

BANK OF GHANA
PETROLEUM HOLDING FUND & GHANA PETROLEUM FUNDS
SEMI ANNUAL REPORT: July 1 – December 31, 2015



Jubilee Oil Field

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ABBREVIATIONS:

ABFA:	Annual Budget Funding Amount
bbl/d:	barrels per day
bbls:	barrels of oil
BOE:	Bank of England
bopd:	barrels of oil per day
CAPI:	Carried and Participating Interest
CPI:	Consumer Price Index
ECB:	European Central Bank
EFC:	Equity Finance Cost
FOMC:	Federal Open Market Committee
GHAPET:	Ghana Petroleum Holding Fund Account at Federal Reserve Bank of New York
GHF:	Ghana Heritage Fund
GNGC:	Ghana National Gas Company
GPFs:	Ghana Petroleum Funds
GSF:	Ghana Stabilisation Fund
GNPC:	Ghana National Petroleum Corporation
mb/d:	Million barrels per day
NAHB:	National Association of Home Builders
PCE:	Personal Consumption Expenditure
PHF:	Petroleum Holding Fund
PRMA:	Petroleum Revenue Management Act 2011 (815)

1. INTRODUCTION

The Petroleum Holding Fund (PHF) and the Ghana Petroleum Funds (GPFs) were established by the Petroleum Revenue Management Act (2011) (Act 815) (PRMA). In accordance with the PRMA Section 28(a), (b) the Bank of Ghana reports on the performance and activities of the PHF, and GPFs for the second half of 2015 (H2) ended December 31, 2015.

NARRATION				
LIFTINGS	28th Lifting	29th Lifting	30th Lifting**	
LIFTING DATE	30-Jun-15	9-Sep-15	8-Dec-15	
BILL OF LADING QUANTITY	911,343	948,054	948,118	
	(US\$)	(US\$)	(US\$)	Total (US\$)
LIFTING PROCEEDS	55,411,477.09	44,788,915.12	35,736,463.66	135,936,855.87
Other Receipts Distributed with Liftings*	11,620,698.13	669,654.56	9,214,557.00	21,504,909.69
TOTAL	67,032,175.22	45,458,569.68	44,951,020.66	157,441,765.56

* Other Petroleum Receipts includes Taxes, Royalties, Surface Rentals shown in Table 4

** Proceeds of the 30th lifting to be received in Jan 2016, other income of US\$9.21 million received in H2 2015 to be distributed in 2016 with the 30th lifting proceeds

2. CRUDE OIL LIFTING & ALLOCATION

During H2 2015 an amount of US\$121.71 million was received into the PHF. This comprised US\$100.20 million being proceeds of the 28th and 29th liftings (see Table 1) undertaken by the Ghana Group, and US\$21.51 million from taxes, royalties, surface rentals and interest earned on undistributed lifting proceeds as shown in paragraph 4.

Total amount distributed from the PHF in H2 was US\$174.23 million, including US\$12.63 million being other income received in H2 2015.

NARRATION				
LIFTINGS	27th Lifting*	28th Lifting	29th Lifting	
	US\$	US\$	US\$	US\$
RECEIPTS	61,738,852.35	67,032,175.22	45,458,569.68	174,229,597.25
ALLOCATION:				
ANNUAL BUDGET FUNDING AMOUNT	41,462,130.33	38,740,157.68	11,830,048.88	92,032,336.89
GNPC	20,276,722.02	11,689,092.82	28,558,499.85	60,524,314.69
GHANA STABILISATION FUND		11,622,047.30	3,549,014.66	15,171,061.96
GHANA HERITAGE FUND		4,980,877.42	1,521,006.29	6,501,883.71
TOTAL	61,738,852.35	67,032,175.22	45,458,569.68	174,229,597.25

