. Ghana's political system is principally based on the separation of powers of the 3 arms of government (i.e., the Executive, the Legislature and the Judiciary) and a system of checks and balances.

Executive authority rests with the President, in conjunction with the Council of State (a body that deliberates and makes recommendations on any matter being considered or dealt with by the President or any other authority in respect of any appointment enshrined in the Ghana Constitution). The President is Head of State, Head of Government, and Commander-in-Chief of the Armed Forces of Ghana and is elected by the direct vote of the eligible and registered populace for a 4-year term and may be re-elected only once. The most recent presidential and parliamentary elections took place on 7 December 2020 and led to the transition from the first term to the second term of power for the incumbent New Patriotic Party, as the voters continued with Nana Addo Dankwa Akufo-Addo as the 5th President of the Fourth Republic.

Parliament, which consists of a unicameral body of 275 members, is responsible for legislative functions.

Members of Parliament must be elected by their constituents for a 4-year term in single-seat constituencies. The primary function of Parliament is to deliberate on issues which can result in the passage of resolutions. For a bill to become law, legislation must have the support of the majority of Members of Parliament present through voting along with the assent of the President, who has a qualified veto over all bills except those to which a vote of urgency is attached. The President's veto can be overridden by a two-thirds vote of the Members of Parliament.

The Judiciary consists of the Superior Courts of Judicature and such lower courts or tribunals as Parliament may establish. The Superior Courts are the Supreme Court, the Court of Appeal, the High Court and Regional Tribunals. The Ghana Constitution provides that the Supreme Court is to consist of the Chief Justice and not fewer than 9 other Justices. The Supreme Court consists of the Chief Justice and 10 other Justices. The Chief Justice is appointed by the President, acting in consultation with the Council of State and approval of Parliament. The President appoints the other Supreme

Court Justices, acting on the advice of the Judicial Council, of which the Chief Justice is the Chairman, in consultation with the Council of State and with the approval of Parliament. Ghana's courts are used extensively for civil, business and criminal cases, and the Judiciary is generally seen as largely independent of political influences.

In addition to the nationwide governance, Ghana is subdivided into 16 regions for political and administrative purposes. Six new regions were recently added to the existing 10 regions following referenda held in the affected regions. A Minister of State (appointed by the President with the approval of Parliament) heads each region and acts as a direct government representative. The regions are subdivided into district assemblies, which are classified as either metropolitan, municipal or district, depending on the size of the population. The district assemblies are responsible for delivering basic services to the population in their areas of jurisdiction and receive their funding from the District Assemblies Common Fund, which the national government finances. Under the Ghana Constitution, the district assemblies have deliberative, legislative and executive powers and are the highest political authority in their districts, subject to the other provisions of the Ghana Constitution. The government recently created 38 new districts to make development more accessible to citizens.

8.3 HISTORICAL ECONOMIC PERFORMANCE

Historically, the backbone of the Ghanaian economy has been the agricultural sector focused on cocoa production. In recent years, however, the services sector has become the highest contributor to GDP (2021: 48.9% of GDP), surpassing agriculture. Following a cocoa boom in the 1920s, Ghana (then called the "Gold Coast") financed the development of its infrastructure and a network of social service institutions (which were among the most advanced in Africa) with cocoa sales proceeds. The 1930s global slump and the disruption of exports during the Second World War marked a decade-long pause in the economic development of the Gold Coast. The British government continued to purchase the cocoa crop following previous arrangements throughout the war. War-time rationing limited the opportunities for spending the earnings from the British purchases of cocoa, which resulted in the Gold Coast's emergence post-war as one of the largest holders of reserves in the British Empire.

Against the backdrop of accumulated national savings, Ghana was able to finance a university as early as 1947, along with developments in infrastructure, such as the new harbour and the industrial city of Tema. Early years after independence marked a boom in projects, including the Volta River Authority power system, a paved highway to link Accra and Tema and the transformation of Ghana's social and economic infrastructure. The price of social change was being paid for out of the profits from a long cyclical boom in the cocoa industry, a guaranteed gold bullion price and a newly emerging timber export business. This reliance on agriculture and gold prices made Ghana's economy susceptible to changes in the prices of such commodities and exchange rates.

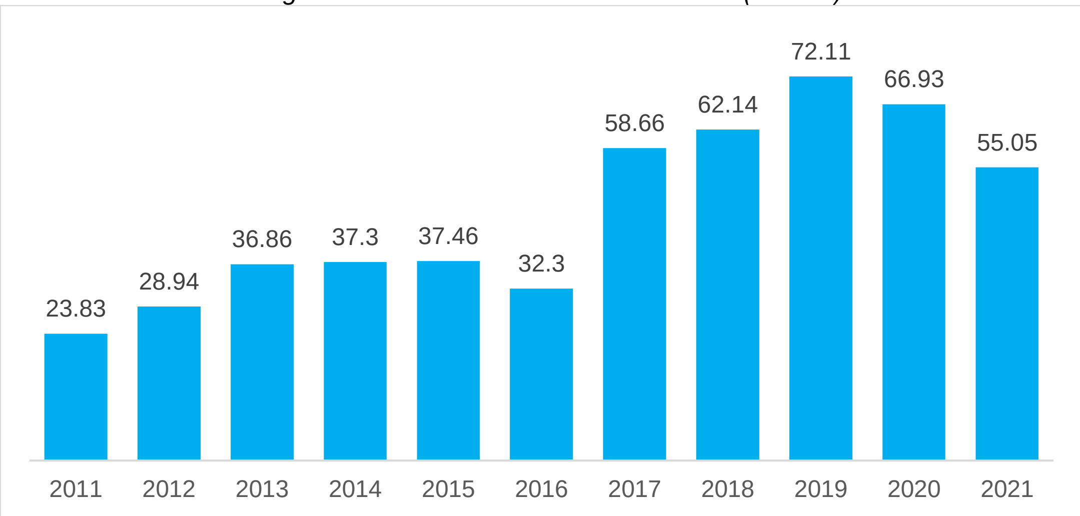
Until recently, Ghana's economy was characterised by a pattern of recurring variabilities, depending on movements in the prices of Ghana's 3 principal exports: cocoa, timber and gold. In the early 1960s, Ghana was the world's largest cocoa producer, with an annual output of 450,000 tonnes. However, output fell to an all-time low of 159,000 tonnes in the 1983/84 crop year due to low producer prices and dry weather, which led to bushfires that destroyed many cocoa farms. Cocoa production has since improved due to enhanced farming methods and agronomic practices. The 2020/2021 crop year recorded a surge in cocoa output, with production reaching 1.05 million tonnes, after declining from 969,511 in 2016/2017 to 766,977 tonnes in 2019/2020. The 2020/2021 output indicates a rebound in crop yields to a record output as the Government implemented various measures, including hand pollination, to support cocoa production.

In 1983, there was a paradigm shift in economic thinking as the Government embarked on a far-reaching reform programme designed to correct the structural imbalances and reverse the country's economic decline. The reforms commenced with the Economic Recovery Programme (ERP) in 1983 with support from the IMF and the World Bank to control inflation using demand management policies. The programme was also designed to reverse the decline in economic growth, particularly in agriculture, build infrastructure, stimulate exports and restore domestic and external balances.

The reforms programme was also extended to the financial sector through the Financial Sector Adjustment Programme (**FINSAP**) in 1987 to mark a shift from the control regime towards a more liberal and market-determined system. The FINSAP was implemented in 3 phases across time; FINSAP-1 covered the period 1988 – 1991, FINSAP-2 for 1992 – 1995, and FINSAP-3 commenced in 1995 as an ongoing process. The first 2 phases resulted in the deregulation and liberalisation of financial markets in price determination for financial assets. The period witnessed the gradual liberalisation and licensing of foreign exchange bureaus, with the market determining exchange rates. Administrative controls on interest rates were abolished to pave the way for market-determined interest rates to adequately compensate for banks' risk exposure and stimulate efficient capital allocation for investment and growth. A divestiture implementation policy also began privatising public enterprises, which remains an ongoing process.

More recently, Ghana has been emerging as an oil and gas economy. In 2007, Kosmos Energy discovered oil and gas in commercial quantities in Ghana – the Jubilee field - located 60 km offshore of Ghana's Western Region. The field, which was brought to production in less than three-and-a-half years, was estimated to hold 700 million barrels of crude oil (**mmbo**) and 800 billion standard cubic feet of gas. It was declared a world-class reservoir with large accumulations of light sweet crude oil after the Mahogany-1, and Hyedua-1 wells were drilled. In July 2009, the government of Ghana commissioned floating production storage and offloading production unit, and the country achieved its first oil on 15 December 2010. Since 2010, Ghana's oil production has advanced steadily despite initial challenges, including the maritime border dispute with Côte d'Ivoire and low crude oil prices. Ghana produced 23.8 mmbo barrels in 2011, which propelled the real GDP growth to 14% that year. Although the Jubilee field remains the largest, several new fields, TEN, and Sankofa Gye Nyame, have come on stream, increasing Ghana's annual oil production from 23.8 mmbo in 2011 to the highest level of 72.1 mmbo in 2019. However, annual oil production has been on a downward trend since 2019, declining by 7.2% to 66.9 mmbo in 2020 and 17.7% to 55 mmbo in 2021.

Diagram 6: Ghana's Crude Oil Production (MMBO)



Source: Petroleum Commission, Ghana Open Data Initiative

8.4 PRINCIPAL SECTORS OF THE ECONOMY[6]

The Ghanaian economy has historically relied on agriculture as the main driver of economic growth in the pre-oil era. Since the oil and gas sector emerged and following the rebasing of the economy in 2010, the industry and services sectors have outpaced agriculture as a contributor to GDP. The Ghana Statistical Service completed a rebasing of the GDP for the second time in 8-years in September 2018 to change its current base year to 2013 from 2006. This expanded the economy by 24.6% in 2018. The increase reflects economic activities that were not captured or were captured with insufficient data, such as natural gas production, mining and manufacturing activities.

8.4.1 Services sector

The services sector remains the economy's largest sector, accounting for 48.9% of GDP in 2021, a marginal increment from the 48.1% recorded in 2020. From 2013 to 2021, the services sector contributed an average share of 46.1% of Ghana's nominal GDP. Sub-sectors such as trade significantly influence the sector's performance; repair of vehicles, household goods, transport and storage; financial and insurance activities; hotels and restaurants; and information and communication. Before the COVID pandemic, the services sector recorded a growth of 7.6% in 2019, driven by growth in information and communication (46.5%), hotels and restaurant (6.0%), transport and storage (4.3%), real estate services (19.9%), and health and social work activities (10.4%). However, growth in the services

[6] Ghana Statistical Service, GoG 2022 Budget Statement and Economic Policy

sector declined to 0.7% in 2020 because of contractions in key sub-sectors such as trade, repair of vehicles and household goods (-2.9%), and hotels and restaurants (-37.0%). Other sub-sectors that witnessed a decline in 2020 include information and communication (21.5%) and transport and storage (4.1%). In 2021, the services sector recovered to grow by 9.4% year-on-year compared to the pandemic-constrained growth of 0.7% in 2020. Between 2014 – 2021, average growth was positive for all sub-sectors except hotels and restaurants, which posted an average growth of -1.0% due to the COVID-induced contraction in 2020. In 2017 and 2018, the financial and insurance activities witnessed negative growth rates due to the unintended and inevitable consequences of the financial sector reforms from 2017 – 2019. However, growth in the financial and insurance activities returned to positive growth, 1.6% in 2019 and 9.3% in 2020, before moderating to 2.4% in 2021. In terms of contribution to GDP, the financial and insurance activities sub-sector contributed an average of 4.7% to Ghana's nominal GDP from 2013 – 2021. The services sector growth could be weighed down in 2022 by the ongoing conflict between Russia and Ukraine and the inflation-induced monetary tightening measures.

8.4.2 Education

The education sector contributed an average of 3.7% to Ghana's nominal GDP from 2013 to 2021 and has registered broadly strong expansion in recent years. In terms of growth, the education sector grew by 3.9% in 2018 after expanding by 6.3% in 2017. The year-on-year expansion in the education sub-sector in 2019 and 2020 showed a real growth rate of 9.4% and 7.8%, respectively. In 2021, the education sector shrank by 3.7% after contracting in three of the year's four quarters, with the only growth in the third quarter estimated at 3.8%. Over the medium-term, the education sector is poised for more robust growth on the back of the Government's firm commitment to human capital development in furtherance of its industrialisation and Ghana Beyond Aid Agenda.

8.4.3 Industry

The industry sector's contribution to GDP declined consistently from 33.5% in 2018 to 30.1% in 2021 and remained below its recent peak contribution of 37.0% in 2014. The sector is heavily influenced by the extractive industry and manufacturing sector, which respectively accounted for 9.9% and 11.4% of nominal GDP in 2021. The industry sector experienced significant growth from 1.2% and 4.3% in 2015 and 2016, respectively, to 15.6% in 2017, driven by a strong recovery in the mining and quarrying sub-sector, which the oil and gas industry constitutes a significant share. This growth, however, moderated in 2018 and 2019 to 10.5% and 6.4%, respectively. In 2020, the industry sector witnessed a contraction of 2.5% largely, due to the COVID-induced collapse in global crude oil prices and technical challenges with production. In 2021, the industry sector showed a sign of recovery, with a modest contraction of 0.8% compared to 2020. Oil and gas output contracted by 4.6% in 2020 compared to the 14.4% growth in 2019. In 2021, the oil and gas sector shrank further by 12.5% as the sector continued to suffer from low investment, partly occasioned by the pandemic uncertainty. Growth in the manufacturing subsector slowed to 1.9% in 2020 from 6.3% in 2019 as

COVID containment measures undermined trade and general economic activities. Manufacturing growth recovered strongly to 7.8% in 2021 and could be helped further by the relaxation of pandemic-related restrictions in 2022. However, the inflation-induced tightening of monetary policy amidst the adverse impact of the geopolitical conflict could restrain the recovery in 2022. The construction sector recovered to grow by 3.1% in 2020, with a further expansion by 5.7% in 2021 after contracting by 4.4% in 2019. Although the industry sector is prime for stronger growth in the medium-term with support from Government's industrialisation agenda and infrastructure expansion, the 2022 outlook is weighed down by the lingering impact of COVID-19 and ongoing conflict between Russia and Ukraine on key sectors, including oil and gas as well as manufacturing.

8.4.4 Petroleum revenue

The GRA is responsible for collecting all petroleum revenues. The GRA's estimates of oil revenues follow a rule-based approach, with spendable revenue calculation based on a seven-year moving average of oil prices and the three-year moving average of production. The Government manages its oil wealth by transferring to the Ghana National Petroleum Corporation (**GNPC**) an amount not exceeding 55% of the net cash flow from its share of the carried and participating interests after deducting the equity financing cost on an annual basis and subject to parliamentary approval.

Under the Petroleum Revenue Management Act, 2011 (Act 815) (**PRMA**), not more than 70% of the Government's net petroleum receipts is designated as Annual Budget Funding Amount (**ABFA**), and not less than 30% is designated as Ghana Petroleum Funds (GPFs). The PRMA established the Ghana Heritage Fund and the Ghana Stabilisation Fund to receive 30% of net oil receipts after allocating 70% to the ABFA. Of this 30% of net oil receipts, the Ghana Heritage Fund receives approximately 30% (9% of total oil receipts) for future generations, and the Ghana Stabilisation Fund receives the remaining 70% (21% of the total net oil receipts). The Government established the Ghana Stabilisation Fund to sustain public expenditure capacity in a period of petroleum revenue shortfalls. The Government established the Ghana Heritage Fund as an endowment fund to support the welfare of future generations.

8.4.5 Agriculture

The agriculture sector's contribution to GDP increased to 21.0% in 2021, declining from its 2016 peak of 22.5% to 18.5% in 2019. The sector grew by 8.4% in 2021, compared to 7.3% in 2019. The growth in 2021 was driven by the crops subsector, which recorded an expansion of 8.9%, influenced by a 10.4% growth in the cocoa sector. The fishing subsector grew by 13.4% in 2021, while the forestry and logging subsector recovered from a 9.4% contraction in 2020 to a 4.7% growth in 2021. The government expects growth in the agriculture sector at 2.1% in 2022; the sector is expected to record an average growth of 5.0% over the medium-term as it receives more attention in the form of financial and infrastructural investments, policy initiatives as well as increased credit access. However, the recent geopolitics-induced spike in fertiliser and other input costs could hold back the agriculture sector, especially in 2022.

In 2017, the Government rolled out the PFJ programme to transform and modernise the agriculture sector. The PFJ programme contributed to the significant yield increases in selected crops, with maise, rice and soya yields increasing by 67%, 48% and 150%, respectively, in 2017 compared to 2016. Following this success, the Government expanded the PFJ programme in 2018, supplying over 577,000 farmers with subsidised fertilisers and seeds and registering around 278,000 farmers on the biometric database. The Government continued to implement the PFJ programme in 2019, pursuant to which 296,000 metric tonnes of fertilisers (compared to 247,000 metric tonnes in 2018) were subsidised, and 15,876 metric tonnes of seeds (compared to 6,821 metric tonnes in 2018) were supplied. Also, the fertiliser usage by farmers increased from 8kg/ha to 20kg/ha from 2017 to 2019. In 2021, the government distributed 31,797 metric tonnes of improved seeds and 259,500 metric tonnes of various fertilisers to beneficiary farmers under the PFJ programme. The government has also expanded the PFJ programme to include "Planting for Export and Rural Development (PERD)". Under the PERD, the government distributed 1,360,589 cashew, coffee, coconut, oil palm, mango and rubber seedlings to 7,543 farmers in Ahafo, Ashanti, Bono, Central, Eastern, Greater Accra, Oti, Western, Western North, and Volta Regions. This takes the total seedlings distributed to beneficiary farmers to 23,216,000 since 2019.

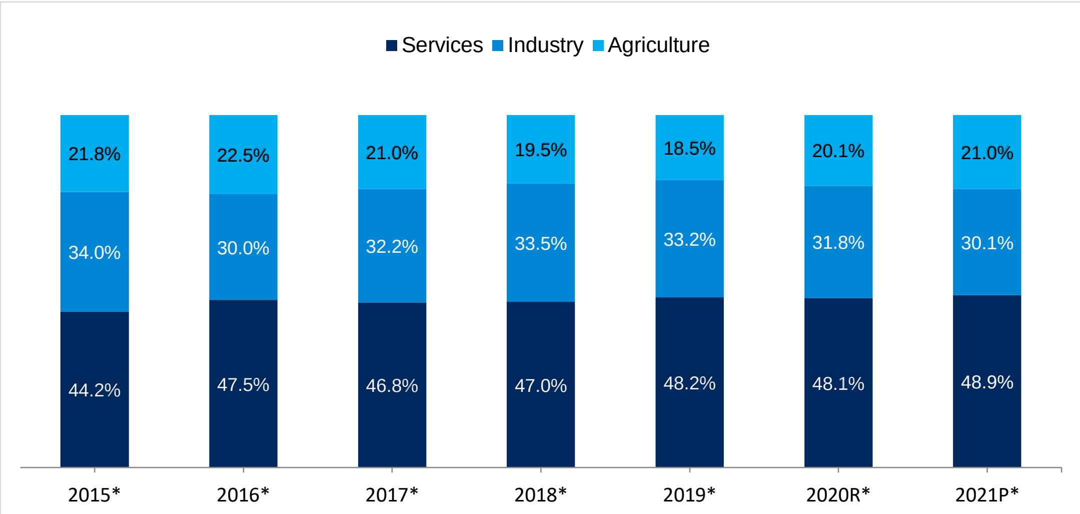
Table 25: Sectorial Distribution of the Ghanaian Economy by Activity

	2015	2016	2017	2018	2019	2020	2021
Sectoral contribution to GDP (%) - Rebased							
AGRICULTURE	**21.8**	**22.5**	**21.0**	**19.5**	**18.5**	**20.1**	**21.0**
Crops	15.8	17.2	16.3	15.3	14.7	16.2	17.2
o.w. Cocoa	*2.8*	*2.5*	*2.2*	*2.0*	*1.7*	*1.8*	*2.2*
Livestock	2.5	2.3	2.0	1.8	1.7	1.7	1.6
Forestry and Logging	2.0	1.7	1.6	1.5	1.3	1.2	1.2
Fishing	1.5	1.4	1.1	0.9	0.9	1.0	1.0
INDUSTRY	**34.0**	**30.0**	**32.2**	**33.5**	**33.2**	**31.8**	**30.1**
Mining and Quarrying	10.2	8.3	10.7	13.7	14.2	11.3	9.9
o.w. Oil and gas	2.8	0.5	3.7	5.9	6.4	3.7	4.9
Manufacturing	12.1	11.7	10.9	10.9	10.9	11.7	11.4
Electricity	1.8	1.7	1.8	1.5	1.3	1.3	1.2
Water and Sewerage	0.9	0.9	1.0	0.8	0.7	0.7	0.8
Construction	8.9	7.3	7.8	6.7	6.2	6.8	6.8
SERVICES	**44.2**	**47.5**	**46.8**	**47.0**	**48.2**	**48.1**	**48.9**
Trade; Repair of Vehicles, Household Goods	12.9	14.5	14.5	15.6	16.1	16.9	16.9
Hotels and Restaurants	3.5	3.7	3.9	3.8	3.7	2.4	2.2
Transport and Storage	6.0	6.5	7.1	7.3	7.1	7.2	7.4
Information and communication	2.3	2.2	2.1	2.5	3.1	3.8	4.6
Financial and Insurance Activities	5.6	6.6	4.9	4.0	3.8	3.9	3.7
Real Estate	1.3	1.8	2.3	2.2	2.7	2.7	3.0
Professional, Administrative & Support Service activities	1.6	1.6	1.6	1.5	1.5	1.4	1.4

	2015	2016	2017	2018	2019	2020	2021
Public Administration and Defence; Social Security	3.3	3.4	3.5	3.5	3.5	3.9	4.3
Education	4.2	3.9	3.7	3.5	3.6	3.1	2.6
Health and Social Work	2.1	2.0	2.1	2.1	2.2	2.1	2.1
Other Service Activities	1.3	1.3	1.2	1.0	1.0	0.8	0.8
GROSS DOMESTIC PRODUCT at basic prices	**100**	**100**	**100**	**100**	**100**	**100**	**100**

Source: Ghana Statistical Service (Rebased)

Diagram 7: Sectorial Distribution of the Ghanaian Economy



'New Series; R: Revised for End 2020; P: Provisional for the End Year 2021

8.5 MONETARY & FISCAL DEVELOPMENT

8.5.1 Monetary policy

The primary objective of the Bank of Ghana is to pursue sound monetary policies aimed at price stability and creating an enabling environment for sustainable economic growth. Price stability in this context is currently defined as a medium-term inflation target range of 8% ± 2%, for which the economy is expected to grow at its full potential without excessive inflation pressures. The Bank of Ghana is also responsible for promoting and maintaining a sound financial sector and payment systems through effective regulation and supervision.

