

02/07/2020

SG GHANA

ADDRESSING THE FINANCIAL
IMPACT OF COVID-19 ON
YOUR BUSINESS

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GHANA

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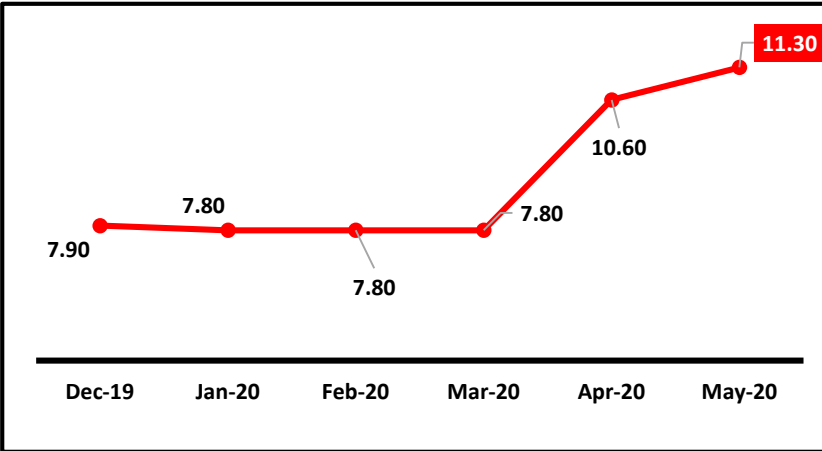
**Addressing the
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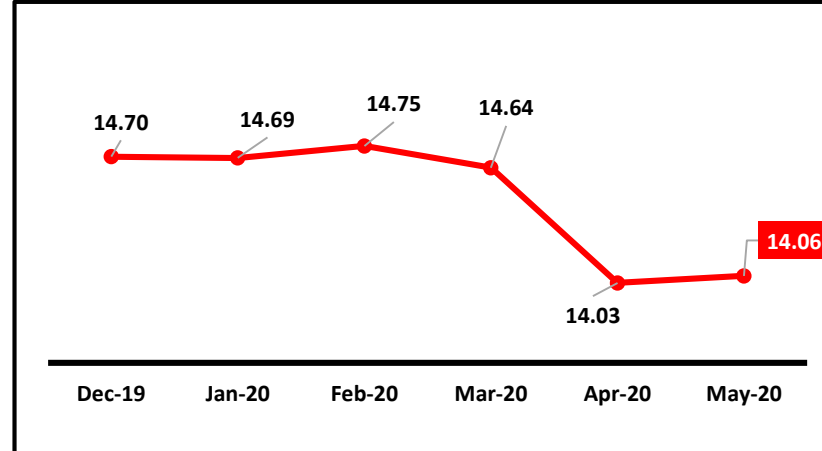
**Societe Generale and
Its Bespoke Product
Offering**

KEY MACRO ECONOMIC INDICATORS ON GHANA

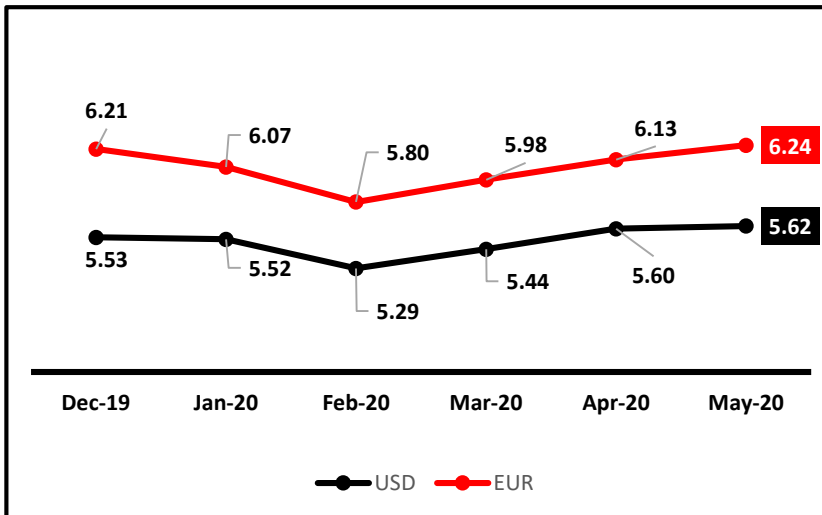
MONTHLY INFLATION (%)