*Proceeds reported in H1 of 2015. Distribution done in H2 of 2015

** Allocation will be done in 2016 when funds are received

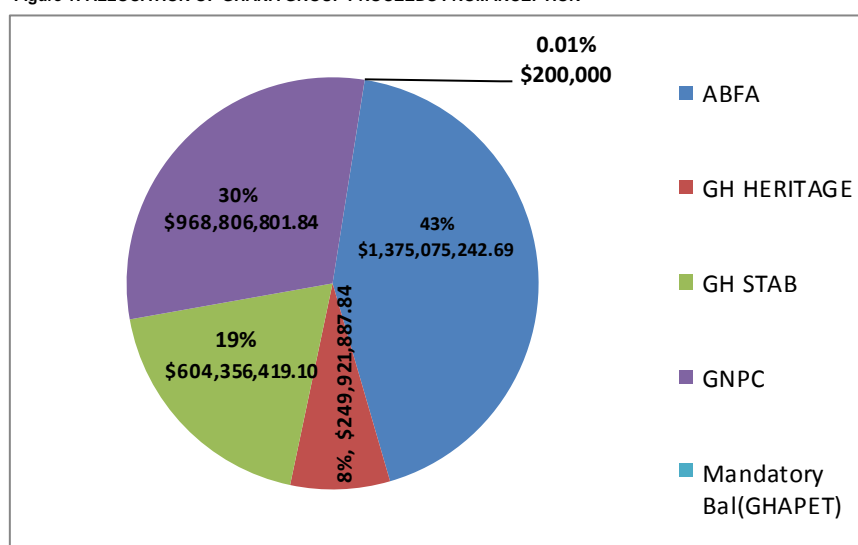
Table 3 below shows a comparative analysis of the allocations for H2 2015 versus H1 2015. Total amount received by ABFA for H2 was US\$92.03 million compared to US\$147.26 million for H1 2015. GNPC received an amount of US\$60.52 million for CAPI and EFC in H2 2015 compared to US\$66.33 million in H1 2015. The Ghana Stabilisation Fund and the Ghana Heritage Fund received US\$15.17 million and US\$6.50 million respectively in H2 2015.

TABLE 3: PETROLEUM HALF YEARLY ALLOCATION FOR 2015 H2 & H1

ALLOCATION					
H2 (2015)	GNPC	ABFA	STAB	HERT	TOTAL
	US\$	US\$	US\$	US\$	US\$
JUL	20,276,722.02	41,462,130.33			61,738,852.35
AUG	11,689,092.82	38,740,157.68	11,622,047.30	4,980,877.42	67,032,175.22
OCT	28,558,499.85	11,830,048.88	3,549,014.66	1,521,006.29	45,458,569.68
TOTAL	60,524,314.69	92,032,336.89	15,171,061.96	6,501,883.71	174,229,597.25
H1 (2015)					
FEB	14,463,832.76	42,506,514.97			56,970,347.73
MAR	21,750,757.89	32,510,175.77			54,260,933.66
APR	16,081,547.72	33,857,115.82			49,938,663.54
MAY	14,038,270.52	38,389,227.12			52,427,497.64
TOTAL	66,334,408.89	147,263,033.68	-	-	213,597,442.57

Figure 1 below shows the allocation of funds since first lifting in 2011. Total lifting proceeds and other income allocated from inception to the end of December 2015 amounted to US\$3.198 billion. ABFA received a total of US\$1.375 billion representing 43% of the total revenue while GNPC received a total amount of US\$968.81 million equivalent to 30% of total revenue. GSF and GHF had each received an amount of US\$604.36 million (19%) and US\$249.92 million (8%) respectively.

Figure 1: ALLOCATION OF GHANA GROUP PROCEEDS FROM INCEPTION



Source: Bank of Ghana.

3. WITHDRAWAL FROM GHANA STABILISATION FUND

An amount of US\$71.27 million was withdrawn from the Ghana Stabilisation Fund account and transferred to the Sinking Fund (US\$47,510,145.69) and the Contingency Fund (US\$23,755,072.85) account. This transfer was in line with Section 23(4) of the Petroleum Revenue Management Act, 2011(Act 815).