With a sustained decline in headline inflation from 2016, the Monetary Policy Committee of the Bank of Ghana (**MPC**) lowered the monetary policy rate (**MPR**) from 25.5% in December 2016 in a series of adjustments to 16.0% in January 2019. In March 2020, the MPC held an emergency meeting in the wake of the ravaging impact of COVID-19, leading to (among other stimuli) a 150bps drop in the MPR from 16.0% to 14.5%, with another cut in the MPR to 13.5% as inflation declined further 7.5% in May 2021. However, the Bank of Ghana commenced policy rate hikes in November 2021 with a cumulative increase of 850bps by July 2022, pegging the MPR at 22.0% due to rising inflation and exchange rate pressures since late 2021. In addition to the policy rate hike, the Bank of Ghana also implemented a 400bps increase in the Cash Reserves Ratio for commercial banks to 12.0%, with the Capital Adequacy Ratio reset at 13.0%. In its July 2022 meeting, the MPC further increased the Cash Reserve Ratio by 300bps to be implemented by banks in a phased manner from September to November 2022. These measures are expected to reduce the growth in money supply, restrain aggregate demand and slow down the inflation rate.

8.5.2 Inflation[7]

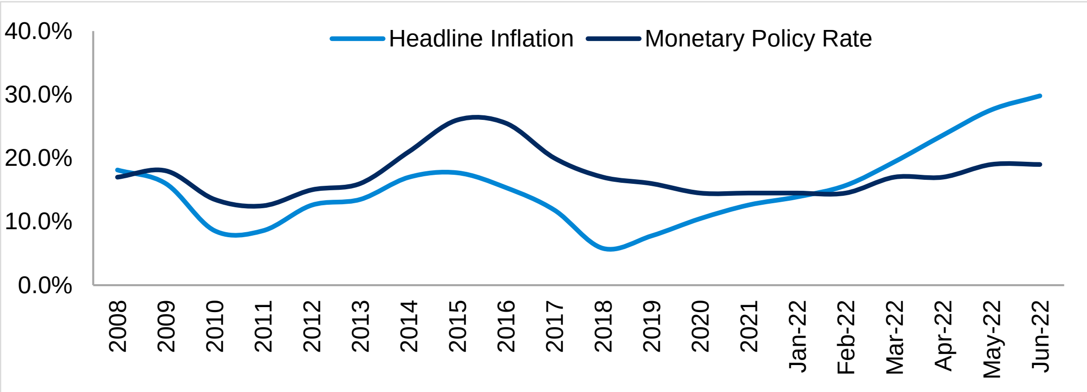
In July 2013, the Ghana Statistical Service introduced a rebased calculation of the Consumer Price Index (**CPI**), which along with other changes, updated the relative weights of the items in the consumption basket and moved the CPI base year from 2002 to the average prices of 2012. CPI indices and inflation rates under the new calculation vary slightly from indices and rates calculated for the same periods under the old measure. In general, inflation rates under the new measure are somewhat higher than they would be if calculated using the old methodology. In August 2018, the CPI was again rebased from 2012 to 2018. This was done to improve the quality and coverage of national accounts aggregates to reflect Ghana's current economic structure. The new review extended the number of markets used for the survey from 42 to 44 and added 200 items to the basket. Based on the new methodology, the year-on-year inflation for December 2019 was 7.9%, within the Bank of Ghana's target range of 6.0% – 10-0%. Inflation continued to hover around the midpoint of the Bank of Ghana's target band, with a 7.8% inflation recorded for March 2020. However, inflation surged to 10.6% in April 2020 due to panic buying and stockpiling ahead of the three weeks of COVID-related economic lockdown in April 2020, which drove up food inflation to 14.4% in April 2020 compared to 8.4% in March 2020. Following the COVID-induced spike in the first half of 2020, CPI inflation commenced a sustained decline into 2021, hitting a low of 7.5% in May 2021 with support from a favourable base effect and appropriate monetary policy stance. However, inflation reversed course in the second half of 2021 as exchange rate pressures, rising petrol prices and higher transport costs pushed up price pressures. These pressures worsened in the first half of 2022 because of the geopolitical conflict between Russia and Ukraine, which has strained global supply chains and increased global food and energy prices. Consequently, CPI inflation accelerated to 29.80% in June 2022, from 12.6% in December 2021, with further upside risks in the third quarter of 2022. However, the Bank of Ghana expects inflation to revert downwards and approach the medium-term target band of 6.0% – 10.0% within the next year, on the back of the aggressive monetary tightening and expenditure cuts the Government implements.

Annual growth in broad money supply increased sharply in 2020 after the Bank of Ghana slashed the monetary policy rate and other monetary interventions to support aggregate demand through the COVID pandemic. Broad money supply grew at an average of 24.5% year-on-year in 2020, with peak growth of 30.0% in October 2020, reflecting the Central Bank's monetary support for the financial market through the COVID pandemic. However, the growth in money supply has slowed down significantly to

[7] Ghana Statistical Service, Bank of Ghana: Summary of Economic and Financial Data, November 2019 – July 2022

19.1% year-on-year in June 2022 as the Bank of Ghana commenced the withdrawal of COVID-related support to curb inflation pressures.

Diagram 8: Trend in Inflation Rate and Monetary Policy Rate



Source: Bank of Ghana, Ghana Statistical Service

8.5.3 Balance of payment accounts

Ghana's trade accounts recorded higher export receipts from its key export commodities (including oil, cocoa and gold) since 2017, driven by higher prices on the world market and increased domestic production. The value of exports increased from USD 11.1 billion at the end of 2016 to USD 15.6 billion at the end of 2019, while the total import bill increased moderately from USD12.9 billion in 2016 to USD 13.4 billion at the end of 2019. This resulted in a widening trade surplus since 2017, with a surplus at the end of 2019 standing at USD 2.28 billion (3.5% of GDP). However, the COVID-induced downturn in the global economy significantly weighed on crude oil prices in 2020. Also, production of oil and gas, as well as gold output, declined for two consecutive years to 2021. The collapse in global commodity prices and the lower output in the past two years resulted in a decline in total export revenue to USD14.74 billion in 2021 compared to the USD15.67 billion recorded in 2019. At the same time, total imports increased marginally by 1.57% in the past two years to USD13.63 billion in 2021. The combined effect of lower export revenue and marginally higher import bills resulted in a contraction of the trade surplus to USD 1.10 billion (1.4% of GDP) in 2021 compared to 3.5% of GDP in 2019. Although the geopolitical risk in Europe has significantly boosted crude oil and gold prices on the global commodities market, Ghana's production levels remain subdued as of early 2022. This could adversely impact the export receipts from Ghana's primary export commodities. Gold output could, however, be supported by the government's decision to reduce the withholding tax on the export of gold from 3.0% to 1.5% in the 2022 budget, as the incidence of export under-declaration could reduce.

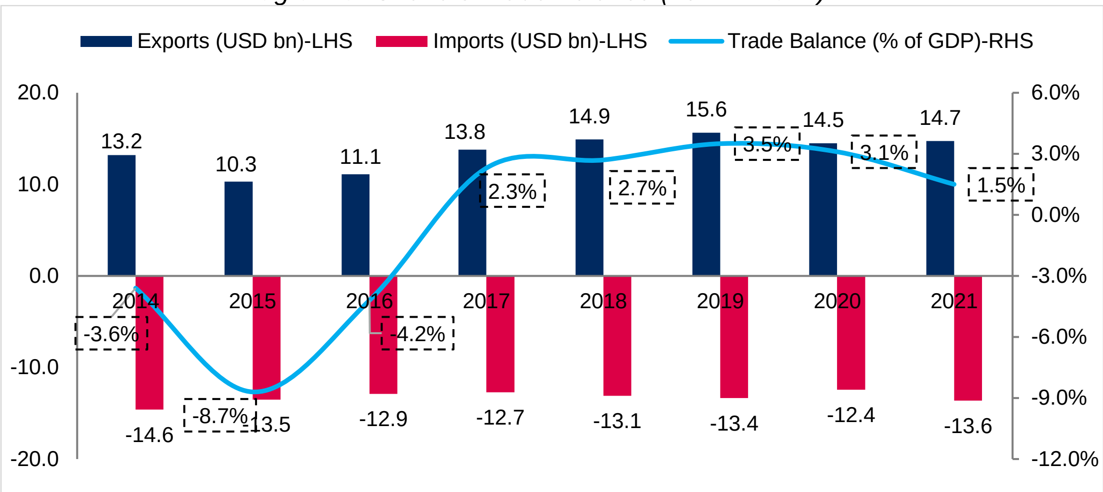
The weaker trade balance on account of the rising cost of imports could widen the current account deficit in 2022 beyond the 3.3% of GDP recorded in 2021.

Ghana's overall balance of payments position has fluctuated between deficit and surplus positions in recent years, largely reflecting the country's exposure to external market conditions. These fluctuations reflected the developments in trade, current, and capital and financial accounts. The balance of payments accounts moved from a deficit of USD 699.2 million in 2013 to a surplus of USD 1,091.4 million in 2017. However, the balance of payments registered a deficit of USD 671.5 million at the end of 2018. This was underpinned by the sudden outflow of foreign portfolio investments across emerging markets and developing economies (**EMDEs**) in 2018, resulting in a sharp decline in the balance on the capital and financial accounts from USD 3,015.7 million at the end of 2017 to USD 1,500.4 million at the end of 2018. At the end of 2019, the balance of payments returned to a surplus of USD 1,341.10 million, supported mainly by the USD 3.0 billion Eurobond issuances in March 2019, which supported the capital and financial account balance to end 2019 at USD3,119.5 million. The developments in the components of the balance of payment accounts resulted in a USD 1,393.3 million increase in the gross international reserves to USD 8,418.1 million at the end of 2019. This was equivalent to 4.0 months of import cover at the end of 2019 compared to 3.6 months of import cover at the end of 2018.

Ghana's balance of payment accounts was weighed down in 2020 to close the year with a lower surplus of USD 368.0 million, equivalent to 0.55% of GDP, compared to the surplus of USD1,341.10 million (2.0% of GDP) recorded in 2019. The lower balance of payment accounts in 2020 reflected the COVID-related drag on global trade with lower prices for some key export commodities and foreign portfolio outflow as the pandemic triggered risk aversion. Despite these adverse developments, the gross international reserves witnessed a marginal increase of 2.4% year-on-year to USD8,624.40 million, equivalent to 4.1 months of import cover. The early Eurobond issuance in February 2020 and the USD1.0 billion Rapid Credit Facility (RCF) from the IMF in mid-April 2020 provided substantial support for the gross international reserves in 2020.

In 2021, the balance of payments surplus increased by 38.6% year-on-year to USD510.1 million, equivalent to 0.7% of GDP. This was helped by the USD3.0 billion Eurobond proceeds in April 2021 and the strong foreign portfolio inflows during the first half of the year, although there was a significant reversal during the fourth quarter of 2021.
As geopolitical conflict persists in Europe while COVID-19 concerns linger in the short-term, the balance of payment account remains vulnerable to downside risk. However, the Government has indicated its ongoing arrangements to secure up to USD2.0 billion in syndicated loans to support the gross international reserves amidst the loss of access to the Eurobond market in 2022.

Diagram 9: Ghana's Trade Balance (2014 – 2021)[8]



8.5.4 Foreign exchange rates[9]

The GHS cumulatively depreciated against the USD by 4.90% as of December 2017, compared to a depreciation of 9.70% against the USD during the same period in 2016. At the end of December 2018, the GHS had depreciated by 8.39% against the USD and by 12.90% at the end of 2019. The GHS commenced 2020 with strong performances against the 3 major international trading currencies (the USD, the EUR, and the GBP). The GHS appreciated against the USD cumulatively by 4.77% as of 24 February 2020. However, investor concerns about the potential economic impact of COVID-19 and the slump in crude oil prices triggered a sudden outflow of foreign portfolio investments across EMDEs, including Ghana. The resultant selling pressure on the GHS overturned the early-year gains to close 2020 with a full-year depreciation of 3.93% against the USD.

In 2021, the GHS commenced the year on a strong note, with significant inflows from foreign portfolio investors supporting the local currency to appreciate by 0.55% against the USD in the first quarter of 2021. However, this support was rapidly lost in the year's second half as the expectation of higher interest rates in the US and renewed concerns about Ghana's fiscal position triggered foreign portfolio outflows. These outflows exerted significant depreciation pressure, dragging the Ghana Cedi to a full-year depreciation of 4.09% against the USD.

Against the backdrop of heightened geopolitical tension between Russia and Ukraine, the rising import bills and lingering concerns about Ghana's fiscal plan for 2022, the GHS suffered a significant loss of 16.9% against the USD as of June 2022.

The perennial depreciation of the GHS has been attributed to factors such as cyclical, seasonal demand pressures for foreign exchange by corporate entities seeking to repatriate their profits and dividend, capital flight and

---

[8] Bank of Ghana: Summary of Economic and Financial Data, July 2015 – July 2022
[9] Bank of Ghana: Summary of Economic and Financial Data, November 2019 and July 2022

Ghana's import dependency. The depreciation of the GHS against the major foreign currencies remains a major concern to the Bank of Ghana. Historically, Eurobond issuances have helped to cushion the GHS against sharp depreciation in recent years. In October 2019, the Bank of Ghana introduced the foreign exchange forward auction system, providing a benchmark for forward trading of foreign exchange on the domestic market. In late March 2022, the Bank of Ghana also introduced an exclusive foreign exchange forward auction system for Bulk Oil Distribution Companies (BDCs) to help absorb the demand for foreign currency from energy sector firms. This structural improvement in currency trading would continue to deepen the foreign exchange market and reduce speculative trading on the spot markets, thereby minimising the depreciation pressure on the GHS.

Table 26: Performance of the Ghana Cedi (2015 – 1H-2022)

	2015	2016	2017	2018	2019	2020	2021	1H-22
Exchange Rates								
GHS/USD	3.795	4.200	4.416	4.820	5.534	5.760	6.006	7.231
GHS/£	5.616	5.196	5.967	6.171	7.316	7.874	8.127	8.907
GHS/Euro	4.132	4.437	5.296	5.513	6.211	7.064	6.828	7.584
Depreciation/Appreciation Rates (%)								
GHS/USD	-15.7	-9.6	-4.9	-8.4	-12.9	-3.93	-4.09	-16.90
GHS/£	-11.3	8.1	-12.9	-3.3	-15.7	-7.08	-3.11	-7.70
GHS/Euro	-5.7	-6.9	-16.2	-3.9	-11.2	-12.08	+3.46	-9.90

Source: Bank of Ghana

8.5.5 Rating

In late 2003, Ghana obtained its first sovereign rating of 'B' with a positive outlook from Fitch and 'B' from Standard and Poor's (**S&P**) in late 2003.

In 2012, Fitch affirmed Ghana's 'B+' with a stable outlook rating, signifying that investors risk a moderate chance of default, while S&P's rated Ghana 'B' with a stable outlook in its 2012 annual review.

In 2015, when Ghana attracted a 10.8% interest rate on the 2015 Eurobond issue, Fitch gave Ghana a 'B' rating with a negative outlook, while S&P rated Ghana 'B-' long-term and 'B' short-term with a stable outlook. Moody's further downgraded Ghana's sovereign rating from 'B2' to 'B3' with a negative outlook.

In September 2017, Fitch affirmed Ghana at 'B' with a stable outlook. Moody's affirmed Ghana's B3 rating in February 2018, maintaining a stable outlook. In March 2018, S&P affirmed its 'B-/B rating with a stable outlook. In September 2018, S&P upgraded its rating to 'B/B' with a stable outlook.

In September 2019, S&P maintained its B/Stable rating, while Fitch also affirmed its 'B' with a stable outlook rating in October 2019. Moody's also revised Ghana's B3/Stable rating in September 2019 to B3/Positive in January 2020. However, in April 2020, Moody's re-affirmed Ghana's 'B3' rating but revised the outlook to negative (from positive) on the back of the anticipated economic shocks from the COVID-19 outbreak. Fitch further affirmed Ghana's 'B'/stable rating in April 2020.

In January 2022, Fitch downgraded Ghana's credit rating to 'B-' from 'B' with a negative outlook due to the country's loss of access to the international capital market following the COVID-related surge in Government debt.

In February 2022, Moody's also downgraded Ghana's rating to 'Caa1' from 'B3' with a stable outlook citing expected difficulties confronting the government's quest to resolve its intertwined liquidity and debt challenges.

S&P maintained Ghana's credit rating at 'B-' with a stable outlook in February 2022. In August 2022, however, S&P downgraded Ghana's credit rating to CCC+/C from B-/B with a negative outlook, citing Ghana's limited commercial financing options, and constrained external and fiscal buffers.

8.5.6 2022 budget statement

Ghana's 2022 budget was prepared within the context of an economy hard hit by the shock of the COVID pandemic, which dragged overall Real GDP growth to 0.5% in 2020 compared to the average growth of 7.0% for the period 2017 – 2019. The COVID pandemic also culminated in a substantially wider budget deficit equivalent to 11.4% of revised GDP for 2020, more than 2x the 5.0% threshold imposed by the Fiscal Responsibility Act.

Consequently, the Government commenced a fiscal consolidation budget in 2021, albeit with continued support for post-pandemic recovery in economic growth. This resulted in a decline in the budget deficit (excluding financial and energy sector bailout costs) to 9.3% of provisional GDP for 2021, marginally higher than the 9.0% target for the year.

In November 2021, the Government of Ghana presented its 2022 budget to Parliament under the theme *"Building a Sustainable Entrepreneurial Nation: Fiscal Consolidation and Jobs".* Following the COVID-related widening of Ghana's budget deficit with a resultant surge in the public debt stock to 76.6% of revised GDP in 2021, the 2022 budget aimed to reinforce fiscal consolidation while supporting the ongoing economic recovery. The 2022 budget seeks to narrow the budget deficit (including bailout costs) to 6.6% of revised GDP in 2022 from the bailout deficit of 11.6% of provisional GDP for 2021 and projected declines steadily to within the 5.0% limit imposed by the Fiscal Responsibility Act by 2024.

The government proposed new revenue measures to achieve the fiscal consolidation plans, which were projected to add an extra revenue equivalent to 3.0% of GDP in 2022. The main driver of this revenue expectation hinges on the Electronic Transfer Levy (E-Levy), initially proposed at 1.75% of daily transfers exceeding GHS100. However, the Parliamentary debate over the E-Levy bill suffered significant delays until late March 2022 before receiving a one-sided Parliamentary approval, albeit at a reduced applicable rate of 1.50%. The approval of the E-Levy bill and Ghana's 2022 fiscal plan failed to convince domestic and non-resident investors, mainly due to the perceived over-reliance on a bullish revenue growth expectation of 48.0% year-on-year to GHS100.5 billion compared to GHS67.9 billion in 2021. Also, the 2022 budget was viewed as less convincing regarding expenditure controls, deepening investor concerns and the selloff in Ghana Government bonds across the domestic and international markets. The government initially planned to spend GHS137.5 billion (including arrears payments) in 2022. In response to investor concerns, the Government announced a 10.0% cut to the planned discretionary spending for 2022 in addition to a 20.0% cut in the budget for Ministries, Departments and Agencies (MDAs). These spending control measures and the successful approval of the E-Levy bill supported a modest decline in Ghana's Eurobond yields to reflect a moderate easing of investor concerns around the fiscal outlook. However, the general risk perception remains elevated in the short term, with non-resident investors looking forward to the half-year budget performance before firming up their investment decisions for Ghana.

8.5.7 Public debt and interest rates[10]

Ghana's public debt stock has increased from GHS 53 billion (52.0% of GDP) in 2013 to GHS 291.6 billion (74.4% of revised GDP) at the end of 2020, mainly due to COVID-induced shortfalls in revenue and higher expenditure together with additional financial sector bailout costs. At the end of 2021, the total public debt stock increased to GHS351.8 billion (76.6% of revised GDP) due to continued revenue underperformance amidst high expenditure commitments. The debt stock at the end of 2021 comprised an external and domestic debt of GHS 170.0 billion and GHS 181.8 billion, respectively. Interest payments on loans during the first three quarters of 2021 amounted to GHS 25.39 billion, constituting about 7.7% of nine (9) months of GDP and 53.76% of total revenue for the first three quarters of 2021.

Domestic debt

The maturity profile of Ghana's domestic securities has transformed dramatically since 2008 as the Government pursued debt management objectives to reduce refinancing risk and develop a medium-term benchmark yield curve. Nonetheless, the Government regards short-term domestic debt issued with a tenor of up to one year with high-interest cost as an important, albeit decreasing, a feature of the country's current domestic debt structure, comprising 37.6% of total domestic debt as of 31 December 2016, 18.0%. as at 31 December 2017, 12.7% as at 31 December 2018, 17.29% as at 31 December 2019, and 13.7% as at 31 December 2020.

ESLA bond programme

In 2017, the Ministry of Finance sponsored the establishment of a special purpose vehicle (the **ESLA SPV**) to set up a GHS 10 billion bond programme as a strategy to resolve the energy sector indebtedness. As of March 2022, 87% of the bond programme had been issued and listed on the Ghana Fixed Income Market (GFIM). Bonds issued under the ESLA bond programme are not included in the domestic debt of Ghana since the Government has irrevocably assigned its rights to the receivables generated by the energy debt recovery levy to the ESLA SPV, and these receivables are used as the basis for the repayment of principal and interest under the bonds. However,

[10] Bank of Ghana: Summary of Economic and Financial Data, March 2022; 2022 Budget statement; Ghana Statistical Service, 2020 Annual Public Debt Report; Central Securities Depository.

notwithstanding the sale of such receivables to fund the ESLA bond programme, the IMF and some rating agencies consider such debt contingent liabilities of the Government and so account for this as debt.

Interest rate on public debt

Rates on the short-term bills have declined steadily since December 2016, in line with the Government of Ghana's plan to re-profile its debt to elongate the tenor of domestic debt and bring down the cost of borrowing. The interest rates on the 91day and 182day treasury bills declined from 16.43% and 17.64% in December 2016 to 12.51% and 13.19%, respectively, at the end of 2021. The interest rates on the 364day, 2-year and 3-year treasury notes also declined from 21.5%, 22.5% and 24.5% in December 2016 to 16.57%, 19.96% and 20.5% at the end of 2021. However, interest rates have turned upwards since late 2021 and continued into 2022. At the end of June 2022, the interest rate for the 91day, 182day and 364day treasury bills increased to 25.63%, 26.40% and 27.42%, respectively. As a result of the inflation, exchange rate, and fiscal uncertainty, interest rates on treasury bonds have also increased across the yield curve, with 3-year bonds quoted at 25% at the end of June 2022.

8.6 MACROECONOMIC OUTLOOK[11]

8.6.1 Overview

The IMF projects Ghana's economic growth (real GDP growth) to be 5.2% in 2022, inching down to 5.1% in 2023 before accelerating to 7.5% in 2027. This
forecast is significantly above the 3.8%, and 4.0% projected growth for Sub-Saharan Africa in 2022 and 2023, respectively. The IMF also projected Ghana's consumer price inflation for the end of 2022 at 15.8%, declining to 10.3% by the end of 2023. These forecasts reflect the impact of the ongoing geopolitical conflict between Russia and Ukraine on global output and consumer prices. The Government of Ghana targets an overall GDP growth rate of 3.7% in 2022 based on the revised budget. In the medium-term, the services sector is projected to remain the dominant sector in the economy, contributing 44.8% share of GDP by 2025.

In the 2022 Budget Statement, the Government proposed the continued implementation of measures to support fiscal consolidation while investing in the revitalisation and transformation of the post-COVID economy.

The priority areas for the 2022 budget implementation include, among other interventions:

- COVID-19 containment and vaccination to protect lives and livelihoods to attain herd immunity
- Fiscal consolidation to promote fiscal and debt sustainability. This would anchor on reduced borrowing, increased domestic revenue

[11] IMF World Economic Outlook, April 2022; 2022 Budget Statement and Economic Policy

mobilisation, rationalising public expenditure, and enforcing commitment controls

- Continued revitalisation and transformation of the economy to "build forward better" through the Ghana Cares Programme, Government's flagship programmes, and Agenda 111.