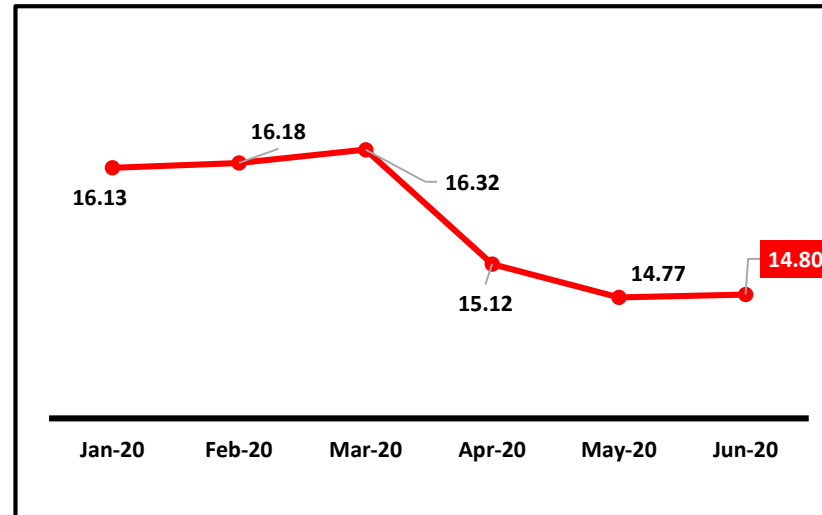
91 DAY TREASURY BILLS (%)



EXCHANGE RATE



GHANA REFERENCE RATE (%)



Inflation

The headline inflation registered an additional increase of 70bps in May, up from 10.6% in April 2020

The central bank projects the inflation rate to peak in the second quarter and start to the decline in the subsequent quarters of the year.

Exchange Rate

The cedi has cumulatively depreciated against the US Dollar and Euro by 2.11% and 2.5% respectively on a year to date basis.

91 Day Treasury Bills

The 91-day T-Bill rate increased marginally by 3bps from 14.03% recorded in April.

Ghana Reference Rate (GRR)

In June, the GRR rose marginally by 3bps to 14.80% leading to an overall YTD decline of 131bps.

The YTD decline is mainly as a result of BOG's decision to reduce the Monetary Policy rate from 16% to 14.5%.

IMPACT OF COVID-19 ON GHANA'S ECONOMY

Human

- Ghana confirmed case as at 28-06-20 is 17,741 total recoveries of 13,268 and 112 deaths
- Government has earmarked \$100m (GHS572M) towards COVID-19 preparedness and additional GHS300 for NHIS service providers.
- Additional GHS1B spending on Corona Virus Alleviation Programme

Economic Impact

- 2020 GDP expected print of 1.5% to 2.6%. IMF believes it will be around 1.5% and rebound in 2021
- Petroleum revenue shortfall of GHS5,679M (made up of; Annual budget fund-GHS3,536M, Ghana stabilization fund-GHS1,058m, Heritage fund- GHS453M and transfer to GNPC-GHS642M.
- Fiscal deficit to widen from budget figure of -4.7% to 6.6% (GOG projection).
- Unemployment rate is expected to soar.

Business Impact

- Disruption in global supply chain
- Hospitality sector: Hotel occupancy currently at 30% from 70%.
- Trade and Investment: Significant drop in both domestic and international trade due to border closures imposed by national government. FDI inflow is expected to be overwhelmingly impacted.
- Agriculture: Supply chain disruption is expected to have a negative impact of Agric. Spread of the pandemic outside the main cities will impact farmers planting decision and therefore food production if the pandemic lingers for long.
- Gainers includes Information and communication, health and pharmaceuticals and food value-chains

MONETARY & FISCAL INTERVENTIONS

Fiscal Policy (MoF)