4. DETAILS OF OTHER RECEIPTS

Other petroleum receipts comprising payment for gas sold to GNGC, surface rental, corporate taxes, price differential and interest earned on undistributed funds received in H2 2015 amounted to US\$21.51 million (see Table 4 below). Of this amount, corporate tax totaled US\$20.41 million and interest on undistributed funds was US\$0.01 million, surface rental of US\$0.1 million and other payments amounted to US\$0.973 million. A total amount of US\$ 9.21 million will be distributed with the proceeds of the 30th lifting by the Ghana Group.

TABLE 4: SURFACE RENTALS & ROYALTIES & OTHER RECEIPTS RECEIVED H2 2015

Value Date	Ordering Institution	Narration	Amount Paid
14-Aug-15	SURFACE RENTAL	BENFICIARY YET TO IDENTIFIED BY GRA	109,126.03
29-Sep-15	GAS	GNGC PAYMENT	553,815.32
15-Dec-15	UNIPEC	PRICE DIFFERENTIAL*	419,386.97
20-Aug-15	PHF INCOME	PHF INCOME	3,314.13
30-Jun-15	PHF INCOME	PHF INCOME	3,859.81
31-Dec-15	PHF INCOME	PHF INCOME	1,721.86
30-Sep-15	PHF INCOME	PHF INCOME	6,713.21
	TOTAL		15,609.01
28-Jul-15	KOSMOS	3Q 2015 CORP TAX	11,617,384.00
29-Oct-15	KOSMOS	CORP TAX	112,723.00
28-Dec-15	ANARDAKO	CORP TAX*	8,680,725.00
	TOTAL		20,410,832.00
	GRAND TOTAL		21,508,769.33

5. PORTFOLIO PERFORMANCE

In H2 2015 the US economy expanded at a moderate pace giving the FOMC reason to commence monetary policy normalization. Based on its assessment of realized and expected progress towards its objectives of 2% inflation and full employment the FOMC raised the target range of the federal funds rate by 0.25%. Some FOMC members were of the view that it was appropriate to begin policy normalization in response to substantial progress in the labour market toward achieving the Committee's objective of full employment, and reasonable confidence that inflation will move to 2% in the near term. Inflation continued to run below the FOMC's longer run objective of 2% held down by large declines in energy prices and non-energy imported goods. The CPI (yoy) index rose to 0.70% in December up from 0.1% in June 2015 while the core PCE (yoy) Index was unchanged at 1.3% from June

through November 2015, and rose to 1.4% in December. The pace of labour market improvement towards the FOMC's objective of maximum employment improved. Unemployment rate fell from 5.3% in June to 5.0% in October and remained unchanged through December 2015. Change in Non-farm payrolls increased 19.18% to 292,000 in December from 245,000 in June 2015. The labour force participation rate was largely unchanged at 62.6% over the period June to December 2015 although it weakened marginally to 62.5% in October and November. Average hourly earnings (yoy) rose from 1.9% in June to 2.4% in December 2015. Activity in the housing market was mixed. The NAHB Housing Market Index rose to 65 in October and then fell again to 61 in December. Housing starts fell but building permits increased. New home sales increased but existing home sales declined. The US international trade deficit narrowed in November to US\$42.4 billion from a deficit of US\$46.3 billion in June 2015 after widening to US\$48.8 billion in August. Exports (yoy) decreased by 7.1% in October and November 2015 as against a decline of 4.4% in June due to lower commodity prices and reduced shipments of capital and consumer goods. Imports decreased 5.1% and 4.9% in October and November respectively compared to a decline of 2.0% in June, partly reflecting further declines in the price of imported oil.