The medium-term outlook (2022 – 2025) for the Ghanaian economy is therefore envisaged as follows:

- Overall Real GDP growth at an average rate of 5.6%
- Non-oil Real GDP growth at an average rate of 5.9%
- Yea-end inflation rate to be within the target band of 8.0% ± 2.0%
- Overall fiscal deficit to return within the Fiscal Responsibility Act threshold target by 2024 – That is, overall fiscal deficit of not more 5.0% of GDP
- Primary Balance to return to the Fiscal Responsibility Act threshold target by 2022 – That is, a primary surplus.
- Gross international reserves to cover at least 4.0 months of imports.

In the short-term, the outlook for the 2022 fiscal year was envisaged as follows:

- Overall Real GDP growth of 3.7 %
- Non-oil Real GDP growth of 4.3 5.9%
- Year-end inflation rate is expected to remain above the upper band 8.0%+2%
- Overall fiscal deficit of 6.6% of GDP
- Primary surplus of 0.4% of the revised GDP
- Gross international reserves to cover not less than 3.5 months of import

The Government has indicated its commitment to fiscal reforms and consolidation to improve the macro-economic environment. However, the lingering impact of COVID-19 on the global economy and the ongoing geopolitical conflict between Russia and Ukraine are expected to weigh heavily on Ghana’s economy. The critical macroeconomic targets for the 2022 fiscal year are significantly threatened against the backdrop of rising import bills, the Government’s inability to issue a Eurobond with downside risk to the balance of payment account, the global surge in energy and food prices with pass-through to domestic inflation and a potential squeeze in economic activity with downside risk to the revenue and fiscal deficit targets.

9. BANKING INDUSTRY IN GHANA[12]

9.1 OVERVIEW OF GHANA'S BANKING SECTOR

The Bank of Ghana regulates the banking and the non-banking sectors to ensure the achievement of a sound and efficient financial system, protect deposits and prevent systemic risks.

Banks in Ghana are governed by the BSDI Act. The BSDI Act restricts banking business to corporate bodies which are incorporated in Ghana and have obtained a licence from the Bank of Ghana. At the end of December 2017, there were 34 banks in Ghana. This has reduced to 23 banks, due to the Bank of Ghana's clean-up of the banking sector. This is comprised of 9 domestic banks and 14 foreign banks making the ratio of foreign to domestic banks 61%. The banks operate 1,145 branches spread across the ten regions in Ghana, a decrease from 1,341 in 2016; due to the 2018 recapitalisation exercise in 2018. The list of licensed banks in Ghana is as follows:

Table 27: List of licensed banks in Ghana

Bank Name	Year bank commenced business	Majority Ownership	No. of Branches
Absa Bank Ghana Limited	1917	Foreign	52
Access Bank (Ghana) Plc	2008	Foreign	47
Agricultural Development Bank Limited	1965	Local	83
Bank of Africa Ghana Limited	1997	Foreign	26
CalBank PLC	1990	Local	30
Consolidated Bank Ghana Limited	2018	Local	110
Ecobank Ghana Limited	1990	Foreign	67
FBNBank (Ghana) Limited	1996	Foreign	20
Fidelity Bank Ghana Limited	2006	Local	75
First Atlantic Bank Limited	1994	Foreign	37
First National Bank (Ghana) Limited	2015	Foreign	8
GCB Bank Limited	1953	Local	184
Guaranty Trust Bank (Ghana) Limited	2004	Foreign	34
National Investment Bank Limited	1963	Local	49
OmniBSIC Bank Ghana Limited	2016	Local	46
Prudential Bank Limited	1993	Local	40
Republic Bank (Ghana) PLC	1990	Foreign	42
Societe General (Ghana) Limited	1975	Foreign	40
Stanbic Bank Ghana LTD	1999	Foreign	40
Standard Chartered Bank (Ghana) Limited	1896	Foreign	22

[12] Source: Bank of Ghana

Bank Name	Year bank commenced business	Majority Ownership	No. of Branches
United Bank for Africa (Ghana) Limited	2005	Foreign	25
Universal Merchant Bank Limited	1971	Local	34
Zenith Bank (Ghana) Limited	2005	Foreign	34

Source: Bank of Ghana

Deposit taking non-bank financial institutions are also regulated by the BSDI Act. These are the savings and loans companies, finance houses, rural and community bank and other deposit taking microfinance institutions. All other microfinance institutions are regulated under the NBFI Act. These include money lending companies, financial non-governmental organisations and other microfinance institutions. The asset size of the rural banks and the non-bank financial institutions represented 13.3% of the industry's total assets, and universal banks controls the remaining 86%.

The regulatory framework currently used by the Bank of Ghana to regulate the Ghanaian banking sector includes the following:

Table 28: Regulatory framework of banking sector in Ghana

BSDI Act
NBFI Act
Ghana Deposit Protection Act, 2016 (Act 931)
Companies Act
Foreign Exchange Act
Payment Systems Act, 2019 (Act 987)
Credit Reporting Act
AML Laws
Borrowers and Lenders Act
Bank of Ghana Act
Notices, directives, circulars and/or rules issued by the Bank of Ghana

9.2 HISTORY OF GHANA'S BANKING SECTOR

In the colonial period, the provision of banking services was governed by the laws of Company Ordinances and the Bank of the Gold Coast. After 1957, the Bank of Ghana had the power to prescribe the amount of banks' liquid assets, request information from banks, restrict investments, and fix the minimum capital of banks. The Bank of Ghana's objective after independence was to ensure that banks support the government industrialisation policy by implementing sectoral credit guidelines issued by the Bank of Ghana.

Before 1987, most banks in Ghana suffered from poor prudential regulation, poor corporate governance, and inadequate banking supervision. The government directed the banks to give loans to indigenous businesses and farmers that would ordinarily not get a loan from the foreign banks The Bank of Ghana (the Central Bank) controlled the interest rates.

The Banking Act of 1970 was enacted in 1970 to regulate banks in Ghana. The Act set the minimum capital requirement with no limit on the maximum. During this period, government interference, interest rate controls, credit controls, lack of innovations, and poor regulations caused the banks to pile up high levels of non-performing assets in their books. Corruption and fraud worsened the banks' losses because some borrowers were not qualified for loans on merit. The foreign banks resisted government interference and would not extend credit to nonqualified borrowers, and as a result, foreign banks did not suffer loan losses relative to the local banks. BOG policies significantly impacted the banking markets in Ghana. The country experienced significant banking crises in 1981-1982.roots of the banking crisis can be linked to government policies from the 1960s to the early 1980s. BOG's policies caused distortions in the banking sector, and during the period, real interest rates became negative due to high inflation. High inflation and negative real interest rates caused holding of foreign exchange and physical assets. Ghana's financial industry suffered significant financial disruptions that led to the collapse of some banks, while others were in and out of insolvency.

The Bank of Ghana administratively controlled interest rates to lower the cost of credit to promote investment and to support preferred borrowers. The riskier sectors, like agriculture, received a preferential lending rate because the government considered the agriculture sector as the engine of growth. The government abolished the interest rates controls in 1987.

Non-performing loans, weak internal control mechanisms, and poor corporate governance also contributed to the bank distress, and it became necessary to reform the banking sector to encourage competition, improve efficiency, and promote banking sector stability.

9.3 RECENT DEVELOPMENTS IN THE BANKING SECTOR

9.3.1 Recent legal and regulatory changes

Key regulator-driven events that have taken place in the Ghanaian banking industry since 2003 are detailed below:

Table 29: Recent legal and regulatory changes in the banking industry

Year	Key Developments
2003	Bank of Ghana increased the Minimum Capital Requirement (MCR) to GHS 7 million
2003	Universal banking licence was introduced for banks with GHS 7 million in capital
2004	The Banking Act replaced the Banking Law, 1989 (PNDC Law 225)
2006	The Foreign Exchange Act came into effect
2007	The Credit Reporting Act and the Banking (Amendment) Act, 2007 (Act 738) were passed
2007	Redenomination of the GHS
2008	Introduction of E-zwich, the biometric smart card
2008	The Borrowers and Lenders Act, 2008 (Act 773), the AML Laws came into effect
2008	Bank of Ghana increased the MCR from GHS 7 million to GHS 60 million
2009	National Stabilisation Levy was introduced
2013	Bank of Ghana increased the MCR from GHS 60 million to GHS 120 million
2015	Bank of Ghana authorised special diagnostic external audit of banks to review asset classification and valuation, provisioning and loan restructuring practices
2016	The BSDI Act replaced the Banking Law
2017	Implementation of the Treasury Single Account
2017	Bank of Ghana increased the MCR from GHS 120 million to GHS 400 million

Year	Key Developments
2018	A new framework for determination of base rate, the Ghana Reference Rate (GRR) is introduced
2018	Bank of Ghana issued new Corporate Governance Guidelines for banks
2018	Bank of Ghana introduced Capital Requirement Directive
2018	Bank of Ghana introduced “Fit and Proper” Directive for banks, specialised deposit-taking institutions and financial holding companies
2018	Bank of Ghana introduced Mergers and Acquisition Directive for banks, specialised deposit-taking institutions and financial holding companies
2018	Bank of Ghana introduced Financial Holdings Companies Directives
2018	Bank of Ghana introduced Cyber and Information Security Directive
2019	Bank of Ghana issues directive on interbank forex market conduct
2019	Bank of Ghana introduces Forward Auction for Forex Purchases
2019	The Payment Systems and Services Act and came into effect
2020	Credit Reporting Regulations, 2020 (L.I 2394) came into effect
202 1	The Borrowers and Lenders Act repealed the Borrower and Lenders Act, 2008 (Act 773)
2021	The Ant-Money Laundering Act, 2020 (Act 1044) replaced the Anti-Money Laundering Act, 2008 (Act 749)

Within the last three years, the Bank of Ghana has undertaken banking sector reforms to strengthen and inspire confidence in the financial system. This led to a number of banks and specialised deposit-taking institutions having their licences revoked.

The Bank of Ghana has announced that the banking and specialised deposit taking sector reforms have been concluded. However, the government will continue to pursue a policy that provides appropriate mechanisms to minimise financial system instability, and deal with emerging risks using effective supervision and regulatory measures. Through the policy, the government seeks to make the Ghanaian financial sector the preferred source of finance for domestic companies, and further develop, strengthen and modernise the financial sector to support the government’s economic vision and transformational agenda. The Bank of Ghana supports the general economic policy of the government by promoting economic growth, and the effective and efficient operation of banking and credit systems in Ghana.

9.3.2 Recent licensing, mergers and acquisitions

The Bank of Ghana undertook an asset quality review of the banks for the period of 2015 to 2017. The review revealed that a number of banks had inadequate capital, high non-performing loans, weak corporate governance structures, weak risk management practices and regulatory compliance issues. The effect was that a number of the banks were insolvent and thus posed significant systemic risks to the financial system. The Bank of Ghana, therefore, undertook the following measures:

(a) in August 2017, the Bank of Ghana revoked the licences of two of the insolvent banks (UT Bank Limited and Capital Bank Limited). Messrs. Vish Ashiagbor and Eric Nana Nipah of PwC were appointed as the receivers for both banks. Selected assets and liabilities of the banks were transferred to GCB Bank Limited under a purchase and assumption agreement entered into between the receivers and GCB Bank Limited and approved by the Bank of Ghana. The rest of the assets and liabilities of the banks are to be realised and settled through the receivership process;[13]

(b) in September 2017, the Bank of Ghana introduced the New MCR, based on an analysis of the vulnerabilities within the banking system;[14]

(c) in March 2018, the Bank of Ghana appointed KPMG as an administrator over Unibank (Ghana) Limited for a period of 6 months to, among others, ascertain the state of the bank's assets and liabilities and return the bank to regulatory compliance;[15]

(d) in April 2018, the Bank of Ghana appointed an adviser to Sovereign Bank Limited to advise the bank's management and to monitor the bank's recapitalisation efforts and implementation of governance reforms agreed with the Bank of Ghana;[16]

(e) in August 2018, the Bank of Ghana granted a banking licence to Consolidated Bank Ghana Limited (**CBG**) which was set up by the Government. The Bank of Ghana also revoked the licences of five insolvent banks (Unibank (Ghana) Limited, The Royal Bank Limited, Beige Bank Limited, Construction Bank Limited and Sovereign Bank Limited) and appointed Nii Amanor Dodoo of KPMG as the receiver for the banks. Selected assets and liabilities of the banks were transferred to CBG under a purchase and assumption agreement entered into between the receiver and CBG and approved by the Bank of Ghana. The rest of the assets and liabilities of the banks are to be realised and settled through the receivership process;[17]

(f) in January 2019, the Bank of Ghana revoked the licences of two more banks (Heritage Bank Limited and Premium Bank Limited) and appointed Mr. Vish Ashiagbor of PwC as the receiver for the banks. Selected assets and liabilities of the banks were transferred to CBG under a purchase and assumption agreement entered into between the receiver and CBG and approved by the Bank of Ghana. The rest of the assets and liabilities of the banks are to be realised and settled through the receivership process.[18] The Bank of Ghana also downgraded GN Bank Limited to a savings and loans company;

(g) in May 2019, Bank of Ghana revoked the licences of 192 insolvent microfinance companies. In addition, licences of another 155 insolvent microfinance companies that had ceased operations were revoked [19]; and

(h) in August 2019, the licenses of 23 insolvent savings and loans companies and finance houses were revoked by the Bank of Ghana.[20]

---

[13] Source: Bank of Ghana (press release issued on August 14, 2017).
[14] Source: Bank of Ghana (notice issued on September 11, 2017 and under notice number BG/GOV/SEC/2017/19).
[15] Source: Bank of Ghana (press release issued on March 20, 2018).
[16] Source: Bank of Ghana (press release issued on May 4, 2018).
[17] Source: Bank of Ghana (press release issued on August 1, 2018).
[18] Source: Bank of Ghana (press release issued on January 4, 2019).
[19] Source: Bank of Ghana (press release issued on May 31, 2019).
[20] Source: Bank of Ghana (press release issued on August 16, 2019).

The Bank of Ghana also approved a request for a voluntary winding up of Bank of Baroda (Ghana) Limited (**Baroda Bank**) in December 2018. It also approved a purchase and assumption agreement entered into between the Baroda Bank and Stanbic Bank Ghana LTD for the transfer of all deposits and selected loan assets of Baroda Bank to Stanbic Bank Ghana LTD.[21]

This reduced the number of banks from 34 (as at December 31, 2017) to 24 (as at April 30, 2020). The 24 banks have met (or are in the process of meeting) the New MCR in the following manner:

(a) the following 16 banks met the requirement through capitalisation of income surplus and/or fresh injection of equity capital:

Table 30: Banks which met the new MCR through capitalisation

No.	Bank
1	Access Bank (Ghana) Plc
2	Bank of Africa (Ghana) Limited
3	Barclays Bank of Ghana Limited
4	CAL Bank Limited
5	CBG
6	Ecobank Ghana Limited
7	FBN Bank Limited
8	Fidelity Bank
9	GCB Bank Limited
10	GT Bank Limited
11	Republic Bank Limited
12	Société Générale Limited
13	Stanbic Bank Ghana LTD
14	Standard Chartered Bank Ghana Limited
15	UBA Bank (Ghana) Limited
16	Zenith Bank (Ghana) Limited

(b) the following six banks undertook mergers for the purpose of, among others, meeting the New MCR:

Table 31: Banks which merged

No.	Bank
1	First National Bank Limited[22] and GHL Bank Limited
2	Energy Bank Ghana Limited and First Atlantic Bank Limited
3	OmniBank Ghana Limited and BSIC Ghana Limited (which became OmniBSIC)

Source: Bank of Ghana

(c) five banks (Agricultural Development Bank, Universal Merchant Bank Limited, Prudential Bank Limited, OmniBSIC and National Investment Bank Limited) have been (or are being) capitalised through a capital support programme sponsored by the Government and implemented by the Ghana Amalgamated Trust Plc.

[21] Source: Bank of Ghana (press release issued on January 4, 2019)
[22] First National Bank Limited had satisfied the New MCR before the merger process with GHL Bank Limited began

9.4 PERFORMANCE OF THE BANKING SECTOR[23]

9.4.1 Recent performance

The banking sector's performance remained strong during the first half of 2021. Available data showed sustained growth in total assets, deposits and investments. The industry's assets expanded on the back of the continued increase in total deposits during the review period. However, credit growth remained sluggish due to COVID-19 effects.

The regulatory reliefs and policy measures have continued to support the performance of the banking sector. This has mainly been reflected in new advances by banks in spite of the stunted overall growth in total credit due to the pandemic. Net restructured loans, undertaken by banks to provide respite for customers severely impacted by the pandemic represented some 7.7% of industry's loan portfolio.

Financial soundness indicators remained strong, underpinned by improved solvency, liquidity and profitability indicators. The industry's Non-Performing Loans (NPLs) ratio however inched up due to the pandemic-induced loan repayment challenges, sluggish credit growth and bank-specific loan repayment challenges. On the whole, the banking industry broadly managed effects of the pandemic and the sector's strong performance is expected to continue as the economy rebounds.

9.4.2 Balance sheet

The banks' posted a strong balance sheet position at the end of the first half of 2021, except for the continued sluggish credit growth due to the pandemic. Total assets of the banking industry increased by 17.2% year-on-year to GHS 162.9 billion as at end-June 2021, compared to 23.2% growth in the same period of 2020. The slower asset growth was attributed to the gradual rebound in economic activities from the lingering effects of COVID-19. Of the total, growth in domestic assets was higher at 18.0%, while foreign assets grew by 6.7%. Consequently, the share of domestic assets in total assets inched up to 93.4% in June 2021 from 92.8% in June 2020. Deposits continue to drive the funding of total assets with a robust growth of 22.5% to GHS110.3 billion as at end-June 2021, relative to the 19.1% growth recorded a year earlier. Total borrowings increased by 5.0% in June 2021, compared with 10.9% growth in the previous year, due to the higher increase in deposits, coupled with higher loan repayments and the liquidity release from the reduction in the reserve requirement of banks which have added to banks' pool of funds. The slowdown in borrowings was mostly reflected at the short-end of the domestic market, even as the short-term domestic borrowings contracted by 25.6% relative to a growth of 7.6% in the previous year.

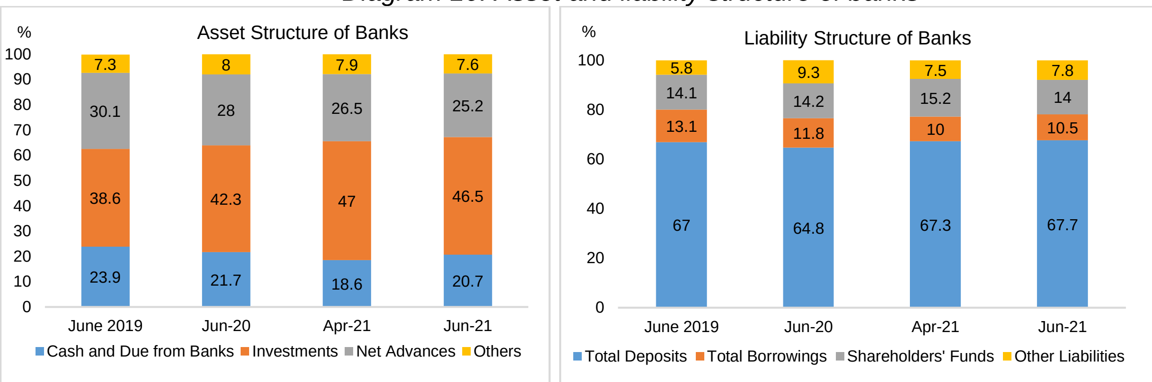
[23] Source: Bank of Ghana July 2021 Banking Sector Developments.

9.4.3 Asset and liability structure

The asset and liability structure of the banking industry's balance sheet continue to tilt towards less risky assets.

Investments dominated the asset mix, with a share of 46.5% in June 2021, compared with 42.3% share in June 2020. On the liability side, deposits remain the main source of funding for banks, with its share increasing to 67.7% from 64.8% over the two corresponding periods.

Diagram 10: Asset and liability structure of banks



9.4.4 Credit risk

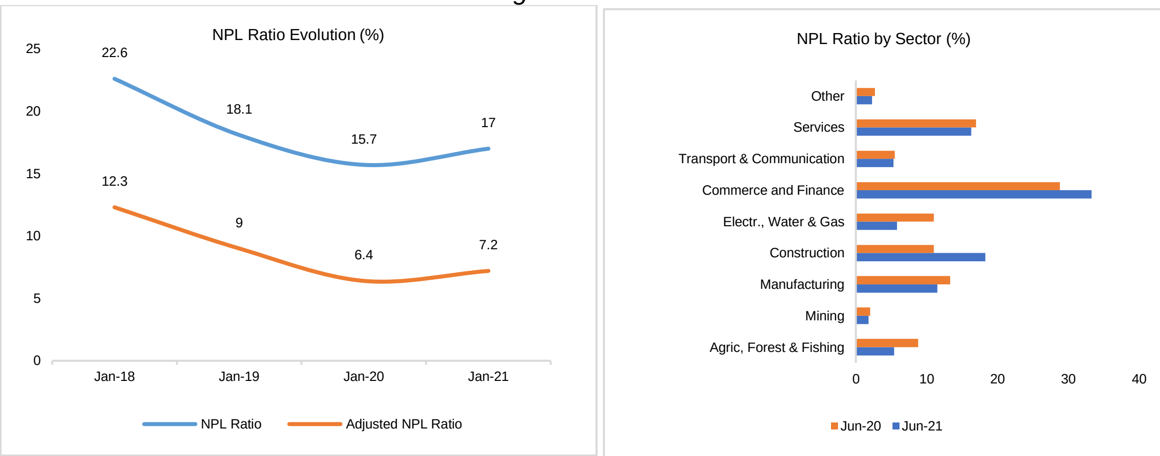
The industry's exposure to credit risk was slightly elevated in June 2021 relative to the same period in 2020, due to the impact of COVID-19 on borrowers' abilities to repay their loans as well as the impairment of some facilities by some banks during the period.

9.4.5 Asset quality

Asset quality risks heightened with the NPL ratio inching up from 15.7% in June 2020 to 17.0% in June 2021. This was attributed to increased stock of NPLs by 15.1% to GHS 8.1 billion, at a time that the stock of gross loans recorded only a modest 5.7% growth over the period. The adjusted NPL ratio (excluding the fully provisioned loan loss category) also increased to 7.2% from 6.4% over the review period.

The loan moratorium and repayment holidays that banks granted to customers severely impacted by the pandemic have contributed to moderated NPL ratios for some of the economic sectors. Outstanding balance on restructured loans to cushion customers severely impacted by the pandemic stood at GHS 3.7 billion as at June 2021, representing some 7.7% of industry loan portfolio.

Diagram 11: NPLs



9.4.6 Liquidity indicators

The ratio of core liquid assets (mainly cash and due from banks) to total deposits moderated to 30.5% in June 2021 from 33.5% during the same period last year. The dip in this core liquidity measure remains partly attributable to the 2-percentage point reduction in the primary reserve requirement by the Bank of Ghana to help support credit extension during this COVID-19 pandemic period, as well as the strong growth in the industry's deposits

9.4.7 Capital adequacy ratio (CAR)

The industry remains very solvent with a CAR of 20.8% as at end June 2021, well above the regulatory minimum of 11.5% under Basel II/III. The higher capital adequacy ratio above the regulatory threshold continues to highlight banks' improved capacity to expand lending and also absorb any potential losses from the increased lending during the current uncertain operating environment using their capital buffers.