- Lower the cap on the Ghana Stabilisation Fund (GSF) from the current US\$300 million to US\$100 million.
- Amend the PRMA to allow a withdrawal from the Ghana Heritage Fund where necessary.
- Secure the IMF Rapid Credit Facility of USD\$1 billion.
- Electricity subsidies of GHS1b
- COVID-19 Preparedness and Response Plan of GHS 572m
- GHS 300m paid to NHIS service providers
- Secure syndicated facility of GH¢3.0bn from banks to support key industries
- Water subsidies to Ghanaians
- Combinations of tax reliefs
- Coronavirus Alleviation Programme (CAP) of GHS 1.25bn
 - GHS 600m in soft loans
 - GHS 323m to health workers
 - GHS 200m to water and sanitation
 - GHS 280m to food aid
 - GHS 40m to National Buffer Stock

Monetary Policy (BOG)

- The Bank of Ghana (BoG) has decreased the monetary policy rate by 150 basis points to 14%.
- Reduction in the required reserve requirement from 10% to 8%.
- Capital Conservation Buffer (CCB) for banks of 3.0% is reduced to 1.5%
- Defer interest payments on nonmarketable instruments estimated at GH¢1,222.8 million to 2022 and beyond
- Government borrowing from BOG up to 10% of previous year's tax revenue in the event of tight domestic financing market conditions.
- Suspension of distribution of dividends for the financial institutions for 2019 and 2020.
- In May 2020 BoG announced Asset Purchase Programme up to GHS 10bn. BoG have purchased GHS 5.5bn of Ghana COVID-19 relief bond with 10 year tenor and two year moratorium on principal and interest priced at MPR
- Relief to Special Deposit Institutions include
 - Liquidity support to S&L's
 - Extend deadline for SDI to meet NMC
 - Reduction in PR from 8% to 6% for S&L and 10% to 8% for MFI's

ADDRESSING THE FINANCIAL IMPACT OF COVID-



ADDRESSING THE FINANCIAL IMPACT OF COVID -19

Time to rethink financial planning and analysis

1. Determine the right time horizon for forecasting

- Short term
- Medium term
- Long term

2. Identify the drivers of the financial cost

- Pandemic induced drivers
 - Government restrictions
 - Changing consumer behaviour

3. Model rapid changes to external factors

- Understand the causal relationship between internal factors and macro economic indicators

4. Create agile planning processes and solutions

- Have an enterprise – wide integrated plan
- Review long term strategic Goals

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67

countries
worldwide

31

million individual
clients, business
customers worldwide



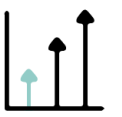
GROUP
REVENUE

€ **25.2** BN



GROUP
NET INCOME

€ **3.9** BN



ROE

9.7 %

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A truly Pan-African Bank

Active on the continent **since 1956**, we are one of the most established banks in Africa. Our aim in the market is to focus on **quality, innovation and professionalism.**



Excellent knowledge of the region

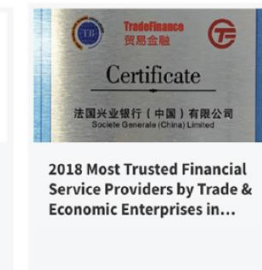


Extensive experience with both corporate and private customers



Tapping into a wellspring of talented, dynamic, creative, innovative Africans

Award



SOCIÉTÉ GENERALE IN AFRICA



17 countries

Morocco	Benin
Algeria	Equatorial Guinea
Mauritania	Congo
Senegal	Cameroun
Guinea	Tchad
Cote D'Ivoire	Mozambique
Burkina Faso	Madagascar
Ghana	Tunisia
Togo	



over 11,700
employees



3.7 million
clients

SOCIETE GENERALE IN GHANA

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**a guaranteed long
term partnership**



**Solutions for your
specific challenges**



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expertise**

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Societe Generale Ghana is here for you

SOCIETE GENERALE IN GHANA

Some of our key services include:



Lending Solutions

- Overdrafts
- Term Loan (short, medium, long)
- Revolving Credit
- Distributor Finance
- Factoring
- Cheque Discounting
- Invoice Discounting