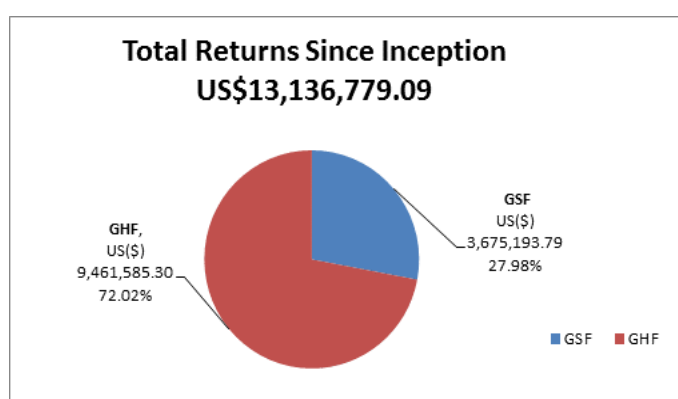
In H2 the US Treasury yield curve flattened in expectation of the normalization of monetary policy due to the subdued medium term inflation projections and flight to quality stemming from global growth concerns and the slowdown in China. The 10-year yield ended H2 at 2.27% as compared to 2.35% end H1 while the 2-year yield ended H2 at 1.05% as compared to 0.64% at the end of H1 2015.

In H2 the ECB took the following decisions in pursuit of its price stability objective. As regards the key ECB interest rates, the interest rate on the deposit facility was lowered by 10 basis points to -0.30%. The interest rate on the main refinancing operations and the rate on the marginal lending facility remained unchanged at their current levels of 0.05% and 0.30% respectively. On non-standard monetary policy measures, the monthly purchases of €60 billion under the asset purchase program was extended to March 2017, or beyond, if necessary, until the ECB Governing Council sees a sustained adjustment in the path of inflation consistent with its aim of achieving inflation rates below, but close to 2% over the medium term.

The portfolios of the Ghana Petroleum Funds (GPFs) traded mixed in H2 2015 due to curve flattening and normalization of monetary policy. Return on investment of Ghana Heritage Fund (GHF) for H2 was 0.74% compared to -0.54% in H1. Ghana Stabilisation Fund (GSF) returned -0.01% in H2 compared to 0.47% in H1 2015. At the end of H2 2015, net return on investment of the Ghana Petroleum Funds since inception was US\$13.14 million compared to \$10.91 million in H1 2015.

Table 5: Portfolio Performance				
Semi-Annual	Current Returns		Total Return year to date	
	Stabilisation (%)	Heritage (%)	Stabilisation (%)	Heritage (%)
2015				
Jun-15	0.47	-0.54	0.47	-0.54
Dec-15	-0.01	0.74	0.32	0.19

Figure 2: RETURN ON THE GHANA PETROLEUM FUNDS FROM INCEPTION



6. PETROLEUM HOLDING FUND

The Petroleum Holding Fund Account (PHF) at the end of H2, held a balance of US\$9.415 million which comprised undistributed petroleum receipts amounting to US\$9.214 million and a mandatory balance of US\$200,000.00. (See Schedule 1 attached).

7. SUMMARY

In H2 2015, a total amount of US\$174.23 million made up of lifting proceeds of the Ghana Group, surface rentals, and PHF income was distributed. GNPC received US\$60.52 million, ABFA received US\$92.02 million while GSF and GHF received an allocation of US\$15.17 million and US\$6.50 million respectively during the period under review. GHF and GSF returned 0.74% and -0.01% respectively.