9.4.8 Profitability

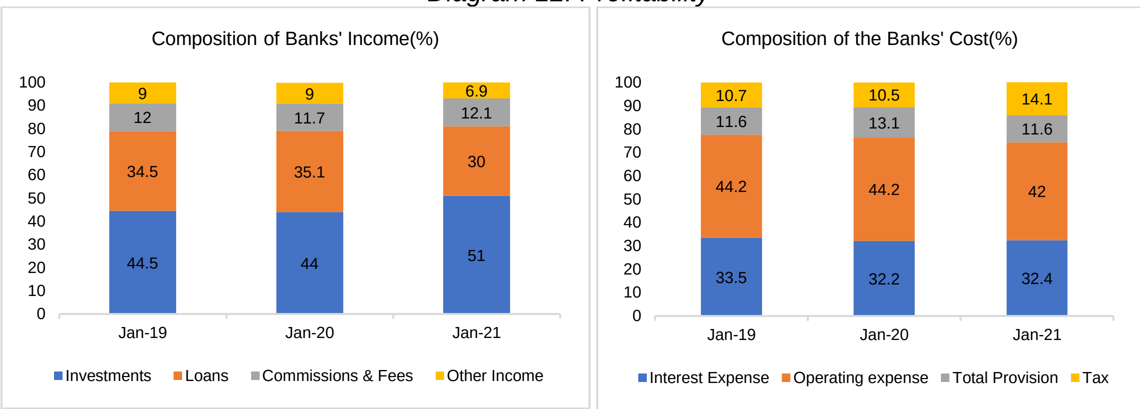
The industry's profitability performance was robust during the first half of the year with an annual growth of 24.0% in profit-after-tax, compared with 15.5% a year ago. The growth outturns for the key income lines of banks were higher this year compared with the same period last year, contributing to the improved profit performance.

Net interest income grew by 19.4% in June 2021 from 16.5% a year earlier. Growth in interest income increased from 13.7% in June 2020 to 17.6% in June 2021, while growth in interest expenses went up from 8.3% to 13.9% during the same comparative period. Net fees and commissions recorded a strong growth of 19.6% from 10.3%, whereas other income, the smallest component of banks' income contracted by 11.8% from a growth of 12.7%.

Investments income remained the largest component of banks' income as at June 2021, accounting for 51 % from 44.3 % a year ago. Interest income from loans constituted the second largest source of banks' income, bringing in a lower share of 30.0%, down from 35.1% during the same comparative period. The share of banks' income from fees and commissions increased to 12.1% from 11.7% in line with the higher growth of fees and commissions. The share of other income, however, dipped to 6.9% from 9.0% during the period under review

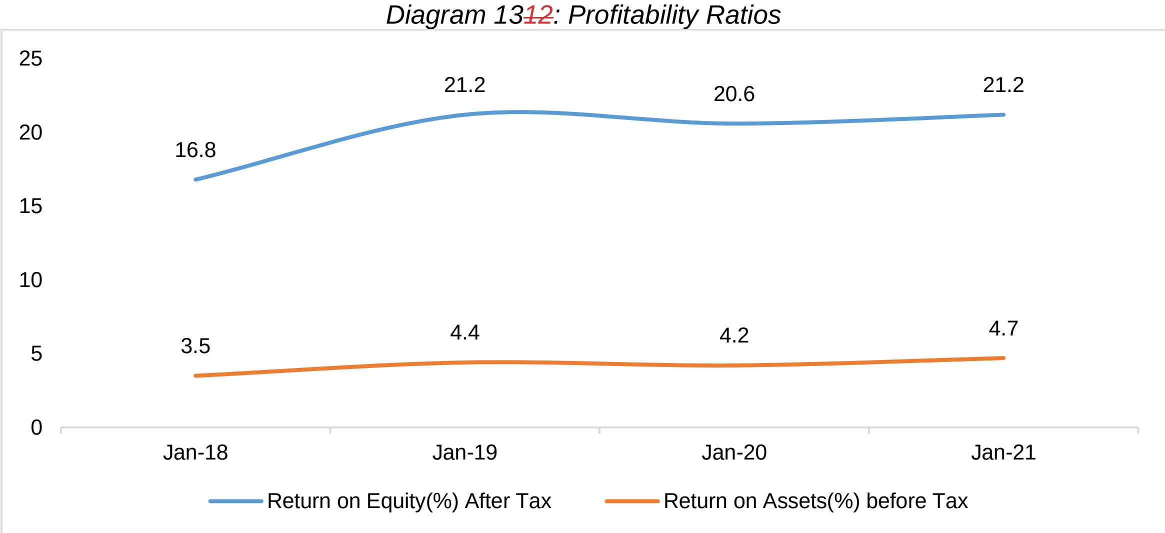
Growth in operating expenses was lower at 7.3% in June 2021 relative to the 12.9% a year earlier, reflecting the sustained cost minimization strategy of banks. The slower growth in operating expenses was on the back of a sharper drop in the growth of other operating expenses from 17.3% in June 2020 to 5.2% in June 2022.

Diagram 12: Profitability



The sector's Return on Assets (ROA) increased to 4.7% from 4.1% during the comparative period, in line with the higher growth in profit-after-tax. The Return on Equity (ROE) also increased to 21.2% in June 2021 from 20.6% in June 2020.

Diagram 13~~12~~: Profitability Ratios



9.5 BANKING SECTOR OUTLOOK

Banking penetration in Ghana is rising, with the World Bank's Global Findex Database noting that account ownership in Ghana doubled between 2011 and 2017, with nearly 60% of adults holding at least one. If this trend is to be maintained, however, the industry must recover the confidence it has lost.

The central bank's reform effort means that the country's banks will have greater capacity to respond to rising demand from the private sector, thanks to larger capital bases and improved corporate governance structures. Demand for credit is likely to be driven by growing sectors such as manufacturing and mining, as well as the government's need for debt financing in order to cover its fiscal deficit. In the retail banking segment, the authorities' ongoing financial inclusion drive and the expansion of mobile and internet banking are likely to boost credit growth.

The Bank of Ghana claims that its clean-up of the banking sector saved 70% of potential job losses and GHS 1.5bn (USD 290.6m) in customer deposits. More reforms to the sector are therefore planned for the short term, including new directives and regulations aimed at tightening the credit framework, boosting the Bank of Ghana's regulatory and supervisory capacity, strengthening the crisis-management framework and fully implementing Ghana's deposit insurance legislation.

The banking sector continues to be strong, solvent and profitable amid the COVID-19 pandemic. The sustained increases in deposits, total assets, profits, and shareholder funds have significantly contributed to the industry's resilience. In addition, the policy measures and regulatory reliefs introduced by the Bank of Ghana to cushion the sector from the COVID-19 effects have moderated the adverse impact of the pandemic on the industry. These response measures remain in force to support activities of corporates and households, particularly those that were adversely hit by the pandemic. The Bank of Ghana expects outlook for the banking industry therefore remains positive, and supportive of the economic recovery in the medium-term.

10. OVERVIEW OF THE GHANAIAN CAPITAL MARKET

10.1 OVERVIEW OF THE CAPITAL MARKET

The SEC regulates Ghana's capital market mainly through the Securities Industry Act. The capital market is the market for the issuance and trading of shares (preference and equities), fixed income securities and commodities. Shares are traded on the GSE and the Ghana Alternative Market (**GAX**), while fixed income securities are traded on the GFIM. Commodities are traded on the Ghana Commodities Exchange (**GCX**). The major players in Ghana's capital market are the Government, the SEC, the Bank of Ghana, the GSE, the GCX, investment banks, and corporations.

Ghana's capital market is relatively small in terms of instruments traded and the number of participants compared with other key sub-Saharan African markets such as South Africa, Nigeria and Kenya. Currently, 36 companies are listed on the GSE, 30 on the main market and 6 on the GAX. In addition, there is one preference share, one depository share, and an Exchange Traded Fund (ETF) listed on the GSE. The total market capitalisation of the GSE as of June 2022 stood at GHS 64.8 billion. Government bonds and notes dominate the fixed income market.

The regulatory framework currently used by the SEC to regulate Ghana's capital market includes the following:

Table 32: Regulatory Regime for Capital Markets in Ghana

Securities Industry Act
SEC Regulations
Unit Trust and Mutual Fund Regulations, 2001 (LI 1695)
Foreign Exchange Act

Some of the developments that have helped to shape the evolution of the capital market over the past three decades include:

- 1989: Incorporation of the GSE as a private company limited by guarantee

- 1990: Commencement of trading on the floor of the GSE in November 1990

- 2004: Establishment of the Bank of Ghana Securities Depository to manage the issuance, redemption and maintenance of ownership records of securities issued by the Government, Bank of Ghana and Ghana Cocoa Board

- 2007: Passage of the Central Securities Depository Act, 2007 (Act 733) to permit the issuance of dematerialised securities, where shareholders and the board of directors of an issuer have authorised this. It also enabled the GSE to set up the GSE Securities Depository Company Limited (**GSD**) and a settlement system. The Bank of Ghana also set up the CSD under this Act

- 2008: Commencement of the operations of the GSD in November 2008

- 2009: Launch of a live, automated trading system in March 2009 on the GSE, which was later upgraded to allow brokers to trade remotely from their offices in June 2009

- 2011: Extension of trading hours from 09:30GMT - 13:00GMT to 09:30GMT - 15:00GMT

- 2013: Launch of GAX as a parallel market operated by the GSE to allow viable small and medium enterprises (SMEs) to raise capital to finance their growth ambitions

- 2014: Merger of the two depositories: CSD and GSD, facilitated by the Ministry of Finance. The rationale for the merger was that the capital market was too small to be served by both depositories. The GSE and the Bank of Ghana came into agreement on December 2013 to merge the GSD and the CSD into a single depository known as the CSD. The merger took effect on 1 January 2014

- 2015: Launch of GFIM to facilitate secondary market trading of fixed income securities issued by Government, governmental agencies and corporate institutions

- 2015: Successful upgrade of the GSE's automated trading platform to international standards to boost global investor confidence in the Ghanaian market and to provide the backbone for the West African capital markets integration agenda

10.2 OVERVIEW OF THE GSE

10.2.1 Overview of the GSE

The GSE was incorporated in July 1989 as a private company limited by guarantee under the Companies Act of 1963 (Act 179). The Stock Exchange Act, 1971 (Act 384) (now repealed) gave authority to the GSE to operate as a stock exchange in October 1990. On 12 November 1990, trading on the floor commenced, and the first council of the exchange was inaugurated. The GSE changed its status to a public company limited by guarantee in April 1994. Trading on the GSE began with three stockbrokers, one commemorative bond, and 11 companies listed on one market.

A 9-member council governs the GSE, with its operations regulated by the SEC. The GSE's membership comprises 20 licensed dealing members (**LDMs**) and 22 associate members.

10.2.2 Performance of the GSE[24]

The GSE was adjudged one of the best performing exchanges in Africa in 2017 and 2021, following an impressive performance when it recorded a year-end return of 52.7% and 43.7% in cedi terms, respectively.

The performance of the GSE from 2018 to 2020 was, however, bearish due to the extended effects of the financial sector clean-up and the devastating impact of COVID-19 on the global economy. The main index, the GSE Composite Index (**GSE-CI**), fell significantly to 2,257.15 points in 2019, representing a year-on-year loss of 12.30% compared to 0.29% in 2018. At the end of 2019, the GSE's total market capitalisation stood at GHS 56.79 billion, reflecting a decrease of 7.11% compared to an increase of 4.00% in 2018 on a year-on-year basis. At the end of 2020, the GSE-CI recorded a year-to-date loss of 13.98%, with a total market capitalisation of GHS 54.37 billion, marginally below that of 2019. Despite the difficulties experienced across capital markets globally due to COVID, the GSE succeeded in chalking another remarkable feat as the second-best performing stock exchange in Africa. The GSE-CI crossed the 2,000 levels to close at 2,789.34 with a year-to-date return of 43.7%, significantly above 2020's performance.

As of 1H-22, the GSE-CI has declined to 2,545.48 with a year-to-date loss of 8.74% affected by weak economic data, including rising inflation and interest rates, rapidly depreciating cedi, and heightened fiscal concerns weighing on investor sentiments and interest in the listed stocks. Despite the sluggish outcome for 1H-22, the stock market could recover towards the end of the year into positive territory, primarily led by the performance of the sound financial sector.

[24] Ghana Stock Exchange: Market Reports – December 2021 and June 2022

Table 33: Performance of the GSE (2015 – 1H-2022)

	2015	**2016**	**2017**	**2018**	**2019**	**2020**	**2021**	**1H-2022**
Number of Listed Companies	39	41	40	40	38	36	36	36
Market Capitalisation (*GHS Billions*)	57.12	52.69	58.80	61.14	56.79	54.37	64.50	64.84
GSE Composite Index Level	1,994.91	1,689.05	2,579.72	2,572.22	2,257.15	1,941.59	2,789.34	2,545.48
Annual Returns *(%)*	-11.77	-15.33	52.73	-0.29	-12.25	-13.98	43.66	-8.74
Annual Trading Volumes (*shares millions*)	246.4	252.8	322.8	200.50	3,816.97	695.40	486.59	1,091.10
Annual Value Traded (*GHS millions*)	247.6	242.1	518.4	659.30	624.20	575.27	533.27	1,061.59

Source: Ghana Stock Exchange

10.3 OVERVIEW OF THE GAX

The GAX was launched in 2013 as a parallel market operated by the GSE, which focuses on SMEs with potential for growth and their ability to achieve profitability within three years after listing. In addition to SMEs, start-ups at different phases of development can also apply to the list on the GAX to gain access to long-term funds to finance their growth, broaden their shareholder base and boost the liquidity of their shares. The requirements for listing on the GAX include a minimum stated capital of GHS 250,000.00, a minimum public float of 25% of issued shares and the ability to make a profit within the first three years after listing.

For start-ups, however, applicants must submit a 3-year business plan, demonstrating the applicant's viability.

As of 1H-22, there were six listed companies on the GAX. The most recent entrant, Pesewa ONE Plc, listed 5,000,000 ordinary shares valued at GHS 3 million on the GAX to support its growth ambitions.

10.4 OVERVIEW OF THE GFIM

10.4.1 **Overview of the GFIM**

The GFIM was established in 2015 to facilitate the listing and secondary trading of fixed income securities in Ghana. Currently, the fixed income securities trading on the GFIM include treasury securities (bonds, notes and bills), corporate bonds and notes, Bank of Ghana bills and COCOBOD bills. In addition, the market can handle the trading of local government and supranational bonds and repos. The establishment of the GFIM was driven by the key stakeholders of the Ghanaian financial sector, including the Ministry of Finance, the Bank of Ghana, the GSE, the CSD, the Ghana Association of Bankers, the Financial Market Association, and LDMs.

The establishment of the GFIM was based on the existing securities licence of the GSE. As such, the operations of the fixed income market are based on the current regulatory framework of the GSE, which is regulated by the SEC. However, the Bank of Ghana governs the operations of primary dealers in the primary market.

10.4.2 **Performance of the GFIM[25]**

Ghana's fixed income market grew by a 5-year CAGR of 30.73% to GHS 184.08 billion of outstanding securities at the close of 2021 due to strong Government reliance on the domestic market to finance fiscal deficits. The fixed income market continues to grow unabated, with a 15.48% increase in outstanding debt securities to GHS 184.87 billion as of the end of June 2022. The Government and the Bank of Ghana issued debt securities ranging from 2-weeks to 20 years. The corporate debt market, though relatively small, is on the rise, buoyed by the introduction of the GAX and the GFIM, which paved the way for several corporate debt listings by financial services, logistics and real estate firms in the last seven years. The companies with debt instruments on the fixed income market are Izwe Savings and Loans Plc, Bayport Savings and Loans Plc, Letshego Ghana Savings and Loans Plc (formerly AFB Ghana Plc), Bond Savings and Loans Limited, Daakye Trust Plc, Dalex Finance and Leasing Plc, E.S.L.A Plc and Quantum Terminals Plc. Outstanding debt securities listed on the GFIM at the close of June 2022 were GHS 184.87 billion. The government was the largest issuer accounting for 84.92% (GHS 156.99 billion) of the listed debt. The other large-size issuers include Cocobod with 5.99% (GHS 11.07 billion), Bank of Ghana with 2.49% (GHS 4.60 billion), E.S.L.A. Plc with 4.75% (GHS 8.80 billion), and Daakye Trust Plc with 1.42% (GHS 2.62 billion). At a distance from the rest, other corporate securities accounted for just 0.43% (GHS 795.51 million) of all the debt securities listed on the GFIM.

About 83.34% of all outstanding fixed income securities (GHS 154.07 billion) at the close of June 2022 were held by local investors, including commercial banks, firms and institutions, the Bank of Ghana, rural banks, insurance

[25] GFIM Status Reports: December 2021 and March 2022; CSD GH Ltd Monthly Bulletin – June 2022

companies and the Social Security and National Insurance Trust. Foreign investors held the remaining 16.66% (GHS 30.80 billion).

Table 34: Performance of the GFIM (2016 – 1H-2022)

	2016	2017	2018	2019	2020	2021	1H-2022
Number of Issuers	9	11	12	12	13	13	13
Face Value of Listed Debt (*GHS billions*)	48.20	68.38	80.80	100.66	147.76	184.08	184.87
Annual Value Traded (*GHS billions*)	16.98	30.70	37.87	55.55	110.67	216.04	124.07

Source: Ghana Stock Exchange, Central Securities Depository

Secondary market activity on the GFIM has seen significant growth since its establishment in August 2015. The market achieved a 5-year CAGR of 66.30% in value traded at the end of 2021 due to reforms in the management of pension funds in Ghana and relative stability in the macroeconomic environment.

10.5 OVERVIEW OF THE GCX

The Government launched the GCX on 6 November 2018. Trading commenced on the same day, starting with white and yellow maize.

The GCX is a membership-based organisation requiring market players to sign up through an application to be a member. It aims to address smallholder farmers' challenges and associated value chain participants. It is intended to create a transparent and efficient marketing system for Ghana's essential agricultural commodities and promote and enhance investment and productivity in agriculture. The Government expects that the GCX will help farmers shift from subsistence to commercial farming and improve exports of agricultural commodities. The GCX is a public-private partnership between the Government and a private sector consortium comprised of domestic and global institutional investors, including Ecobank Ghana Limited, GCB Bank Limited, 8 Miles Fund, and the International Finance Corporation. The Bank of Ghana has granted provisional approval for establishing a finance house to engage solely in the warehousing receipt financing system.

Some developments aimed at stimulating the growth of the GCX include:

- 2019: The GCX and ARB Bank launch Electronic Warehouse Financing for the provision of loans to smallholder farmers based on the GCX electronic warehouse receipt

- 2019: The GCX adds sorghum and sesame contracts to its electronic trading platform, bringing the total number of contracts on the exchange to five – white maize, yellow maize, soybean, sorghum and sesame

- 2019: The GCX accepts the listing of Ghana's local rice on the exchange to boost local rice production and consumption

- 2019: The GCX partners with the World Food Programme (WFP) to manage a warehouse WFP constructed for smallholder maize farmers in the Ejurasekyedumase Municipality

  2022: The GCX, in support of the Government, partners with the Venture Capital Trust (VCTF) to establish a Commodity Aggregation Development Fund (CADeF) to improve liquidity for commodity brokers

11. SUMMARY OF FINANCIAL REPORTS AND FORECASTS

11.1 REPORT OF REPORTING ACCOUNTANTS ON HISTORICAL FINANCIAL STATEMENTS

The report of the Reporting Accountants on the historical financial information on the Issuer for the years ended 31 December 2017, 31 December 2018, 31 December 2020 and 31 December 2021 is attached under Appendix E (*Summary of Financial Reports and Forecasts*). Copies of this can be obtained from the registered offices of the Bond Trustee during normal business hours of any Business Day.

11.2 REPORT OF THE REPORTING ACCOUNTANTS ON PROJECTED FINANCIAL STATEMENTS

The report of the Reporting Accountants on the projected financial position of the Issuer for the period ending 31 December 2022 to 31 December 2026 is attached under Appendix E (*Reporting Accountants Report*). Copies of this can be obtained from the registered offices of the Bond Trustee during normal business hours of any Business Day.

11.3 UNDERLYING ASSUMPTIONS FOR THE PROJECTIONS

The assumptions underlying the projections in the report of the Reporting Accountants on the projected financial information of the Issuer can be found on pages 173 to page 177 of Appendix E (*Reporting Accountants Report*).

12. CONDITIONS

The following are the Conditions of the Bonds to be issued by the Issuer under the Programme. The Applicable Pricing Supplement in relation to any Series or Tranche 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. The Conditions, as replaced or modified by the Applicable Pricing Supplement, will be incorporated by reference in each Bond.

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

Copies of the Trust Deed are available for inspection by the Bondholders, upon request, at the registered offices of the Issuer and the Bond Trustee (being at the date hereof, Ridge Tower, West Ridge, Accra, Ghana) and for so long as any Bonds remain outstanding.

1. AUTHORISATION, ISSUE AND SUBSCRIPTION

1.1 Authorisation

1.1.1 The Bonds are issued by the Issuer in accordance with, and subject to, these Conditions, which were approved by resolutions of the Issuer Board passed on 26 May 2022 and 28 July 2022 as well as the shareholders of the Issuer passed on 26 May 2022.

1.1.2 A total Principal Amount of GHS 500,000,000 is authorised for issue under this Programme. The Principal Amount of each Bond 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 Bonds 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 Bonds in full and others in part, or to refuse all applications for the Bonds on any basis determined by it.

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

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

2 FORM, DENOMINATION, TITLE AND TRANSFER

2.1 Form of Bonds

2.1.1 The Bonds 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 Bondholders will be required to open and maintain CSD accounts, which will be credited with the Bonds upon issue.

2.2 Denomination of Bonds

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

2.3 Title to the Bonds

2.3.1 Title to the Bonds 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 Bonds, 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 Bondholder, 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 Bondholder.

2.3.2 The Issuer shall issue a single Global Bond Certificate to the Bond Trustee in respect of each series or tranche of Bonds. The CSD shall maintain a record of Bondholders' respective electronic book entries in the Register showing the particulars of Bondholders and their respective holdings.

2.3.3 The Issuer, Bond Trustee, and CSD shall recognise a Bondholder as the sole and absolute owner of the Bonds registered in that Bondholder'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 Bond 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 Bonds may be subject.

2.4 Transfer of Bonds

2.4.1 No transfer of Bonds may be registered unless a form of transfer has been delivered to the CSD as per the rules of the 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 Bondholder or his duly authorised agent and be delivered to the CSD in respect of the Bonds 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 Bondholders. The Register shall set out the Principal Amount of the Bonds issued to any Bondholder and shall show the date of such issue, the date upon which the Bondholder 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 Bondholders contained in the Register available to any Bondholder or any person authorised in writing by the Bondholder 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. Bondholders 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 Bondholders 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 Redemption by Instalment or an Early Redemption, 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 Bonds shall be effected according to the rules of the CSD and subject to charges by the CSD and brokers.

2.4.8 No Bondholder may require the transfer of a Bond to be registered during a Book Closure Period, after any such Bond has been called for Redemption, or (in the case of a Redemption by Instalment) during the period beginning on the 10th Business Day before the Instalment Date of and ending on the Instalment Date (both inclusive).