Trade Finance

- Letters of credit (Exports and imports)
- Guarantees
- Documentary collection
- Standby letters of credit
- Avalised bills
- Avalised bills discounting
- Letters of credit discounting
- Structured trade finance



Global Markets

- FX Swap
- FX Spots
- FX Forwards
- Bond Trading
- Fixed Deposit (local and foreign currency)



Structured Finance

- Project and infrastructure
- Finance Industrial project finance
- Acquisition Finance
- Structured Corporate Finance
- Syndicated loans
- Debt Capital Market



Cash Management

- Current account
- Sweeping and Cash pooling
- Internet Banking
- Payments – both Domestic and Foreign

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... Bespoke product Offering



Factoring
Supply chain finance



Finance Lease

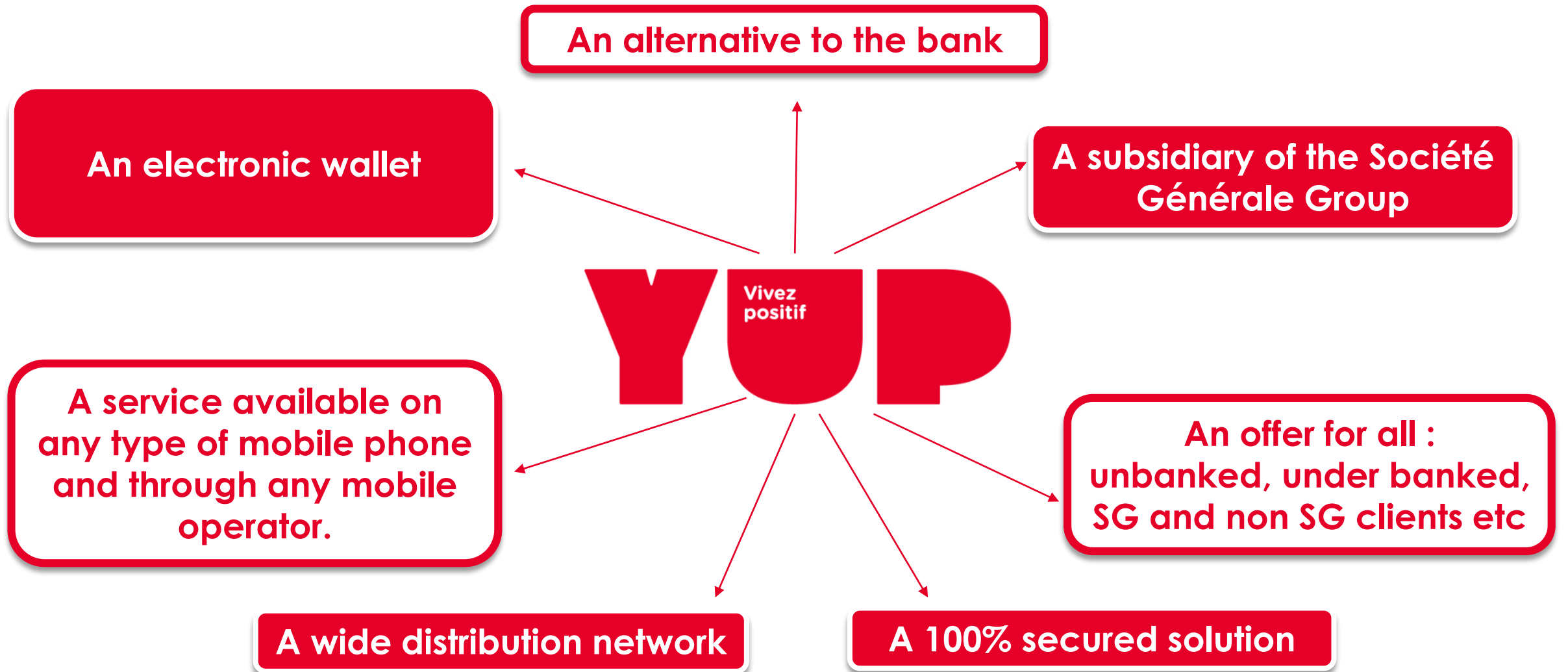


Treasury

FX Swap

- FX Spots
- FX Forwards

YUP Mobile Money by Societe Generale



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