8. OUTLOOK FIRST HALF 2016

The headwinds to global growth in 2015 remain the same in 2016 and have intensified somewhat. The continued slowdown in China could enhance downside risks to global growth momentum; the strong US Dollar and China's adjustment to foreign exchange policy has negative implications for global liquidity. Tight financing conditions in the US have the potential to become headwinds to

credit creation and nominal growth. Commodity prices have plunged below the 2008 crisis levels and weakened the growth outlook for commodity exporting economies, reflecting in part weakened global demand. In view of these developments the IMF has revised 2016 global growth outlook downward from 3.6% to 3.4%. Accordingly, in the near term, it is expected that these forces may build up pressure for the FOMC to stay its hand from raising the federal funds range further than one more hike in March 2016. We also expect the ECB and BOE to maintain accommodative monetary policy to foster growth and boost inflation. Consequently bond yields may be expected to remain low, and the market valuations of the Ghana Petroleum Funds to rise.

Prepared by Ghana Petroleum Funds Secretariat, Bank of Ghana

January 11, 2016

Ghana Petroleum Funds- Semi Annual Report: Jul 1 - Dec 31 2015	
Schedule 2	
GHANA PETROLEUM FUNDS	
GHANA STABILISATION FUND ACCOUNT	
	US\$
Opening book Value (1 Jul 2015)	233,284,286.32
Receipt during the period	15,171,061.96
Bank Charges	(2,639.39)
Realised Income	208,636.50
Withdrawal	(71,265,218.54)
Closing book Value(31 Dec 2015)	177,396,126.85
Net Income for the Quarter comprised the Following	
INCOME	US\$
Investment Income	208,636.50
Less:	
Bank Charges	(2,639.39)
Net Return for the Period	205,997.11
GHANA HERITAGE FUND ACCOUNT	
	US\$
Opening book Value (1 Jul 2015)	250,861,230.40
Receipt during the period	6,501,883.70
Bank Charges	(8,100.99)
Realised Income	2,028,459.34
Closing book Value(31 Dec 2015)	259,383,472.45
Net Income for the Quarter comprised the Following:	
INCOME	US\$
Investment Income	2,028,459.34
Less:	
Bank Charges	(8,100.99)
Net Return for the Period	2,020,358.35