3 STATUS OF BONDS

The Senior Bonds constitute direct, unconditional, unsecured and unsubordinated 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.

4 NEGATIVE PLEDGE

So long as any Bond remains outstanding, the Issuer shall not create, incur, assume or permit to arise or subsist any 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 Bonds:

(a) are secured equally and rateably therewith, to the satisfaction of the Bond Trustee; or

(b) have the benefit of such other arrangement as (i) the Bond Trustee shall (in its absolute discretion) deem to be not materially less beneficial to the affected Bondholders or (ii) shall be approved by a Special Resolution (as defined in the Trust Deed) of the affected Bondholders.

5 INTEREST

5.1 Interest on Fixed Rate Bonds

5.1.1 Each Fixed Rate Bond 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 or Redemption 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 Bonds

5.2.1 Interest Payment Dates

Each Floating Rate Bond 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 or Redemption 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 Bonds**

5.2.3.1 The Interest Rate payable, from time to time, in respect of the Floating Rate Bonds 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 Bond 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, together with Default Interest, 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 Bond 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 Bond 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/364** is specified in the Applicable Pricing Supplement, the actual number of days in the Interest Period divided by 364;

(d) if **Actual/360** is specified in the Applicable Pricing Supplement, the actual number of days in the Interest Period divided by 360; and

(e) if **30/360**, **360/360** or **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 or Redemption Amount**

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 Default Interest, Interest or Redemption Amount or other amount (as the case may be) for review by the Bond Trustee.

5.6.1.2 The Calculation Agent shall (as soon as practicable on the second day of the Book Closure Period) 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 Bond 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 Bond Trustee; and

(b) the Interest Rate and the relevant Interest Payment Date to be notified to the Bondholders, no later than the 2nd Business Day before any Interest becomes due.

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 Bond Trustee and the Bondholders, no later than the 2nd Business Day before any Interest becomes due.

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 in accordance with these Conditions shall (in the absence of manifest error) be final and binding upon all parties.

6 REDEMPTION, PURCHASE AND CANCELLATION

6.1 Redemption by Instalments

Unless previously redeemed, purchased and cancelled as provided in this Condition 6, each Bond which provides for Instalment Dates and Instalment Amounts shall be partially redeemed by instalments on each Instalment Date at the relevant Instalment Amount specified in the Applicable Pricing Supplement. The outstanding nominal amount of each such Bond shall be reduced by the Instalment Amount (or, if such Instalment Amount is calculated by reference to a proportion of the nominal amount of such Bond, such proportion) for all purposes with effect from the relevant Instalment Date, unless payment of the Instalment Amount is improperly withheld or refused, in which case, such amount shall remain outstanding until the date on which full payment of such Instalment Amount is made.

6.2 **Final Redemption**

Unless previously redeemed, purchased and cancelled as provided in this Condition 6, each Bond shall be finally redeemed on the Maturity Date or Redemption Date specified thereon at its Final Redemption Amount.

6.3 **Early Redemption**

The Early Redemption Amount payable in respect of any Bond shall be the Final Redemption Amount unless otherwise specified in the Applicable Pricing Supplement.

6.4 **Optional Redemption**

6.4.1 Bonds (which have a Call Option as indicated under an Applicable Pricing Supplement) may be redeemed at the option of the Issuer at any time, subject to the approval of the SEC, on giving not less than 30 Business Days' but no more than 60 Business Days' notice to the Bondholders (which notice shall be irrevocable), at the Principal Amount (together with Interest accrued to the Redemption Date).

6.4.2 Upon expiry of any such notice as referred to in this Condition 6.4, the Issuer shall be bound to redeem the Bonds in accordance with this Condition 6.4.

6.4.3 All Bonds 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.

6.4.4 In the case of a partial redemption pursuant to a Call Option, the notice to Bondholders shall also contain the applicable Bonds to be redeemed. In the case of a partial redemption, each Bond 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 Bonds, 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 Bonds outstanding and each Bond in the Series or Tranche shall be redeemed in the same percentage of Principal Amount outstanding, subject to compliance with any Applicable Laws.

6.5 **Purchases**

6.5.1 The Issuer may at any time (if the market conditions are appropriate) purchase (or procure others to purchase for its account) all or any portion of the outstanding Bonds at any price in the open market or by tender or by private treaty.

6.5.2 The terms for purchasing the outstanding Bonds by tender shall be as set out in a tender notice (which notice shall be irrevocable) to be published up to 5 Business Days to the effective date of the relevant purchase. The terms of any purchase shall include the purchase price (or the details of any switch for new Bonds), the maximum acceptance amount (including any intention to purchase more or less than such maximum amount and the criteria for accepting more or less), the commencement date, the closing date, the results announcement date and the settlement date.

6.5.3 The Issuer shall not be bound to accept for purchase any outstanding Bonds tendered pursuant to any tender notice. The acceptance (for purchase by the Issuer) of outstanding Bonds shall be at the sole and absolute discretion of the Issuer and tenders may be rejected in whole or in part by the Issuer for any reason.

6.5.4 Bonds so purchased may be held or resold or surrendered for cancellation, at the option of the Issuer. Any Bonds so purchased, while held by or on behalf of the Issuer or any Affiliates, shall not entitle the Bondholder to vote at any Meeting and shall not be deemed to be outstanding for the purposes of calculating quorums at Meetings.

6.6 **General**

6.6.1 Bonds purchased by or on behalf of the Issuer, or any Affiliates may be cancelled and if so, together with all Bonds redeemed by the Issuer, may not be reissued or resold and the obligations of the Issuer in respect of any cancelled Bonds shall be discharged. Bonds that have been cancelled shall be notified to the CSD.

6.6.2 Notwithstanding any provision in this Condition 6, the Issuer shall not redeem any of the Bonds within 12 months of the relevant Issue Date.

7 PAYMENTS

7.1 **General**

7.1.1 Bond Repayments shall be made by the Issuer *via* electronic funds transfer to the Trust Account by the 4th Business Day before the relevant Bond Repayment Date. Such payment into the Trust Account by the Issuer shall be a valid discharge by the Issuer of its obligation to make the relevant Bond Repayment, *provided* that if any such payment is made after the relevant Bond Repayment Date, payment shall be deemed not to have been made by the Issuer until the full sum is paid to the Bondholders.

7.1.2 All payments shall be made in the following order of priority and ranking:

(a) *first*, towards any Interest then due and payable by the Issuer; and

(b) *second*, towards any Instalment Amount, Principal Amount or Redemption Amount then due and payable by the Issuer.

7.2 **Payment upon Redemption**

Bond Repayments due on Redemption shall only be payable:

(a) in respect of Interest, to Bondholders registered as such on the Last Day to Register immediately preceding the Interest Payment Date in question;

(b) in respect of Instalment Amounts, to Bondholders registered as such on the Last Day to Register immediately preceding the Instalment Date in question; and

(c) in respect of an Early Redemption Amount or a Final Redemption Amount, to Bondholders registered as such on the Last Day to Register prior to the relevant Redemption Date.

7.3 **Methods of payment**

7.3.1 Bond Repayments shall be made in GHS when due and the amounts credited *via* bank transfer to Bondholders.

7.3.2 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).

7.3.3 All payments of in respect of the Bonds are subject, in all cases, to any Applicable Laws, but without prejudice to the provisions of Condition 8 (*Taxation*).

7.3.4 No commissions or expenses shall be charged to the Bondholders in respect of such payments.

7.4 **Partial payments**

If at any time a partial payment of Principal Amount, Interest or Instalment Amount is made in respect of any Bond, 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 Bond Repayments to the SEC on an annual basis.

8 TAXATION

All payments of Interest made by the Issuer to the Bondholders in respect of the Bonds will be subject to withholding tax under the Income Tax Act except where the Bondholder is exempt under Applicable Laws.

9 PRESCRIPTION

Claims against the Issuer for Bond Repayments shall become void unless presented for payment within 6 years from the date on which such payment first becomes due.

10 MEETINGS OF BONDHOLDERS, MODIFICATION & WAIVERS, INFORMATION AND SUBSTITUTION

10.1 Meetings of Bondholders

10.1.1 The Trust Deed contains provisions for convening Meetings to consider any matter affecting their interests, including the modification of these Conditions and the Trust Deed. Those provisions have been summarised under this Condition 10.1.

10.1.2 The Issuer or the Bond Trustee may convene a Meeting at any time in respect of the relevant Tranche Bonds, the relevant Series Bonds or all Bonds. The Issuer or the Bond Trustee will determine the date, time and place for such Meetings. The Issuer or the Bond Trustee shall convene a Meeting if so requested in writing by the relevant Tranche Bondholders, the relevant Series Bondholders or Bondholders holding not less than 51% in aggregate of the total Principal Amount of the relevant Tranche Bonds, the relevant Series Bonds or all Bonds (as applicable) then outstanding (**Requisition Notice**). A Requisition Notice shall state the purpose of the Meeting and shall be served on the Issuer and the Bond Trustee in accordance with Condition 11 (*Notices*). If the Issuer does not proceed to call a Meeting within 30 calendar days of the service of the Requisition Notice, the requisitionists may instruct the Bond Trustee to convene the Meeting, but the Meeting so convened shall be held within 60 calendar days from the date of service of the Requisition Notice and shall be convened as nearly as possible in the same manner as that in which Meetings may be convened by the Issuer. Notice of the Meeting shall be given to the Issuer.

10.1.3 The Issuer or the Bond Trustee shall give, to the Issuer or the Bond Trustee and the Bondholders (or their agents), at least, 21 calendar days' written notice (specifying the place, day and time of the Meeting and the purpose of the Meeting). The notice period may be shortened if the relevant Tranche Bondholders, the relevant Series Bondholders, or Bondholders (as applicable) (of, at least, 51% of the outstanding aggregate of the total Principal Amount of the relevant Tranche Bonds, the relevant Series Bonds or all Bonds (as applicable)) agree in writing to a shorter period. The notice (to be given in accordance with Condition 11 (*Notices*)) shall set out the full text of any resolutions to be proposed unless the Bond Trustee agrees that the notice shall instead specify the nature of the resolutions without including the full text. The accidental omission to give such notice to the Issuer or the Bond Trustee or any Bondholder (or their agents) or the non-receipt of any such notice, shall not invalidate the proceedings at a Meeting.

10.1.4 No business shall be transacted at a Meeting unless a quorum is present at the time when the Meeting proceeds to business. The quorum for any Special Resolution shall consist of the relevant Tranche Bondholders, the relevant Series Bondholders, or all Bondholders (either present in person or by proxy) holding in the aggregate not less than 75% of the outstanding aggregate of the total Principal Amount of the relevant Series Bonds or all Bonds (as applicable). The quorum for any Ordinary Resolution shall consist of the relevant Tranche Bondholders, the relevant Series Bondholders, or all Bondholders (either present in person or by proxy) holding in the aggregate not less than 51% of the outstanding aggregate of the total Principal Amount of the relevant Series Bonds or all Bonds (as applicable).

10.1.5 The chairman of a Meeting shall be appointed by the Bond Trustee. An individual (who may, but need not, be a Bondholder) nominated in writing by the Bond Trustee may take the chair at any Meeting but, if no such nomination is made or if the individual nominated is not present within 15 minutes after the time fixed for the Meeting, those present shall elect one of themselves to take the chair failing which, the Bond Trustee may appoint a chairman.

10.1.6 The chairman of a Meeting may (with the consent and direction of the Issuer and the Bond Trustee) adjourn a Meeting. The Bond Trustee or the Issuer shall give, at least, 14 calendar days' written notice of the place, day and time of an adjourned Meeting to the Issuer or the Bond Trustee and each relevant Bondholder (or their agent). The notice shall state that the relevant Bondholders (present in person or by proxy at the adjourned Meeting) will constitute a quorum.

10.1.7 Any resolution put to the vote at a Meeting shall be decided on a physical show of hands (**Physical Show of Hands**) or (in the case of a Conference) by any audio and/or virtual form of reacting to the vote put in place by the Issuer (**Virtual Show of Hands**) unless (before or on the declaration of the result of the Physical Show of Hands or the Virtual Show of Hands (together, the **Show of Hands**)) a poll is demanded by the chairman of the Meeting, the Bond Trustee, the Issuer or by any Bondholder (present in person or by proxy). A poll demanded on the election of a chairman or on the question of the adjournment of a Meeting shall be taken immediately. A poll demanded on any other question shall be taken at such time as the chairman directs and the result of such poll shall be deemed to be the resolution of the Meeting. In the case of an equality of votes, whether on a Show of Hands or on a poll, the chairman shall not be entitled to a casting vote in addition to the vote, if any, to which he is entitled.

10.1.8 On a Show of Hands each Bondholder (present in person or by proxy) shall have one vote. On a poll, each Bondholder (present in person or by proxy) shall have one vote for each value of the minimum denomination (as stated in the Applicable Pricing Supplement) of the outstanding aggregate of the total Principal Amount of the relevant Series Bonds or all Bonds held by it. Any joint holders of Bonds shall have only one vote on a Show of Hands and one vote on a poll for each value of the minimum denomination (as stated in the Applicable Pricing Supplement) of the outstanding aggregate of the total Principal Amount of the relevant Series Bonds or all Bonds of which they are the registered holder and the vote may be exercised only by that holder present whose name appears first on the Register in the event that more than one of such joint holders is present in person or by proxy at the Meeting.

10.1.9 Bondholders may vote on a poll or on a Show of Hands either in person or through a proxy who is not required to be a Bondholder (appointed by a proxy form signed by the Bondholder or, in the case of a corporation, executed under its common seal or signed on its behalf by an attorney of a duly authorised officer of the corporation). The proxy form shall be deposited at the registered office of the Issuer or at the office where the Register is kept or at such other office as the Issuer may determine not less than 24 hours before the time appointed for holding the Meeting or adjourned Meeting at which the person named in such proxy form proposes to vote, and in default, the proxy shall be invalid. No proxy form shall be valid after the expiration of 6 months from the date named in it as the date of its execution.

10.1.10 Subject to the Conditions and the provisions of the Trust Deed, the relevant Series Bondholders, the relevant Tranche Bondholders or all Bondholders shall have power (exercisable by Special Resolution) to approve any proposal by the Issuer to among others:

(a) amend the Maturity Dates or Redemption of any of the Bonds, any Interest Payment Date or Instalment Date on the Bonds;

(b) reduce or cancel the Instalment Amount or the Principal Amount of, or any premium payable on Redemption of, the Bonds;

(c) reduce the Interest Rate(s) in respect of the Bonds 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 Bonds;

(d) reduce any Minimum Interest Rate and/or Maximum Interest Rate;

(e) amend any financial covenant set out in any Applicable Pricing Supplement;

(f) vary any method of, or basis for, calculating the Redemption Amount;

(g) vary the Currency or Currencies of payment of the Bonds;

(h) modify the provisions concerning the quorum required at any Meeting or any adjournment of such Meeting or the majority required to pass the Special Resolution;

(i) remove the Bond Trustee and the appointment of a new trustee;

(j) (subject to Condition 10.3 (*Modifications and Waivers*) below) modify, abrogate, vary or compromise any provisions of this Prospectus, the Conditions, the Trust Deed, the Agency Agreement, the Escrow Account Agreement or any arrangement in respect of the obligations of the Issuer under or in respect of the Bonds; or

(k) waive any breach or authorise any proposed breach by the Issuer of its obligations under or in respect of this Prospectus, the Conditions, the Bonds, the Trust Deed, the Agency Agreement, the Escrow Account Agreement or any act or omission which might otherwise constitute an Event of Default.

10.2 **Information to Bondholders**

In addition to any requirement under this Prospectus and the Trust Deed for the Issuer to provide the Bondholders with any information, the Bond Trustee shall publish the following in accordance with Condition 11 (*Notices*) below:

(a) the passing of any Special Resolution, Ordinary Resolution or Written Resolution; and

(b) the issuance of any Applicable Pricing Supplement.

10.3 **Modifications and waivers**

10.3.1 The Bond Trustee may agree, without the consent of the Bondholders, to effect:

(a) any modification of any provision of the Trust Deed or the Bonds (including these Conditions) which is of a minor nature or is made to correct a manifest error in the opinion of the Bond Trustee, provided that such modification is not prejudicial to the interests of the Bondholders; 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 Deed which are in the opinion of the Bond Trustee, not materially prejudicial to the interests of the Bondholders.

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

10.3.3 Any such modification, waiver or authorisation may be given or made on such terms and subject to such conditions as the Bond Trustee may in its sole discretion determine and shall be binding on the Bondholders and, unless the Bond Trustee otherwise agrees, the Bond Trustee shall cause such modification to be notified to the Bondholders within 5 Business Days after modification, provided that the Bond Trustee shall not exercise any powers conferred upon it by this Condition 10 in contravention of any express direction by a Special Resolution (provided that no such direction or request shall affect any authorisation, waiver or determination previously given or made).

10.4 **Substitutions**

10.4.1 The Bond Trustee may, without the consent of the Bondholders, 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.

10.4.2 Subject to obtaining the prior consent of the Bondholders, the Bond 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 Deed and the Bonds.

11 NOTICES

11.1 Notices to Bondholders

Notices to Bondholders will be deemed to be validly given if:

(a) sent by first-class mail (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 (and such notice shall be deemed to have been validly given on the 10th Business Day after the date of postage);

(b) published in a newspaper of general circulation in Ghana and approved by the Bond Trustee (and such notice shall be deemed to have been validly given on the date of the publication);

(c) published on the GFIM or any other stock exchange on which Bonds may be listed (and such notice shall be deemed to have been validly given on the date of the publication);

(d) published on a nationally recognised and accessed online medium and approved by the Bond Trustee (and such notice shall be deemed to have been validly given on the date of the publication); or

(e) sent to the respective emails as recorded in the Register (and such notice shall be deemed to have been validly given when despatched).

11.2 **Notices to the Issuer**

Notices to the Issuer will be deemed to be validly given if delivered to the Issuer:

(a) 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 Bondholders in accordance with Condition 11.1 above). 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; or

(b) via email to the email address and for the attention of the person set out under page 7 of this Prospectus (or such other email address and for such other attention as may have been notified to the Bondholders in accordance with Condition 11.1 above or to the Bond Trustee in accordance with Condition 11.3 below). Such notices shall be deemed to have been validly given upon the despatch of the email.

11.3 **Notices to the Bond Trustee**

Notices to the Bond Trustee will be deemed to have been validly given if delivered to the Bond Trustee:

(a) at its registered office and clearly marked on their exterior "*Urgent - Attention: Head, Financial Institutions*. Such notices will be deemed to have been validly given at the opening of business on the next Business Day on which the Bond Trustee's registered address is open for business; or

(c) via email to the email address and for the attention of the person set out under page 8 of this Prospectus (or such other email address and for such other attention as may have been notified to the Bondholders in accordance with Condition 11.1 above or to the Issuer in accordance with Condition 11.2 above). Such notices shall be deemed to have been validly given upon the despatch of the email).

12 FURTHER ISSUES

The Issuer may from time to time, without the consent of the Bondholders and in accordance with the Trust Deed, create and issue further securities ranking *pari passu* with the Bonds of a Series or Tranche in all respects (except for Interest, the first Interest Payment Date or the first Instalment Date and Issue Date) and so that such further issues shall be consolidated and form a single Series with such outstanding Bonds. References in these Conditions to the Bonds 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 Deed.

13 ENFORCEMENT

13.1 At any time after the Bonds become due and payable, the Bond 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 Deed and the Bonds, but it need not take any such proceedings unless:

(a) it shall have been so directed by a Special Resolution; and

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

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

13.3 The Bond Trustee shall apply the amounts received or recovered upon enforcement as follows:

(a) *first*, towards the payment of all costs, expenses and liabilities incurred by the Bond Trustee (or its agent) in the enforcement process or in the performance of its duties under these Conditions or the Trust Deed;

(b) *second*, towards the payment of all outstanding amounts under the Senior Bonds and/or any unsubordinated debts of the Issuer at the time. If the amounts received by the Bond Trustee are not sufficient to pay such amounts in full, the Bond Trustee shall apply them *pro rata* on the basis of the amount due to each Bondholder and/or creditor entitled to such payment;

(c) *third*, towards payment to any person entitled thereto in priority to the Issuer (if any); and

(d) *fourth*, payment of the balance (if any) to the Issuer.

14 INDEMNIFICATION OF THE BOND TRUSTEE

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

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

15 GOVERNING LAW AND JURISDICTION

15.1 Governing law

The Conditions, the Bonds and/or the Trust Deed are governed by, and shall be construed in accordance with, Ghanaian law.

15.2 Jurisdiction

Any dispute arising out of or in connection with the Conditions, the Bonds and/or the Trust Deed (including any question regarding its existence, validity or termination) shall be referred to and finally resolved by arbitration. Disputes submitted to arbitration shall be resolved in accordance with the Alternative Dispute Resolution Act, 2010 (Act 798). The tribunal shall consist of one arbitrator who shall, in the absence of agreement of the parties, be appointed by the Ghana Arbitration Centre. The place of arbitration shall be Accra, Ghana. The language of the arbitration shall be English and the rules of the Ghana Arbitration Centre shall apply.

15.3 **Non-petition**

Neither the Bond Trustee nor the Bondholder (nor a person acting on their behalf) shall be entitled, at any time, to institute against the Issuer (or join in any institution against the Issuer) any insolvency, liquidation, reorganisation, arrangement proceedings or other similar proceedings under any Applicable Law in connection with the obligations of the Issuer relating to these Conditions or otherwise owed to the Bondholders under the Bond Documents, save for lodging a claim in the liquidation of the Issuer which is initiated by the Bond Trustee for the purpose of an Event of Default relating to non-payment of outstanding amounts under the relevant Series Bonds.

16 FINANCIAL COVENANTS

16.1 The Issuer shall determine and maintain such financial covenants as specified in an Applicable Pricing Supplement.

16.2 The financial covenants which may be specified in an Applicable Pricing Supplement may cover any of the following matters:

(a) **Collection Ratio** means the actual aggregate cash amount collected from all the Issuer's debtors, expressed as a percentage of the cumulative of all amounts due and payable by all the Issuer's debtors in terms of the initial repayment term (as set out in the End User Loan Agreements), measured at any point in time, but exclusive of any amounts due and payable in respect of loans written-off under the Issuer’s provisioning policy; and/or

(b) **Debt-Equity Ratio** means the ratio between the Issuer’s Debt and the Issuer’s Equity.

16.3 For the purpose of Condition 16.2 above:

(a) **End User Loan Agreements** means loan agreements entered into and/or to be entered into by the Issuer in respect of End User Loans;

(b) **End User Loans** means the loans advanced by the Issuer to individuals under End User Loan Agreements in the ordinary course of business of the Issuer;

(c) **Issuer's Debt** means, on any day, the aggregate of the total amounts (whether in respect of principal, interest or otherwise) outstanding in terms of the Issuer’s senior creditors;

(d) **Issuer's Equity** means:

(i) the Issuer's stated capital (inclusive of preference shares, if any);

(ii) *plus* the aggregate of the outstanding principal amounts of all the Shareholder Loans which the Issuer’s shareholders have made available to Issuer;

(iii) *plus* the Issuer's retained earnings;

(iv) *plus* any other distributable and non-distributable reserves belonging to the Issuer; and

(v) *minus* the Issuer's retained losses; and

(e) **Shareholder Loans** means any unsecured amount lent and advanced to the Issuer by any of its respective shareholders or any of the companies in the Issuer's group of companies, including but not limited to Bayport International Headquarters and Bayport Management Limited and all its subsidiaries.