SEMI-ANNUAL REPORT

PETROLEUM ACCOUNT AT FEDERAL RESERVE BANK OF NEW YORK			
	Date	Volume Shipped (BBLs)	Value of Shipment (US\$)
LIFTING PROCEEDS			
Apr 2011 to Dec 2012	1st to 9th Lifting	8,861,223	985,196,046.53
Jan 2013 to Dec 2013	10th to 15th Lifting	5,876,260	628,580,078.49
Jan 2014 to Dec 2014	16th to 22nd Lifting	6,698,584	691,991,133.22
8-Jan-15	23rd Lifting	912,346	56,096,476.16
24-Feb-15	24th Lifting	995,165	54,239,478.00
6-Mar-15	25th Lifting	986,276	49,937,126.43
24-Apr-15	26th Lifting	988,069	52,422,988.86
25-Jun-15	27th Lifting	948,230	61,395,996.04
30-Jul-15	28th Lifting	911,343	55,411,477.09
9-Oct-15	29th Lifting	948,054	44,788,915.12
Total			2,680,059,715.94
OTHER RECEIPTS			
Mar 2012 TO Dec 2012			906,567.46
Jan 2013 to Dec 2013			217,832,955.89
Jan 2014 to Dec 2014			286,895,276.75
6-Feb-15	SURFACE RENTAL	KOSMOS	17,797.20
13-May-15	SURFACE RENTAL	ENI GHANA EP LTD	22,600.00
20-May-15	SURFACE RENTAL	AMNI Intl Petroleum Dev Co Ltd	13,974.00
22-May-15	SURFACE RENTAL	HESS GH EXP	150,750.00
5-Jun-15	SURFACE RENTAL	CAMAC ENERGY GH LTD	73,422.50
9-Jun-15	SURFACE RENTAL	Medea Development International Ltd	78,250.00
12-Jan-15	PHF INCOME	PHF INCOME	5,154.31
20-Mar-15	PHF INCOME	PHF INCOME	3,658.36
20-Mar-15	PHF INCOME	PHF INCOME	1,537.11
21-May-15	PHF INCOME	PHF INCOME	4,508.78
30-Jun-15	PHF INCOME	PHF INCOME	3,859.81
31-Dec-15	PHF INCOME	PHF INCOME	1,721.86
29-Sep-15	GAS	GNGC	553,815.32
20-Aug-15	PHF INCOME	PHF INCOME	3,314.13
14-Aug-15	SURFACE RENTAL	BENEFICIARY YET TO IDENTIFIED BY GRA	109,126.03
28-Jul-15	TAX	KOSMOS	11,617,384.00
30-Sep-15	PHF INCOME	PHF INCOME	6,713.21
29-Oct-15	TAX	KOSMOS	112,723.00
28-Dec-15	TAX	ANADARKO	8,680,725.00
15-Dec-15	PRICE DIFFERENTIAL	UNIPEC	419,386.97
Total Other Receipts			527,515,221.69
Total Lifting Proceeds and Other Income			3,207,574,937.63
DISTRIBUTIONS			
GNPC EQUITY FINANCING COST			
May 2011 TO Dec 2012	1ST to 9TH lifting		257,115,443.09
Jan 2013 to Dec 2013	10th to 15th lifting		68,319,783.18
Jan 2014 to Dec 2014	16th to 22nd lifting		44,162,009.67
13-Feb-15	23rd Lifting		3,314,779.94
11-Mar-15	24th Lifting		14,298,917.29
9-Apr-15	25th Lifting		7,530,550.65
29-May-15	26th Lifting		3,842,828.65
15-Jul-15	27th Lifting		9,979,993.89
25-Aug-15	28th Lifting		-
16-Oct-15	29th Lifting		26,946,855.69
			(435,511,162.05)
GNPC - CAPI			
May 2011 TO Dec 2012	1ST to 9TH lifting		181,798,785.15
Jan 2013 to Dec 2013	10th to 15th lifting		154,001,593.02
Jan 2014 to Dec 2014	16th to 22nd lifting		136,550,493.87
13-Feb-15	23rd Lifting		11,149,052.82
11-Mar-15	24th Lifting		7,451,840.60
9-Apr-15	25th Lifting		8,550,997.07
29-May-15	26th Lifting		10,195,441.87
15-Jul-15	27th Lifting		10,296,728.13
25-Aug-15	28th Lifting		11,689,092.82
16-Oct-15	29th Lifting		1,611,644.16
			(533,295,669.51)
ANNUAL BUDGET FUNDING AMOUNT			
Apr 2011 to Dec 2012	1ST to 9TH lifting		453,509,527.69
Jan 2013 to Dec 2013	10th to 15th lifting		273,197,566.63
Jan 2014 to Dec 2014	16th to 22nd lifting		409,072,777.80
13-Feb-15	23rd Lifting		42,506,514.97
11-Mar-15	24th Lifting		32,510,175.77
9-Apr-15	25th Lifting		33,857,115.82
29-May-15	26th Lifting		38,389,227.12
15-Jul-15	27th Lifting		41,462,130.33
25-Aug-15	28th Lifting		38,740,157.68
30-Oct-15	29th Lifting		11,830,048.88
			(1,375,075,242.69)
GSF AND GHF			
Nov 2011 TO Aug 2012	1ST to 9TH lifting		93,324,707.97
Jan 2013 TO Dec 2013	10th to 15th lifting		351,048,145.30
Jan 2014 to Dec 2014	16th to 22nd lifting		388,232,507.36
13-Feb-15	23rd Lifting		-
11-Mar-15	24th Lifting		-
9-Apr-15	25th Lifting		-
29-May-15	26th Lifting		-
15-Jul-15	27th Lifting		-
25-Aug-15	28th Lifting		16,602,924.72
30-Oct-15	29th Lifting		5,070,020.94
			(854,278,306.29)
Undistributed Funds (Dec 31, 2015)			9,414,557.09