16.4 Where the Issuer is bound by any financial covenant specified in an Applicable Pricing Supplement, the Issuer shall, by no later than 25 calendar days after the end of each calendar month, furnish the Bond Trustee with management accounts of the Issuer reflecting the financial covenants in respect of the period ending after the prior calendar month.

16.5 The provisions of this Condition 16 shall not preclude the Bond Trustee from itself determining the financial covenants at any time. The Bond Trustee shall, in such regard, act as an expert and its determination of the financial covenants shall, except in the case of manifest error, be final and binding on the Issuer.

17 EVENTS OF DEFAULT

The Bond Trustee may (at its discretion) or shall (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 Bonds and that such Bonds are immediately due and repayable in the Principal Amount together with accrued interest if, in the case of the Bonds, any of the following Events of Default occurs:

(a) **non-payment**: the Issuer fails to pay the Principal Amount or the Instalment Amount of any of the Bonds when the same becomes due and payable either at the Maturity Date, at the Instalment Date, upon Redemption, by declaration or otherwise, or the Issuer is in default with respect to the payment of Interest on any of such Bonds and such default in respect of Principal Amount, Instalment Amount or Interest continues for a period of 15 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 Bonds or the Trust Deed (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 Bond Trustee may in its sole discretion determine) after notice thereof has been given to the Issuer and, if applicable, by the Bond Trustee;

(c) **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 unstayed for a period of 60 Business Days; or

(ii) 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 Bond Trustee), materially prejudicial to the interests of the Bondholders;

(d) **material non-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 Bonds or the Trust Deed 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;

(e) **invalidity or unenforceability**: the Bond Trustee is of the opinion (determined in its sole discretion) that any of following occurrences in this Condition 17(e) is materially prejudicial to the interests of the Bondholders:

(i) the validity of the Bonds or the Trust Deed 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 Bonds or the Trust Deed; or

(iii) the Issuer shall deny all or any of its obligations set out in the Bonds or the Trust Deed (whether by a general suspension of payments or a moratorium on the payment of debt or otherwise);

(f) **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(f), the Bond Trustee is of the opinion determined in its sole discretion that such occurrence is materially prejudicial to the interests of the Bondholders;

(g) **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 calendar days; and/or

(h) **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 the Bond Trustee requiring same to be remedied.

13. SUBSCRIPTION AND SALE INFORMATION

13.1 SELLING RESTRICTIONS

13.1.1 The Bonds will be marketed and sold only in Ghana and not for distribution in any other jurisdiction. The Bonds will be offered, from time to time, by the Issuer through the Dealers.

13.1.2 Each Dealer undertakes that (i) it has complied, and will comply, with all Applicable Laws in relation to any sale or distribution of the Bonds, and (ii) it will not distribute this Prospectus, any Applicable Pricing Supplement or any related offering material outside Ghana.

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

13.1.4 The price and size of a Series or Tranche will be determined by the Issuer and the Arranger at the time of issue in accordance with prevailing market conditions.

13.1.5 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 Bonds) or in a supplement to this Prospectus.

13.2 APPLICATION PROCEDURE

Application for the Bonds shall be made through the application forms (as set out in <u>Appendix B</u> (*Application Form*)) or such other form as shall be specified by the Issuer. The application forms may be obtained from the head offices of the Joint Lead Managers. Applications must be submitted directly to the Joint Lead Managers at either of their respective head offices marked for the attention of the "*Managing Director*", no later than 17:00 hours GMT on the date specified in the Applicable Pricing Supplement. Successful Applicants will be notified by the Joint Lead Managers of the amount of Bonds allotted to them immediately after the allotment date specified in the Applicable Pricing Supplement

13.3 PAYMENT FOR THE BONDS

Payment for the Bonds is to be made in full to the Issuer in immediately available funds by the date specified in the Applicable Pricing Supplement.

Payment of the subscription price for the Bonds may be made 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 Issuer's bank account, with details below:

Account Name: Bayport Bond Escrow Account
Bank Name: Standard Chartered Bank Ghana PLC
Account Number: 0104265641200
Bank Branch: Head Office

13.4 CLEARING AND SETTLEMENT

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

13.4.2 The CSD is a body set up by the Bank of Ghana and the GSE to provide a central depository for keeping records of ownership of debt and equity instruments and to undertake clearing and settlement of these instruments. The CSD functions in the form of a "bank" for securities where all transactions (debit and/or credit of securities) of investors are made. The CSD is, therefore, linked to participating institutions (depository participants) that trade in securities. The securities of an investor are held in dematerialised form and credited to the investor's account with his/her depository participant.

13.5 TRADING AND SETTLEMENT OF THE BONDS

13.5.1 The Bonds will be listed on GFIM and/or any other stock exchange specified in an Applicable Pricing Supplement.

13.5.2 The Bonds will be traded on, or cleared or settled through, the CSD. Subject to the rules and procedures of the CSD and the GFIM, purchases of Bonds held within the CSD must be made by or through a GFIM dealer (a **GFIM Dealer**), which will receive a credit for such Bonds in their securities account on the CSD's records.

13.5.3 Where the Bonds are subscribed for by a GFIM Dealer for the account of its clients (the **Investors**), the GFIM Dealer shall make arrangements for the Bonds to be credited to the securities account of the Investor with the CSD. An Investor will not receive written confirmation from the CSD of its subscription for the Bonds. It will, however, expect to receive written confirmations providing details of the transaction, as well as periodic statements of its holdings, from the GFIM Dealer through which the subscription for the Bonds were made. Transfers of Bonds on the CSD will be effected by entries made on the books of the GFIM Dealers acting on behalf of Investors.

13.5.4 The GFIM Dealers will be responsible for keeping the contact details of the Investors. A notice of change in contact details must be forwarded to the GFIM Dealer through which the Bonds were subscribed.

14. LEGAL COMPLIANCE LETTER

14.1 The validity and enforceability of the Bonds and the Bond Documents have been opined upon for the Issuer by BELA (in the Legal Compliance Letter) and addressed to the Bond Trustee, the SEC and the GSE.

14.2 The Legal Compliance Letter also indicates that the Issuer is not prevented or restricted (under Applicable Law or the Regulations) from establishing the Programme or issuing the Bonds, and that the Issuer has complied with all disclosures and other applicable requirements under the SEC Regulations and any other Applicable Law for the public offer and listing of the Bonds.

14.3 A copy of the Legal Compliance Letter is attached under Appendix G (*Legal Compliance Letter*).

APPENDIX A: FORM OF APPLICABLE PRICING SUPPLEMENT

DATE: [---------]

your future now

BAYPORT SAVINGS AND LOANS

Incorporated as a public limited liability company in the Republic of Ghana with registration number PL000022016

Issue of [Aggregate Nominal Amount of Series/Tranche] under the GHS 500,000,000 Bond Programme

Tranche [●]

This document constitutes the Applicable Pricing Supplement relating to the issue of Bonds described herein. Terms used herein shall be deemed to be defined as such for the purposes of the Conditions of the Bonds, as set out in the Prospectus dated [●].

The Bonds 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 Bonds and must be read in conjunction with the Prospectus. Where there is any inconsistency between the terms of this Applicable Pricing Supplement and the Prospectus, this Applicable Pricing Supplement will prevail.

The Issuer represents that it has taken all reasonable care to ensure that the information contained in this Applicable Pricing Supplement is true and accurate in all material respects as of the date hereof and there are no other material facts in relation to the Issuer the omission of which would make misleading any statement herein, whether of fact or of opinion.

[*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 denotes directions for completing the Applicable Pricing Supplement.*]

1	**Description of the Bonds**	
1.1	Issuer	
1.2	Issue	
1.2.1	Series Number	
1.2.2	Tranche Number	
1.3	Principal Amount	
1.3.1	Series	
1.3.2	Tranche	
1.4	Offer Open Date and Time	
1.5	Issue Date	
1.6	Specified Denomination of Bonds	
1.7	Minimum Subscription Amount	

1.8	Subscription Multiples beyond Minimum	
1.9	Issue Price	[•][•] % of Aggregate Principal Amount (*plus accrued interest from (insert date) if applicable*)
1.10	Status of the Bonds	
1.11	Final Redemption Amount	
1.12	Closing Date for Subscription	
1.13	Date for Notification of Allotment	
1.14	Details of the Bond Trustee	
2	**Interest Provisions**	
2.1	Fixed Rate Bond Provisions	(*Delete if not applicable*)
2.1.1	Fixed Rate of Interest	% Rate applicable
2.1.2	Default Interest Rate	1% in addition to Fixed Rate of Interest
2.1.3	Broken Amount	(*Provide details of any initial or final broken interest amounts which do not correspond with the Fixed Coupon Amount*)
2.1.4	Day Count Fraction	(*Applicable/Not Applicable*)
2.1.5	Fixed Coupon Amount	
2.1.6	Interest Commencement Date	
2.1.7	Interest Determination Dates	
2.1.8	Interest Payment Dates	(*) each year
2.1.9	Maturity Date	
2.1.10	Calculation Agent	Central Securities Depository (Ghana) Limited
2.1.11	Other terms relating to the method of calculating interest for the Fixed Rate Bonds	(*Not Applicable/provide details*)
2.2	Floating Rate Bonds	(*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	Default Interest Rate	1% in addition to Interest Rate
2.2.4	Interest Periods	
2.2.5	Interest Payment Dates	
2.2.6	Interest Determination Date	
2.2.7	Reference Rate	
2.2.8	Method for determining Reference Rate	(Provide Details)
2.2.9	Business Day Convention	(*Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention/other (Provide Details)*)
2.2.10	Maximum Rate of Interest	
2.2.11	Minimum Rate of Interest	
2.2.12	Margin	(** per cent or basis points*)
2.2.13	Step up Margin	

2.2.14	Party Responsible for calculating the rate of Interest and Interest Amounts	
2.2.15	Day Count Fraction	
2.2.16	Fall-back provisions, rounding provisions, denominator and any other terms relating to the method of calculating interest on Floating Rate Bonds, if different from those set out in the Conditions	
2.2.17	Maturity Date	
2.2.18	Calculation Agent	Central Securities Depository (Ghana) Limited
2.2.19	Other terms relating to the method of calculating interest for the Floating Rate Bonds	
3	**Redemption Provisions**	
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*)
4	**Distribution**	
4.1	Method of distribution	The Bonds under this Series or Tranche will be distributed by [*private placement on a non-syndicated basis*]
4.2	Details of Dealer	
6	**Financial Covenants**	
6.1	Financial Covenants	(*Applicable/Not Applicable*)
7	**General Provisions**	
7.1	Date of approval for issuance by board of directors and shareholders of Issuer	
7.2	Form of Bonds	All Bonds will be in dematerialised form and electronically registered on the Central Securities Depository
7.3	Additional selling restrictions	(*provide details if any*)
7.4	Settlement Procedures and Instructions	
7.5	Bank account to which payments are to be made	
7.6	Listing	Ghana Fixed Income Market
7.7	Tax	Interest earned on Bonds is subject to 8% withholding tax unless exempted by law (*attach copy of certificate of exemption where applicable*)
7.8	Governing Law	Ghanaian Law
7.9	ISIN Code	
7.10	Clearing System	

IMPORTANT DATES AND TIMES FOR OFFER	
Offer Opening Date and Time	
Offer Closing Date and Time	Completed Applications forms must be received by Dealers at their Specified Offices before or on……..
Allotment Date	All applicants will be notified of their allotment by fax/email/telephone no later than………..
Payment Date	Payment for good value by Successful Applicants must be received by …………..
Issue Date	The Bonds will be issued by the Issuer by ………
Book Closure Date	
Delivery Date	Bonds will be credited to CSD accounts of successful paid up (receipt of cleared funds in Issuers designated account) applicants within 2 Business Days of Issue date
Listing on the GFIM	Issued Bonds will be listed for trading within 5 Business Days of Issue date

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 Bonds 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 Bonds.

Signed on behalf of **Bayport Savings and Loans Plc**

By: By:

Duly authorised signatory Duly authorised signatory

APPENDIX B: APPLICATION FORM

APPLICATION FORM

your future now

BAYPORT SAVINGS AND LOANS

Incorporated as a public limited liability company in the Republic of Ghana with registration number PL000022016

APPLICATION FORM FOR TRANCHE/SERIES [•]

Issue of [•] Year [•] Rate [•] [•] Bonds

Under the GHS 500,000,000 Bond Programme

Applicants must complete all sections of the application form. Please read Section E (*Bonds and Instructions for Completing Application Form*) below for guidance. Application lists will close at 15:00 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)		
Central Securities Depository Account Details:		
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)

To: The Board of Directors of Bayport Savings and Loans Plc

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 Bonds 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 Bonds that may be allotted to the applicant in terms of the Trust Deed dated [●]. Where a lesser nominal value of the Bonds 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 *pro rata* to the lesser nominal value so allotted. I/We acknowledge that the Applicant will be

unconditionally liable for payment in respect of the Bonds allotted and that such payment will be made in full accordance with the payment procedures set out under Section 10 (*Subscription and Sale Information*) of the Prospectus by **10 hours GMT** on **[●]**.
Signature:
Full Name:
Capacity:
Date:

SECTION D (Instructions: Payment of Entitlements)

Interest payments and the principal repayment in respect to the Bonds 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:
into my Current Account (Account Details for the CSD Account):
Name of Bank:
Bank Branch:
Bank Account Number:
Sort Code:
SWIFT Code:

SECTION E (Bonds 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 Bonds.

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) E-mail Address to receive communication regarding this offer such as Allotment Notification etc.

(f) 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 National Pensions Regulatory Authority of Ghana are exempted by law from paying withholding tax on interest income.

(g) Central Securities Depository Account Details:

- Depository Participant Code e.g. ABC-P, BCDN-C etc.
- Depository Account Number e.g. 0000123456789
- Client Type: Local Individual (LI), LC (Local Company), FI (Foreign Individual), Foreign Company (FC), Fund (FU), Joint Account (JA)

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 Value x Issue Price

Section C (Declaration)

Applications are made subject to the provisions of the Prospectus 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 Bank. All applicants should confirm the details of the bank account details from the depository member who set-up their CSD account. The Paying Bank will be said to have paid entitlements due an applicant to the bank account information provided by the Registrar for the Programme (Central Securities Depository).

E. 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 Joint Lead Managers will notify successful applicants 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 Bonds allotted in accordance with the provisions of the Applicable Pricing Supplement.

3. Settlement Procedure

Payment of the subscription price for the Bonds may be made 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 Issuer's bank account, with details below:

Account Name: *[•]*
Bank Name: *[•]*
Account Number: *[•]*
Bank Branch: *[•]*
Branch Sort Code: *[•]*
SWIFT: *[•]*

4. Delivery of Bonds

The Bonds 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 Bonds shall be governed and construed in accordance with Ghanaian law.

APPENDIX C: FORM OF GLOBAL BOND CERTIFICATE

your future now

BAYPORT
SAVINGS AND LOANS

(Incorporated as a public limited liability company in the Republic of Ghana with registration number PL000022016)

CERTIFICATE NUMBER	SERIES NUMBER	TRANCHE NUMBER
	ISIN	

GHS 500,000,000 BOND PROGRAMME
Issue of Senior (Floating/Fixed Rate) Bonds Due……
GLOBAL BOND CERTIFICATE

This Bond Certificate certifies that Standard Chartered Bank Ghana PLC (of No. 87 Independence Avenue, Accra, Ghana) holds this certificate as Bond Trustee on behalf of the persons specified in the Register as the registered holders (the **Bondholders**) of [principal amount] of Senior [Floating/Fixed]Rate Bonds (the **Bonds**) of Bayport Savings and Loans Plc (the **Issuer**). The Bonds are subject to the terms and conditions (the **Conditions**) in the Prospectus dated [●]. Expressions defined in the Conditions have the same meanings in this Bond Certificate, unless otherwise defined herein.

The Issuer, for value received, promises in accordance with the Conditions to pay to the Bondholders on the Redemption Date (or such earlier date as the amount payable upon prepayment in accordance with Conditions), the Principal Amount of: [<u>amount in figures</u>] (<u>amount in words</u>) (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 Bond Certificate, (a) the Bondholders represented by this Bond Certificate are bound by the provisions of the Prospectus, the Trust Deed, the Agency Agreement and the Applicable Pricing Supplement, (b) the Issuer certifies that the Bondholders are entered in the Register as the holders of the Bond(s) represented by this Bond Certificate, (c) this Bond Certificate is evidence of entitlement only, (d) title to the Bond(s) represented by this Bond Certificate passes only on due registration on the Register, and (e) only the duly registered Bondholders represented by this Bond Certificate are entitled to payments in respect of the Bond(s) represented by this Bond Certificate.

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

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

BAYPORT SAVINGS AND LOANS PLC

By:
Duly authorised signatory

By:
Duly authorised signatory

CERTIFICATE OF AUTHENTICATION

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

By:
Duly authorised signatory

By:
Duly authorised signatory

APPENDIX D: LEGAL COMPLIANCE CERTIFICATE

BENTSI-ENCHILL
LETSA & ANKOMAH

B221s13

12 September 2022

Securities and Exchange Commission
30, Third Circular Road
Cantonments, Accra
Ghana

Attention: The Director-General

Ghana Stock Exchange
5th Floor, Cedi House
Liberia Road, Accra
Ghana

Attention: The Managing Director

Standard Chartered Bank Ghana Plc
87 Independence Avenue
Accra, Ghana

Attention: Carl Odame Gyenti

Dear Sirs,

BAYPORT SAVINGS AND LOANS PLC: OPINION OF LEGAL COUNSEL IN CONNECTION WITH THE ESTABLISHMENT OF A GHS 500 MILLION BOND ISSUANCE PROGRAMME AND LISTING OF BONDS THEREUNDER ON THE GHANA FIXED INCOME MARKET OF THE GHANA STOCK EXCHANGE

1. INTRODUCTION

1.1 Basis of introduction

We have acted as legal counsel to Bayport Savings and Loans Plc, a public company limited by shares and incorporated under the laws of Ghana (the **Issuer**), in connection with the establishment of a GHS 500,000,000 bond issuance programme (the **Bond Programme**), under which the Issuer will issue bonds (the **Bonds**), from time to time by public offer and/or private placement, and list the Bonds on the Ghana Fixed Income Market of the Ghana Stock Exchange (the **GFIM Listing**).

1.2 Documents examined

1.2.1 For the purpose of giving this opinion, we have examined final drafts and/or executed versions of the following documents (together, the **Programme Documents** and, each, a **Programme Document**):

1.2.1.1 the prospectus which sets out, among others, the terms and conditions of the Bonds (the **Prospectus**), and to be issued by the Issuer upon the approval of the Securities and Exchange Commission of Ghana (the **SEC**);

LEX MUNDI — LEXAfrica

LEGAL PRACTITIONERS, NOTARIES PUBLIC & TRADEMARK AGENTS

Ace Anan Ankomah
Seth Asante
Susan B. A. Kumapley

4 Momotse Avenue
Adabraka, Accra
PO Box GP 1632
Accra, Ghana
Digital Address: GA-073-2077

Tel +233 (0) 30 2208888
+233 (0) 30 2221171
+233 (0) 30 2224612
+233 (0) 30 2229396
Fax +233 (0) 30 2208901

Website www.belonline.org
Email bel@belonline.org

In association with
Lex Mundi
Lex Africa

1.2.1.2 the trust deed to be entered into between the Issuer and Standard Chartered Bank Ghana Plc (**SCB**), under which the Issuer appoints SCB as the trustee for the holders of the Bonds (the **Bond Trustee**);

1.2.1.3 the agency agreement to be entered into between the Issuer, SCB and the Central Securities Depositories (Ghana) Limited (the **CSD**), under which the Issuer appoints SCB as paying agent for the Bond Programme and the CSD as the calculation agent, registrar and transfer agent for the Bond Programme; and

1.2.1.4 the escrow account agreement to be entered into between the Issuer, SCB, Stanbic Bank Ghana LTD, Databank Brokerage LTD and ABSA Bank Ghana LTD, under which the Issuer appoints SCB as the escrow agent for the purpose of the escrow of the proceeds of the issuance of any tranche or series of the Bonds until paid to the Issuer.

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

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

1.2.3.1 the certificate of incorporation of the Issuer dated 31 March 2017;

1.2.3.2 the certificate to commence business of the Issuer dated 22 March 2016;

1.2.3.3 the constitution of the Issuer adopted by special resolution passed on 26 October 2015 (the **Issuer Constitution**);

1.2.3.4 the licence dated 8 June 2018 and issued by the Bank of Ghana to the Issuer to undertake the business of savings and loans;

1.2.3.5 the letter dated 18 February 2022 and issued by the Bank of Ghana to the Issuer approving the Bond Programme (the **Bank of Ghana Approval**);

1.2.3.6 the extract of the minutes of the meeting of the board of directors of the Issuer (the **Issuer Board**) which was held 26 May 2022, approving and authorising the establishment of the Bond Programme (**Board Approval**);

1.2.3.7 the written resolution of the Issuer Board dated 28 July 2022, approving and authorising, among others, the issuance of the Bonds, the application for the GFIM Listing, the terms and conditions of the Programme Documents, the execution of the Programme Documents and the appointment of each and any director of the Issuer to sign the Programme Documents on behalf of the Issuer (the **Written Board Resolution**);

1.2.3.8 the extract of the minutes of the meeting of the shareholders of the Issuer which was held 26 May 2022, approving and authorising the establishment of the Bond Programme (**Shareholders' Approval**); and

1.2.4 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.

1.3 Scope and purpose of the opinion

1.3.1 This opinion is limited to matters of the law of Ghana 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.

1.3.2 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*).

2. OPINION

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

2.1 Incorporation and capacity

2.1.1 The Issuer is duly incorporated as a public company limited by shares under the laws of Ghana.

2.1.2 The Issuer has perpetual corporate existence and the capacity to sue or be sued in its name.

2.1.3 The Issuer is duly authorised and licensed to carry on the business of savings and loans.

2.1.4 To the best of our knowledge and upon due enquiry:

2.1.4.1 the Issuer has all the necessary power and authority to own its property and assets and to carry on its business as currently authorised under the Issuer Constitution;

2.1.4.2 no steps have been (or are being taken) to appoint any administrator, trustee, receiver, liquidator or analogous person or body over (or to wind up or dissolve) the Issuer; and

2.1.4.3 no moratorium has been declared on the payment of any indebtedness of the Issuer.

2.2 Powers and authorisations

The Issuer:

2.2.1 has the power to enter into (and perform its obligations under) the Programme Documents;

2.2.2 has taken all necessary action to authorise the entry into (and the performance of its obligations under) the Programme Documents; and

2.2.3 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.

2.3 Legal validity and enforceability

Subject to the execution of the relevant Programme Documents and paragraph 2.8.3 below, each obligation (expressed to be assumed by the Issuer under each Programme Document) constitutes the legal, valid and binding obligation of the Issuer enforceable against it in accordance with the terms of the relevant Programme Document.

2.4 Regulatory approvals and consents

2.4.1 The Prospectus is required to be approved by the SEC in accordance with the Securities Industry Act, 2016 (Act 929).

2.4.2 The GFIM Listing is required to be approved by the Ghana Stock Exchange in accordance with the listing rules under the manual for the Ghana Fixed Income Market dated 5 April 2022 (the **GFIM Manual**).

2.4.3 Although there is no legal requirement for the Issuer to obtain the approval of the Bank of Ghana for the establishment of the Bond Programme or the issuance of the Bonds, the Bank of Ghana (in practice and on the basis of its regulatory oversight) requires banks and deposit-taking financial institutions, such as the Issuer, to obtain its no-objection for the establishment of bond programmes and the issuance of bonds. As at the date of this opinion, the Issuer has obtained the approval of the Bank of Ghana for the establishment of the Bond Programme in the form of the Bank of Ghana Approval. The Issuer will be required to obtain the no-objection of the Bank of Ghana for each Tranche or Series issued under the Bond Programme.

2.4.4 Apart from the approvals referred to under this paragraph 2.4, no regulatory approvals, consents, licensing or authorisations are required for the establishment of the Bond Programme, the issuance of the Bonds, the GFIM Listing or the execution of the Programme Documents.

2.5 Prospectus and the Bonds

2.5.1 The Prospectus complies with the relevant provisions of Schedule 5 of the Securities and Exchange Commission Regulations, 2003 (LI 1728) and Schedule 10 of the Companies Act, 2019 (Act 992) (the **Companies Act**).

2.5.2 The Issuer's obligations under the Bonds shall constitute direct, unconditional, unsecured and unsubordinated obligations of the Issuer and shall rank *pari passu* among themselves and (save for such obligations as may be preferred by virtue of any Applicable Law) equally with all other present and future unsecured and unsubordinated obligations of the Issuer, from time to time outstanding.

2.6 Contractual obligations

To the best of our knowledge and upon due enquiry, there are no contractual agreements, obligations or undertakings preventing the Issuer from entering into and performing its obligations under the transactions contemplated by the Bond Programme.

2.7 The Issuer Constitution

2.7.1 The Issuer Constitution complies with all legal requirements on the contents of the constitution of a public company.

2.7.2 The issuance of the Bonds (pursuant to the listing rules under the GFIM Manual) will not contravene any provision of the Issuer Constitution.

2.7.3 The Bond Programme does not contravene any provision of the Issuer Constitution or any Applicable Law.

2.8 Taxes and stamp duty

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

2.8.2 In accordance with the Income Tax Act, 2015 (Act 896) (as amended), interest payments under the Bonds will be subject to withholding tax of 8%, except in relation to bondholders who are exempt from withholding tax.

2.8.3 Each of the Programme Documents (except the Prospectus) will be subject to a nominal stamp duty of GHS 0.50 in accordance with the Stamp Duty Act, 2005 (Act 689) (as amended) in order to be admissible in evidence (and enforceable) in the courts of Ghana.

2.9 Registrations and filings

2.9.1 No registration or filing is required at any registry for any Programme Document to be valid, binding and enforceable in accordance with their respective terms.

2.9.2 However, the Prospectus is required to be filed with the Companies Registry, in accordance with the Companies Act. There will be no legal effect on the Prospectus if it is not duly filed.

Yours faithfully,

Frank Nimako Akowuah
(Partner: 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. regarding the Board Approval, all requirements relating to meeting notice, quorum and voting as well as disclosure of interest and due consideration of the commercial interests of the Issuer were complied with;

3. [*the Written Board Resolution was duly executed by all the directors of the Issuer and all requirements relating to disclosure of interest and due consideration of the commercial interests of the Issuer were complied with;*]

4. regarding the Shareholders' Approval, all requirements relating to meeting notice, quorum and voting were complied with and it was duly passed after the Issuer Board fully disclosed all material details relating to the transaction; and

5. all disclosures made to us by the Issuer 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. we have not independently verified the information contained in the Prospectus. Accordingly, nothing contained in the Prospectus is to be construed (or shall be relied upon) as a promise, warranty or representation (whether to the past or the future) by us, regarding the accuracy or completeness of such information at any time;

2. the enforcement of the Programme Documents may be limited by any laws relating to bankruptcy, insolvency, reorganisation, moratorium or other similar laws affecting creditors' rights generally; and

3. 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.

Deloitte.

Bayport Savings and Loans Plc

Summary of Historical Financial Statement

Proposed GHS 500,000,000 Bond Programme by Bayport Savings and Loans Plc and the subsequent issuance of Bonds and Notes under the programme

Reporting Accountants' Report

August 2022

This Report is solely for the use of the Directors of Bayport Savings and Loans Plc ("Bayport") and the related parties to the proposed GHS 500,000,000 Bond Programme. No part of it may be circulated, quoted, or reproduced for distribution without prior written approval from Deloitte & Touche.

Table of contents

Deloitte.

P. O. Box GP453
Accra
Ghana

Deloitte & Touche
Chartered Accountants
The Deloitte Place, Plot No. 71,
Off George Walker Bush Highway
North Dzorwulu
Accra
Ghana

Tel: +233 (0) 302 775 355
Email: ghdeloitte@deloitte.com.gh
www2.deloitte.com/gh

30 August 2022

The Managing Director
Bayport Savings and Loans Plc
71 Osu Badu Street
Airport West, Accra North
Accra, Ghana

Dear Sir,

Reporting Accountants' Report on the Financial Statements of Bayport Savings and Loans Plc for the five years ended 31 December 2021 in respect to the proposed GHS 500,000,000 Bond Programme

The financial statements for the five years ended 31 December 2017, 2018, 2019 and 2020 were audited by Ernst and Young, Ghana and the period ended 31 December 2021 was audited by PricewaterhouseCoopers, Ghana. The financial statements comprise the Statement of Comprehensive Income, Statement of Financial Position, Statement of Cash Flows, Statement of Changes in Equity, and a summary of significant accounting policies, and other explanatory notes.

We have reviewed the audited financial statements for the years ended 31 December 2017, 2018, 2019, 2020 and 2021 in respect of which, the auditors issued clean audit opinions, and have considered the applicable International Financial Reporting Standards (IFRSs), as issued by the International Accounting Standards Board (IASB).

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the International Financial Reporting Standards, and for such internal controls as Management determines is necessary to enable the preparation of financial statements that are free from misstatements, whether due to fraud and error.

Our examination of the audited financial statements was conducted in accordance with the "International Standard on Review Engagements (ISRE) 2400 (Revised) – Engagements to Review Historical Financial Statements". This standard requires that we plan and perform our examination to obtain moderate assurance that the audited financial statements are free from material misstatements. Such moderate assurance provides less assurance than an audit and does not require us to issue an audit opinion. Our examination was based on our review of the auditors' work papers, the evidence obtained, and the analytical procedures applied by the auditors in respect of financial data.

Based on our review, nothing has come to our attention that causes us to believe that these financial statements do not present fairly, in all material respects, the financial position of Bayport Savings and Loans Plc as at 31 December 2017, 2018, 2019, 2020 and 2021 and its financial performance and cash flows for the years ended, in accordance with the International Financial Reporting Standards.

MAKING AN IMPACT THAT MATTERS since 1845

Deloitte.

Please note that the Directors of Bayport Savings and Loans Plc are responsible for the contents of the prospectus in which this report is included.

Yours faithfully,

Deloitte & Touche

Emmanuel Martey
Partner
ICAG/P/1476

Statement of Financial Position

Figures in Ghana Cedi	31-Dec 2021	31-Dec 2020	31-Dec 2019	31-Dec 2018	31-Dec 2017
Assets					
Cash and cash equivalents	38,255,220	21,965,372	11,297,868	29,539,114	35,485,139
Loans and advances to customers	682,426,218	675,781,352	701,892,127	576,503,573	438,845,209
Other assets	61,294,533	59,560,875	3,436,128	16,113,761	13,469,485
Property and equipment	6,453,006	7,142,097	10,158,805	11,350,566	13,432,957
Intangible assets	5,440,950	7,980,490	11,569,467	12,809,652	12,623,682
Right- of use assets	7,785,947	2,845,939	4,544,625	-	-
Current tax assets	3,251,628	13,791,460	12,275,998	11,724,479	1,858,523
Deferred tax assets	15,456,159	12,257,132	18,969,213	14,548,207	17,577,431
Total Assets	**820,363,661**	**801,324,717**	**774,144,231**	**672,589,352**	**533,292,426**
Liabilities and Equity					
Liabilities					
Deposits from customers	145,317,620	109,425,318	70,561,625	113,421,012	115,904,421
Other liabilities	33,113,713	16,242,791	48,360,012	52,164,575	28,053,515
Borrowings	397,675,127	389,953,711	354,609,749	293,727,220	213,214,205
Loans from shareholders	68,019,722	142,380,666	175,133,041	73,931,002	44,621,987
Lease liabilities	6,688,014	-	-	-	-
Total Liabilities	**650,814,196**	**658,002,486**	**648,664,427**	**533,243,809**	**401,794,128**
Equity					
Share capital	29,942,217	29,942,217	29,942,217	29,942,217	29,942,217
Income surplus	103,554,966	88,798,429	72,556,004	67,423,276	90,516,475
Statutory reserves	33,985,302	26,431,042	21,970,435	21,970,435	20,008,622
Regulatory credit risk reserves	11,035,996	7,119,559	9,980,164	28,978,631	-
Other reserves	(8,969,016)	(8,969,016)	(8,969,016)	(8,969,016)	(8,969,016)
Total Equity	**169,549,465**	**143,322,231**	**125,479,804**	**139,345,543**	**131,498,298**
Total Liabilities and Equity	**820,363,661**	**801,324,717**	**774,144,231**	**672,589,352**	**533,292,426**

Statement of Profit or Loss and Other Comprehensive Income

Figures in Ghana Cedi	31-Dec 2021	31-Dec 2020	31-Dec 2019	31-Dec 2018	31-Dec 2017
Interest income	289,843,388	291,463,305	259,824,535	257,644,749	170,344,695
Interest expense	(133,405,317)	(144,761,071)	(120,063,082)	(97,166,782)	(70,062,914)
Net interest income	**156,438,071**	**146,702,234**	**139,761,453**	**160,477,967**	**100,281,781**
Fees and commission income	3,822,198	3,999,525	4,092,538	2,951,577	2,204,552
Fees and commission expense	(18,365,379)	(20,629,203)	-	-	-
Net fees and commission income	**(14,543,181)**	**(16,629,678)**	**4,092,538**	**2,951,577**	**2,204,552**
Net trading income	**141,894,890**	**130,072,556**	**143,853,991**	**163,429,544**	**102,486,333**
Other operating income	-	-	187,292	85,801	98,808
Other income	3,528,279	1,607,215	2,635,632	5,037,955	11,908,810
Operating income	**145,423,169**	**131,679,771**	**146,676,915**	**168,553,300**	**114,493,951**
Net impairment loss on financial asset	(19,211,289)	(18,523,480)	(31,340,001)	(30,173,528)	(14,652,254)
Foreign exchange losses			(6,386,733)	(4,424,034)	(1,712,056)
Personnel expenses	(30,413,649)	(27,715,299)	(50,421,030)	(40,293,400)	(34,049,428)
Operating lease expenses				(4,628,429)	(2,057,145)
Depreciation and amortisation	(7,673,588)	(11,656,284)	(13,578,616)	(8,786,082)	(5,066,531)
Other expenses	(50,582,226)	(47,374,027)	(63,237,280)	(68,798,845)	(51,112,897)
(Loss) / profit before taxation	**37,542,417**	**26,410,681**	**(18,286,745)**	**11,448,982**	**5,843,640**
Income tax credit/ (expense)	(11,315,183)	(8,568,254)	4,421,006	(3,601,737)	(1,942,058)
(Loss) / profit for the year	**26,227,234**	**17,842,427**	**(13,865,739)**	**7,847,245**	**3,901,582**
Other comprehensive income	-	-	-	-	-
	26,227,234	**17,842,427**	**(13,865,739)**	**7,847,245**	**3,901,582**

Statement of changes in equity

Figures in Ghana Cedi	Share capital	Statutory reserve	Regulatory credit risk reserve	Other reserves	Total reserves	Income surplus	Total equity
Balance at 1 January 2017	**10,000,000**	**19,033,227**	**10,666,835**	-	**29,700,064**	**76,923,453**	**116,623,517**
Total comprehensive income for the year	-	-	-	-	-	3,901,582	3,901,582
Issue of shares	19,942,217	-	-	-	-	-	19,942,217
Transfer to statutory reserves	-	975,395		-	975,395	(975,395)	-
Transfer to regulatory credit risk reserves	-	-	(10,666,835)	-	(10,666,835)	10,666,835	-
Reserve arising on merger	-	-	-	(8,969,016)	(8,969,016)	-	(8,969,016)
Total movement for the year	**19,942,217**	**975,395**	**(10,666,835)**	**(8,969,016)**	**(18,660,456)**	**13,593,022**	**14,874,783**
Balance at 31 December 2017	**29,942,217**	**20,008,622**	**-**	**(8,969,016)**	**11,039,608**	**90,516,475**	**131,498,300**
Balance at 1 January 2018	**29,942,217**	**20,008,622**	-	**(8,969,016)**	**11,039,608**	**90,516,475**	**131,498,300**
Total comprehensive income for the year	-	-	-	-	-	7,847,245	7,847,245
Transfer to statutory reserves	-	1,961,813	28,978,631	-	1,961,813	(1,961,813)	-
Transfer to regulatory credit risk reserves	-	-	-	-	28,978,631	(28,978,631)	-
Total movement for the year	-	**1,961,813**	**28,978,631**	-	**30,940,444**	**(23,093,199)**	**7,847,245**
Balance at 31 December 2018	**29,942,217**	**21,970,435**	**28,978,631**	**(8,969,016)**	**41,980,052**	**67,423,276**	**139,345,545**
Balance at 1 January 2019	**29,942,217**	**21,970,435**	**28,978,631**	**(8,969,016)**	**41,980,052**	**67,423,276**	**139,345,545**
Total comprehensive loss for the year	-	-	-	-	-	(13,865,739)	(13,865,739)
Transfer from regulatory credit risk reserves	-	-	(18,998,467)	-	(18,998,467)	18,998,467	-
Total movement for the year	-	-	**(18,998,467)**	-	**(18,998,467)**	**5,132,728**	**(13,865,739)**
Balance at 31 December 2019	**29,942,217**	**21,970,435**	**9,980,164**	**(8,969,016)**	**22,981,583**	**72,556,004**	**125,479,804**
Balance at 1 January 2020	**29,942,217**	**21,970,435**	**9,980,164**	**(8,969,016)**	**22,981,583**	**72,556,004**	**125,479,804**
Total comprehensive income for the year	-	-	-	-	-	17,842,427	17,842,427
Transfer to statutory reserves	-	4,460,607	-	-	4,460,607	(4,460,607)	-
Transfer from regulatory credit risk reserves	-	-	(2,860,605)	-	(2,860,605)	2,860,605	-
Total movement for the year	-	**4,460,607**	**(2,860,605)**	-	**1,600,002**	**16,242,425**	**17,842,427**
Balance at 31 December 2020	**29,942,217**	**26,431,042**	**7,119,559**	**(8,969,016)**	**24,581,585**	**88,798,429**	**143,322,231**
Balance at 1 January 2021	**29,942,217**	**26,431,042**	**7,119,559**	**(8,969,016)**	**24,581,585**	**88,798,429**	**143,322,231**
Total comprehensive income for the year	-		-	-		26,227,234	26,227,234
Transfer to statutory reserves	-	7,554,260	-	-	7,554,260	(7,554,260)	-
Transfer from regulatory credit risk reserves	-	-	3,916,437	-	3,916,437	(3,916,437)	-
Total movement for the year	-	**7,554,260**	**3,916,437**	-	**11,470,697**	**14,756,537**	**26,227,234**
Balance at 31 December 2021	**29,942,217**	**33,985,302**	**11,035,996**	**(8,969,016)**	**36,052,282**	**103,554,966**	**169,549,465**

Statement of Cash Flows

Figures in Ghana Cedi	**31-Dec 2021**	**31-Dec 2020**	**31-Dec 2019**	**31-Dec 2018**	**31-Dec 2017**
Cash flows from operating activities					
Cash used in operating activities	200,839,704	151,099,296	(168,906,969)	(95,133,492)	(69,809,880)
Tax paid	(3,974,378)	(3,371,635)	(551,519)	(10,438,469)	(5,997,563)
Net cash used in operating activities	**196,865,326**	**147,727,661**	**(169,458,488)**	**(105,571,961)**	**(75,807,443)**
Cash flows from investing activities					
Purchase of property, equipment	(2,941,424)	(1,849,464)	(6,643,665)	(6,743,862)	(10,075,961)
Proceeds from sale of property and equipment	471,860	61,170	288,795	3,195	183,622
Net cash inflow from merger	-	-	-	-	10,982,533
Purchase of intangible assets	(264,724)	(243,514)	-	-	-
Net cash used in investing activities	**(2,734,288)**	**(2,031,808)**	**(6,354,870)**	**(6,740,667)**	**1,090,194**
Cash flows from financing activities					
Proceeds from borrowings	265,227,611	59,719,031	84,000,000	89,099,006	-
Repayment of borrowings	(349,295,003)	(116,053,885)	(21,498,475)	(13,360,282)	(29,595,807)
Proceeds from loans from shareholders	-	55,263,000	96,224,471	37,176,912	-
Repayment of loans from shareholders	(101,709,746)	(133,956,495)	-	(11,342,622)	(6,140,306)
Proceeds from issue of bonds	-	-	25,667,500	52,168,800	71,325,860
Repayments of bonds	-	-	(23,753,420)	(47,540,586)	-
Lease payment (ROU)	(1,863,377)	-	(2,697,071)	-	(363,223)
Net cash generated by financing activities	**(187,640,515)**	**(135,028,349)**	**157,943,005**	**106,201,228**	**35,226,524**
Net decrease in cash and cash equivalents	6,490,523	10,667,504	(17,870,353)	(6,111,400)	(39,490,725)
Cash and cash equivalents at the beginning of the year	21,965,372	11,297,868	29,539,114	35,485,139	74,947,151
Effect of exchange rate movement on cash balances	-	-	(370,893)	165,375	28,713
Total cash and cash equivalents at the end of the year	**28,455,895**	**21,965,372**	**11,297,868**	**29,539,114**	**35,485,139**

Notes to the Financial Statements

General Information

BAYPORT SAVINGS AND LOANS is a public limited company incorporated and domiciled in Ghana. The address of its registered office and principal place of business are disclosed in the report of the Directors on page 4. The principal activities of the Company continue to be the provision of micro-finance and retail financial services.

1. Presentation of Financial Statements

The annual financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"), and the Companies Code 1963 (Act 179) for 2017 and 2018, and the Companies Act 2019 (Act 992) for 2019 to 2021 and Banks and Specialized Deposit taking Institution ACT, 2016 (Act 930). The annual financial statements have been prepared on the historical cost basis, except for the measurement of certain financial instruments at fair value and incorporate the principal accounting policies set out below. They are presented in Ghana Cedis, which is the functional currency, rounded to the nearest Cedi.

The statement of financial position is presented in order of liquidity. Reference to the current maturities of these financial assets and liabilities are disclosed in the notes to the statement of financial position and in the analysis of financial assets and liabilities. The accounting policies are consistent with the previous year, except where specifically stated otherwise.

1.1 Significant judgements and sources of estimation uncertainty

The preparation of financial statements in conformity with IFRS requires the directors and management to make judgements, estimates and assumptions that may affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and other factors that are believed to be reasonable under the circumstances. These form the basis of making the judgements on carrying values of assets or liabilities that are not otherwise readily apparent. Actual results may differ from these estimates. The estimates and assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision only affects that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Certain accounting policies have been identified where management has applied a higher degree of judgement that have a significant effect on the amounts recognized in the financial statements, or estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Deloitte.

Bayport Savings and Loans Plc

Summary of financial projections for the five years ended 31 December 2026

Proposed GHS 500,000,000 Bond Programme by Bayport Savings and Loans Plc and the subsequent issuance of Bonds and Notes under the programme

Summary Reporting Accountants' Report

August 2022

Table of contents

Deloitte.

30 August 2022

The Managing Director
71 Osu Badu Street
Airport West
Accra, Ghana

Dear Sir

Reporting Accountants' Report on the Financial Forecasts of Bayport Savings and Loans for the five years ending 31 December 2022, 31 December 2023, 31 December 2024, 31 December 2025 and 31 December 2026.

We have examined the accounting bases and hypothetical assumptions for the financial forecasts of Bayport Savings and Loan ("Bayport" or the "Entity") for the five years ending 31 December 2022, 31 December 2023, 31 December 2024, 31 December 2025 and 31 December 2026, in accordance with the International Standard on Assurance Engagements (ISAE) 3400, applicable to the examination of prospective financial information.

Management is solely responsible for preparing and ensuring that the financial forecasts for the five years ending 31 December 2026 contain no error or material misstatements and that the assumptions, policies and principles adopted for the financial forecasts are consistent with those normally adopted by Bayport in its historical audited financial statements. Our responsibility is to express an opinion as to the proper compilation of the financial forecasts. The financial forecasts form part of the Prospectus in respect of the proposed capital raise Programme, for which Bayport's Board of Directors is also responsible.

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the International Financial Reporting Standards, and for such internal controls as Management determines is necessary to enable the preparation of financial statements that are free from misstatements, whether due to fraud and error.

We wish to emphasize that no business is free from major risks and few financial projections are free from errors of commission or omission. These financial projections relate to the future and consequently may be affected by unforeseen events as there may be differences between forecast, estimated, budgeted or projected results and the actual results because events and circumstances frequently do not occur as expected; and those differences may be material.

Basis for Conclusion

The financial forecasts were presented in a detail model that shows how the assumptions were processed into the calculation of the various line items in the financial statements. Such disclosures, we believe, have materially enhanced our understanding and review of the forecast information provided by management.

Deloitte.

Conclusion

Based on our examination of the evidence supporting the assumptions, nothing has come to our attention that causes us to believe that the financial forecasts are not prepared, in all material respects, in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

Yours faithfully

Deloitte & Touche

Emmanuel Martey
Partner
ICAG/P/1476

Introduction

This report has been prepared to summarize the information provided by the Directors of Bayport and their basic assumptions at the time of their projections of the profits before taxation for the five years ending 31 December 2026.

The offer

Bayport Savings and Loans is in the process of raising a sum of GHS500 million from investors by way of a private placement over the five years forecast period. Proceeds from the private placement is expected to be used for the augmentation of the Company's working capital requirements, business expansion, and repayments of existing commitments (i.e., bonds and debts) over the forecast period.

Forecast Statement of Financial Position

	Actual 31 Dec 21 GH₵'000	Forecast 31 Dec 22 GH₵'000	Forecast 31 Dec 23 GH₵'000	Forecast 31 Dec 24 GH₵'000	Forecast 31 Dec 25 GH₵'000	Forecast 31 Dec 26 GH₵'000
Assets						
Cash and cash equivalents	38,255	21,209	51,893	55,728	60,786	58,462
Loans and advances to customers	682,426	771,520	886,298	1,047,334	1,230,385	1,449,471
Other assets	61,295	67,523	70,164	68,474	69,292	69,329
Property and equipment	6,453	8,849	6,736	5,243	4,467	2,978
Intangible assets	5,441	3,473	2,383	1,849	1,471	1,095
Deferred tax balances	15,456	14,785	17,400	20,943	24,208	27,277
Right of use assets	7,786	-	-	-	-	-
Current tax assets	3,252	-	-	-	-	-
Total assets	**820,364**	**887,359**	**1,034,874**	**1,199,571**	**1,390,610**	**1,608,613**
Liabilities						
Deposit from Customers	145,318	150,207	156,113	163,218	171,767	182,062
Other liabilities and accounts payable	33,114	37,425	44,048	53,968	65,084	78,253
Bank overdraft	-	9,799	9,799	9,799	9,799	9,799
Lease liabilities	6,688					
Borrowings	397,675	445,978	563,904	663,703	804,778	918,019
Loan from shareholders	68,020	49,658	33,116	33,116	-	-
Total liabilities	**650,814**	**693,066**	**806,980**	**923,805**	**1,051,428**	**1,188,134**
Net assets	**169,549**	**194,293**	**227,894**	**275,766**	**339,182**	**420,479**
Equity						
Share capital	29,942	29,942	29,942	29,942	29,942	29,942
Statutory reserve	33,985	37,078	41,278	47,262	55,189	65,351
Regulatory credit risk reserve	11,036	22,171	32,251	41,825	51,338	59,467
Other reserves	(8,969)	(8,969)	(8,969)	(8,969)	(8,969)	(8,969)
Income surplus	103,555	114,071	133,391	165,705	211,682	274,687
Equity	**169,549**	**194,293**	**227,894**	**275,766**	**339,182**	**420,479**

Balance sheet ratios

	Actual 31 Dec 21	Forecast 31 Dec 22	Forecast 31 Dec 23	Forecast 31 Dec 24	Forecast 31 Dec 25	Forecast 31 Dec 26
Non-current assets to total assets	1%	1%	1%	1%	0%	0%
Loans and advances to total assets	83%	87%	86%	87%	88%	90%
Customer deposits to loans and advances	21%	19%	18%	16%	14%	13%
Cash to total assets	5%	2%	5%	5%	4%	4%
Return on equity	15%	13%	15%	17%	19%	19%
Asset Growth / (Decline)						
-Cash and cash equivalent	74%	-45%	145%	7%	9%	-4%
- Total loans and advances to Customers	1%	13%	15%	18%	17%	18%
- Other assets	3%	10%	4%	-2%	1%	0%
- PPE	-10%	37%	-24%	-22%	-15%	-33%
- Intangible assets	-32%	-36%	-31%	-22%	-20%	-26%
- Total assets	2%	8%	17%	16%	16%	16%
Liability Growth / (Decline)						
-Deposit from Customers	39%	3%	4%	5%	5%	6%
-Other liab and accounts payable	2%	13%	18%	23%	21%	20%
-Borrowings	5%	12%	26%	18%	21%	14%
-Loan from shareholders	-52%	-27%	-33%	0%	-100%	8%
-Total liabilities	-1%	6%	16%	14%	14%	13%

Forecast Statement of Comprehensive Income

	Actual 31 Dec 21 GH₵'000	Forecast 31 Dec 22 GH₵'000	Forecast 31 Dec 23 GH₵'000	Forecast 31 Dec 24 GH₵'000	Forecast 31 Dec 25 GH₵'000	Forecast 31 Dec 26 GH₵'000
Interest income	248,981	243,737	261,876	294,378	336,476	384,542
Admin fee income	40,862	44,317	51,318	59,037	67,472	75,521
Interest and other income	**289,843**	**288,054**	**313,195**	**353,416**	**403,948**	**460,063**
Interest and other similar expense	(133,405)	(128,253)	(141,580)	(159,530)	(181,299)	(203,500)
Net trading income	156,438	159,801	171,615	193,886	222,649	256,563
Net non-interest income	(11,015)	5,328	6,218	7,477	8,726	9,726
Operating income	**145,423**	**165,129**	**177,832**	**201,362**	**231,375**	**266,288**
Direct expenses	(30,414)	(32,234)	(32,245)	(31,741)	(33,173)	(34,240)
Indirect expenses	(58,256)	(73,262)	(73,599)	(75,601)	(77,313)	(80,298)
Other expenses	-	(2,825)	(3,836)	(5,455)	(7,235)	(9,314)
Operational profit pre impairment	**56,754**	**56,808**	**68,152**	**88,565**	**113,654**	**142,437**
Impairment of loans and advances	(19,211)	(21,325)	(20,007)	(20,019)	(22,901)	(26,136)
Profit before FX and taxes	**37,542**	**35,483**	**48,145**	**68,546**	**90,753**	**116,301**
Foreign exchange gain/(loss)	-	(58)	(62)	(67)	(72)	(77)
Taxation	(11,315)	(10,681)	(14,482)	(20,606)	(27,266)	(34,927)
Profit/(loss) after taxation	**26,227**	**24,744**	**33,601**	**47,873**	**63,416**	**81,297**

Profitability ratios

	Actual 31 Dec 21	Forecast 31 Dec 22	Forecast 31 Dec 23	Forecast 31 Dec 24	Forecast 31 Dec 25	Forecast 31 Dec 26
Interest income growth	-4.5%	-2.1%	7.4%	12.4%	14.3%	14.3%
Interest expense growth	-7.8%	-3.9%	10.4%	12.7%	13.6%	12.2%
Interest expense to interest income ratio	53.6%	52.6%	54.1%	54.2%	53.9%	52.9%
Cost to income ratio	79.6%	80.6%	78.7%	75.5%	72.5%	69.7%

Forecast Statement of Cash Flows

	Actual 31 Dec 21 GH₵'000	Forecast 31 Dec 22 GH₵'000	Forecast 31 Dec 23 GH₵'000	Forecast 31 Dec 24 GH₵'000	Forecast 31 Dec 25 GH₵'000	Forecast 31 Dec 26 GH₵'000
Operating activities						
Cash generated from operations	200,840	(39,827)	(51,146)	(67,880)	(67,441)	(73,646)
Income taxes paid	(3,974)	(12,206)	(14,222)	(19,751)	(27,353)	(34,218)
Net cash generated from operating activities	**196,865**	**(52,033)**	**(65,368)**	**(87,632)**	**(94,794)**	**(107,864)**
Investing activities						
Proceeds on disposal of property and equipment	472	-	-	-	-	-
Purchase of property and equipment and intangibles	(3,206)	(7,007)	(2,520)	(4,000)	(5,000)	(4,000)
Net cash used in investing activities	**(2,734)**	**(7,007)**	**(2,520)**	**(4,000)**	**(5,000)**	**(4,000)**
Financing activities						
Proceeds from borrowings	265,228	79,000	78,875	105,500	150,000	195,421
Repayment of borrowings	(349,295)	(21,651)	(22,513)	(71,664)	(12,033)	(74,346)
Proceeds/ (Repayment) from loans from shareholders	(101,710)	(18,362)	(16,543)	-	(33,116)	-
Proceeds from issue of bonds	-	75,000	100,000	100,000	100,000	125,000
Repayments of bonds	-	(71,993)	(41,248)	(38,369)	(100,000)	(136,535)
Principal element of lease repayment	(1,863)	-	-	-	-	-
Net cash (used in)/generated from financing activities	**(187,641)**	**41,994**	**98,572**	**95,467**	**104,852**	**109,540**
Net increase/(decrease) in cash and cash equivalent	6,491	(17,046)	30,683	3,836	5,058	(2,324)
Cash and cash equivalents at the beginning of the year	31,764	38,255	21,209	51,893	55,728	60,786
Effect of exchange rate movement on cash balances	-	-	-	-	-	-
Cash and cash equivalents at the end of the year	**38,255**	**21,209**	**51,893**	**55,728**	**60,786**	**58,462**

Bayport's profit projections

The Directors are of the opinion that subject to unforeseen circumstances and based on the assumptions stated below, the profit / (loss) after taxation will be GHS24.7 million, GHS36.6million, GHS47.8million, GHS63.4million and GHS81.3million for the years ending 31 December 2022, 2023, 2024, 2025 and 2026 respectively.

Methodology and procedures

We have reviewed the compilation of the financial projections to enable us to report on whether it has been prepared based on the underlying assumptions.

In so far as our work relates to projections, we accept no responsibility for the projections, or for the ultimate realisation of the prospective financial information. The bases and assumptions are the sole responsibility of the directors of Bayport. Furthermore, please note that, since any prospective financial information relates to the future and may be affected by unforeseen events, there may be differences between forecast, estimated, budgeted or projected results and the actual results because events and circumstances frequently do not occur as expected, and that those differences may be material. Consequently, we do not express any opinion as to whether the actual results achieved will correspond to those planned, projected or forecast.

The reviews were limited primarily to inquiries of the Company's personnel and analytical procedures applied to financial data and thus provides less assurance than an audit. Our procedures and enquiries did not include verification work nor constitute an audit in accordance with International Standards on Auditing issued by the International Federation of Accountants and, accordingly, we did not express an audit opinion.

Basis and assumptions

The following are the bases and principal assumptions underlying the financial projections for the five years ending 31 December 2026.

Basis

The Company's audited financial statements for the period ended 31 December 2021 have been prepared on a basis consistent with the accounting policies adopted by the Company, under the International Financial Reporting Standards (IFRS).

Assumptions and notes

i. Interest and administrative fee income

	Actual	**Projections**				
	12 months to 31 December 2021	**Year ending 31 December 2022**	**2023**	**2024**	**2025**	**2026**
Interest income	248,981	243,737	261,876	294,378	336,476	384,542
Admi fee income	40,862	44,317	51,318	59,037	67,472	75,521
Total interest and admin fee income	**289,843**	**288,054**	**313,195**	**353,416**	**403,948**	**460,063**

Interest income is generated from interest on retail and payroll loans. Directors have projected that Interest income will increase at a CAGR of 12.1% over the forecast period FY22-FY26 from a CAGR of 1.7% over the historical period FY18-FY21. Interest income is expected to decline by 2.1% in FY22, increase by 7.5%, 12.4%, 14.3%, 14.3% in FY23, FY24, FY25 and FY26 respectively.

The Directors indicated that, the projected decline in FY22 is largely attributable to the discontinuation of one of the Company's loan products- Car Title Loan- in May 2021. Thus, the interest income forecast for FY22 represents revenue from sale of payroll loans only. This will result in a drop in revenue as the car title loan had a higher interest

rate compared to the payroll loans. The projected growth in interest income from FY23 is expected to be driven mainly by Bayport's strategies aimed at attracting ten targeted Government institutions onto the Banks's payroll deduction loans book.
Interest income is expected to constitute an average of 30.7% of interest-bearing assets between FY22 - FY26, which is reasonable when compared to the 30.8% ratio recorded between FY18-FY21.

Administrative fee income consists of management, legal, commitment, and other credit fees. Administrative fee income was GHS40.9 million in FY21. The Directors, over the forecast period, projects to focus on reducing cost and using technology to improve customer experience and to reduce reliance on independent field agents to deliver the growth plan and increase its operations in areas where more fees will be earned. The Directors have therefore projected that admin fees will constitute an average of 6% of total interest-bearing assets in the forecast years, generating income of GHS44.3 million in FY22, GHS51.3 million in FY23, GHS59.1 million in FY24, GHS67.5 million in FY25 and GHS67.5 million in FY26.

ii. Interest expenses

Interest expenses consist of interest on shareholder loans, bank overdraft, term loans, corporate bonds, deposits from customers and lease liabilities. It increased at a CAGR of 11.1% over the historical period FY18-FY21 and it is expected to increase at a CAGR of 12.2% over the forecast period FY22-FY26. The Directors expect interest expenses to decrease by 3.9% in FY22 and increase by 10.4%, 12.7%, 13.6% and 12.2% between FY23-FY26. Interest expenses as a percentage of interest-bearing liabilities is expected to return an average ratio of 20% over the forecast period FY22-FY26, which compares marginally lower to an average of 21.9% recorded over the historical period FY18-FY21.

The slightly improved projected ratio of interest expenses to interest bearing liabilities over the forecast period is attributable to repayment of shareholders loans in FY24. The projected decrease in interest expense in FY22 is largely in response to the decrease in interest income as the Company does not expect to fund the product that is set to be discontinued in FY22. Interest expenses stood at GHS133.5 million in FY21 and expected to increase to GHS128.3 million in FY22, GHS159.3 million in FY24, GHS181.3 million in FY25 and GHS203.5 million in FY26.

iii. Other operating expense

	Actual	Projections				
	12 months to 31 December	Year ending 31 December				
	2021	**2022**	**2023**	**2024**	**2025**	**2026**
Direct expenses	(30,414)	(32,234)	(32,245)	(31,741)	(33,173)	(34,240)
Indirect expenses	(58,256)	(73,262)	(73,599)	(75,601)	(77,313)	(80,298)
Other expenses	-	(2,825)	(3,836)	(5,455)	(7,235)	(9,314)
	(88,669)	**(108,322)**	**(109,680)**	**(112,797)**	**(117,721)**	**(123,851)**

Other operating expenses largely consist of direct expenses, indirect expenses and other expenses.
Direct expenses largely represent personnel costs- i.e., commissions on loans originated by staff and collection fees. It is expected to increase at a CAGR of 1.5%

over the forecast period FY22 - FY26 compared to CAGR of 9% over the historical period FY18-FY21. The notably lower rate of increase in personnel costs expected over the forecast period will most likely result from management's plan to introduce a new channel for loan sales in 2022. This is further explained in the next paragraph below.

The Company currently has 3 (three) channels of sales namely, agents who are paid 10% on value of loans originated at branches and call centres where 3.5% on value of loans originated are paid to them. By second half of 2022, a third channel will be introduced which is the self-service where no commissions will be paid since the customer will start and end the loan application process themselves via a mobile device. The introduction of this third channel is expected to reduce the forecast direct cost of loan origination/sales. In addition, the company in 2021 undertook restructuring exercise in which staff strength for permanent employees was reduced from 800 to 300 whilst sales agents were also reduced from 2,000 to 1,200. All of these are expected to impact favourably on personnel costs over the forecast period.

The Directors do not expect staff strength- both permanent staff and sales personnel- to increase significantly over the forecast period. Direct expense is projected to increase by 6% in FY22, decrease by 1.6% in FY24, and then increase by 4.5% and 3.2% in FY25 and FY26 respectively. The projected growth over the forecast period is expected to be driven by year-on-year increase in staff salaries.
Directors have projected indirect expenses to increase at a CAGR of 2.3% over the forecast period FY22-FY26 compared to CAGR of 10.8% over the historical period FY18-FY21. It is expected to increase by 0.5% in FY23, 2.7% in FY24, 2.3% in FY25 and 3.9% in FY26.

iv. Loans and advances

	Actual	**Projections**				
	12 months to 31 December	**Year ending 31 December**				
	2021	**2022**	**2023**	**2024**	**2025**	**2026**
Net loans and advances	682,426	771,520	886,298	1,047,334	1,230,385	1,449,471
Impairment for the year/ period	30,414	32,234	32,245	31,741	33,173	34,240
Gross loans and advances	**712,840**	**803,754**	**918,543**	**1,079,075**	**1,263,558**	**1,483,711**

Net loans and advances include bank overdraft, term loans, and corporate bond. Net loans and advances stood at GHS682.4 million as at 31 December 2021 and it is projected to increase by 13.1%, 14.9%, 18.2%, 18.1%, 17.5%, and 17.8% by end of December 2022, 2023, 2024, 2025 and 2026 respectively. It is expected to constitute an average of 90.4% of total assets.

The projected growth in loans and advances is attributable to projected increase in Government institutions that are envisaged to enrol on the Bayport payroll deduction loan product and increase in number of individual loan customers. As of 2021, 95% of total loans and advances were due from individuals, on behalf of whom deductions are made through Controller and Accountant General Department.

Provision for risk assets is mainly on loans and advances. Provision for bad and doubtful accounts for the period ended 31 December 2021 was GHS 19.2 million representing 2.8% of loans and advances. The Directors have projected that the percentage of the loan loss charge to total loans and advances will be at 2.8% in 2022, 2.2% in 2023, 1.9% in 2024, 1.9% in 2025, and 1.8% in 2026. The Directors plan to enhance quality of loans to ensure that cases of bad credits are significantly minimized.

v. Other assets

Other assets	**Actual**	**Projections**				
	12 months to 31 December 2021	**Year ending 31 December 2022**	**2023**	**2024**	**2025**	**2026**
Others	61,295	67,523	70,164	68,474	69,292	69,329
Property and equipment	6,453	8,849	6,736	5,243	4,467	2,978
Intangible assets	5,441	3,473	2,383	1,849	1,471	1,095
Deferred tax balances	7,786	14,785	17,400	20,943	24,208	27,277
Right of use assets	3,252	-	-	-	-	-
Current tax assets	15,456	-	-	-	-	-
	99,682	**94,630**	**96,683**	**96,509**	**99,438**	**100,679**

Other components of total assets include PPE, intangible assets and others. In all, other assets are projected to constitute an average of 7.7% of total assets over the forecast period, which compares lower to the average of 10.8% over the historical period 2018-2021.

The Directors do not envisage any significant investment in PPE over the forecast period as they intend to retain the 10 branches and 45 sales centres without opening new ones. The Directors noted that there is no lien on PPE.

vi. Deposits from customers

	Actual	**Projections**				
	12 months to 31 December	**Year ending 31 December**				
	2021	**2022**	**2023**	**2024**	**2025**	**2026**
Deposits from customers	145,318	150,207	156,113	163,218	171,767	182,062
	145,318	**150,207**	**156,113**	**163,218**	**171,767**	**182,062**

Deposits from customers include savings account and fixed deposits account. it grew by 39.1% between December 2020 and December 2021. Over the forecast period, customer deposits are expected to grow by 3.4% in 2022, and thereafter, projected to grow by 3.9% in 2023, 4.6% in 2024, 5.2% in 2025 and 6.0% in 2026.

Deposits from customers is expected to constitute an average of 18.1% of total liabilities over the projected period, which compares higher to an average of 15.7% recorded over the historical period 2018-2021. The Directors have also projected deposits to loans ratio of 15.8% over the forecast period 2022 to 2026, which compares lower to the 16.6% recorded over the historical period 2018-2021.

vii. Borrowings

	Actual 12 months to 31 December 2021	Projections Year ending 31 December 2022	2023	2024	2025	2026
Borrowings	397,675	49,658	563,904	663,703	804,778	918,019
Loan from shareholders	68,020	693,066	33,116	33,116	-	-
	465,695	**742,725**	**597,020**	**696,819**	**804,778**	**918,019**

Borrowings, which largely consists of term loans and corporate bond, is projected to grow by 12.1% by end of December 2022 relative to December 2021, and subsequently by 26.4%, 17.7%, 21.3% and 14.1% at the end of each year between 2023- 2026. This compares notably higher with the average historical growth rate of 10.8% between 2018-2021. The projected growth in borrowings is largely driven by projected bonds to be issued over the forecast period. It is projected to constitute an average of 74.9% of total liabilities over the forecast period, which compares lower to the 69.2% recorded over the historical period 2018 – 2021.

Loan from shareholders, which amounted to GHS68 million as at 31 December 2021, is projected to decline by 27% and 33.3% by end of December 2022 and December 2023. The Directors intend to fully pay off the outstanding shareholder loan balance by end of 2024.

viii. Other liabilities

	Actual 12 months to 31 December 2021	Projections Year ending 31 December 2022	2023	2024	2025	2026
Other liabilities and accounts payable	33,114	37,425	44,048	53,968	65,084	78,253
Bank overdraft	-	9,799	9,799	9,799	9,799	9,799
Lease liabilities	6,688	-	-	-	-	-
	39,802	**47,224**	**53,848**	**63,768**	**74,883**	**88,053**

Other liabilities largely consist of account payables and other liabilities (such as amount due to related parties, interest payables, and accrued expenses), bank overdraft and lease liabilities. Other liabilities are projected to constitute, on average, 7% of total liabilities over the forecast period, which compares notably lower to a historical average of 15.1%. It is projected to decline by 6.7% for the year ending 31 December 2022 and projected to grow by 18.6%, 14.0%, 18.4%, and 17.4% for each of the years ending 31 December 2022 - 2026. Other liabilities amounted to GHS47.2 million as at 31 December 2021 and projected to grow to GHS53.8 million, GHS63.7 million, GHS74.9 million, GHS88.1 million, over the forecast period 31 December 2022- 31 December 2026.

i. The Company does not intend to open any new branches over the forecast period.
ii. No dividend payment expected over the forecast period.
iii. No plans to raise additional equity capital or acquire other companies during the forecast period.

General assumptions

i. There will be no material changes in the accounting policies currently adopted by Bayport
ii. The quality of Bayport's management will be sustained during the forecast period
iii. There will be no significant changes in the Bank of Ghana's monetary and fiscal policies that will adversely affect the operations of Bayport
iv. There will be no drastic changes in the political and economic environment that will adversely affect the operations of Bayport despite the 2024 general elections
v. Operating results will not be affected by industrial disputes within the financial service sector or in the country
vi. There will be no new legislation materially affecting the financial services industry
vii. There will be no litigation with adverse material consequence to Bayport

Statement of compliance

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standards Board, the Company Act, 2019, (Act 992), the Banks and Special Deposits-Takings Institutions Act, 2016, (Act 930) as well as other regulatory and legal framework of Bank of Ghana. These financial statements comprise the projected statement of financial position, projected statement of comprehensive income, and the notes to the projected financial statements.

Having reviewed the forecast financial statements of the Company, we did not identify anything of material consequences that suggest that the forecast financial statements, in substance, are at variance with the requirements of IFRS and IAS. To this end, we are of the view that the forecast financial statements have been prepared largely in line with the accounting principles and rules of the IFRS and IAS, which have been applied to all periods presented.

Basis of preparation

The projected financial statements have been prepared under the historical cost convention, as modified by financial assets and liabilities at fair value through profit or loss which have been measured at fair value and non-current assets held for sale which are carried at the lower of carrying amount or fair value less costs to sell.

Use of estimates and judgements

The preparation of the projected financial statements in conformity with IFRS requires the Directors to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates

Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in the financial statements in this report.

Revenue and costs

Interest income and expense

Interest income and expense are recognised in the profit and loss using the effective interest rate method. The effective interest rate is the rate that exactly discounts the estimated future cash payments and receipts through the expected life of the financial asset or financial liability (or, where appropriate, a shorter period) to the carrying amount of the financial asset or financial liability. When calculating the effective interest rate, the Company estimates future cash flows considering all contractual terms of the financial instrument, but not future credit losses.

Fees, commissions, and other income

When the Company acts in the capacity of an agent rather than as the principal in a transaction, the revenue recognised is the net amount of commission made by the Company. Fees and commission income and expense that are integral to the effective interest rate on a financial asset or liability are included in the measurement of the effective interest rate. Other fees and commission income and expenses are generally recognised on an accrual basis when the service has been provided.

Loan commitment fees for loans that are likely to be drawn down are deferred (together with related direct costs) and recognised as an adjustment to the effective interest rate on the loan. Loan syndication fees are recognised as revenue when the syndication has been completed and the Company has retained no part of the loan package for itself or has retained a part at the same effective interest rate as the other participants. Commission and fees arising from negotiating, or participating in the negotiation of, a transaction for a third party, are recognised on completion of the underlying transaction.

Net trading income

Net trading income comprises gains less losses related to trading assets and liabilities, and includes all realised and unrealised fair value changes, interest, and foreign exchange differences.

Taxation

The tax expenses for the period comprise current & deferred tax. Tax is recognized in the income statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity.

Current tax income

Income tax payable (receivable) is calculated based on the applicable tax law in the respective jurisdiction and is recognised as an expense (income) for the period except to the extent that current tax related to items that are charged or credited in other comprehensive income or directly to equity. In these circumstances, current tax is charged or credited to other comprehensive income or to equity (for example, current tax on equity instruments for which the entity has elected to present gains and losses in other comprehensive income).

Deferred income tax

Deferred income tax is provided in full, using the liability method, on all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss.

Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the date of the statement of financial position and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.