



REPUBLIC OF GHANA

MINISTRY OF FINANCE

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PRESS RELEASE

FOR IMMEDIATE RELEASE

SUPPORT FOR SOLVENT INDIGENOUS BANKS TO MEET NEW MINIMUM CAPITAL REQUIREMENT

Accra, Saturday, 5th January, 2019.... Government has worked with an Advisor and selected Pension Funds to structure a Special Purpose Vehicle (SPV): the Ghana Amalgamated Trust (GAT) to support solvent and well-run indigenous banks, which were otherwise having difficulties meeting the new minimum capital requirement deadline, to meet their obligations.

2. The President of the Republic, Nana Addo Dankwa Akufo-Addo, concerned about the difficulties such well-run, solvent Ghanaian-owned banks were likely to face in raising capital on their own, set up a committee to explore various options available for these banks in order to retain and strengthen local interest in the banking sector.

3. Based on the Committee's recommendation, an Advisor was appointed to facilitate the setting up of an SPV: the Ghana Amalgamated Trust (GAT), with the objective of raising funds from the private sector, mainly Pension Funds, to support eligible indigenous banks that successfully completed the due diligence process. Qualifying banks for GAT investment have been determined on the basis of their solvency, local ownership, minimum pre-investment capitalization of GHS120 million and an independent valuation by PwC.



4. GAT has committed funds from pension funds and other investors, through a bond programme, with proceeds of up to GHS2.0 billion to be used for equity investment in the eligible indigenous banks, as determined by the investors. The bonds issued to the Pension Funds will be listed on the Ghana Fixed Income Market (GFIM) for liquidity purposes.

5. The following banks are the beneficiaries of the GAT programme: Agricultural Development Bank (ADB), National Investment Bank (NIB), OmniBank Ghana Limited / Bank Sahel Sahara Ghana (OmniBank / BSIC), Universal Merchant Bank (UMB) and Prudential Bank.

6. In addition to providing capital for these banks, GAT also seeks to provide business development support in order to facilitate the strengthening of these banks both from a perspective of corporate governance and growth.

7. Government has worked with GAT to invest in NIB and ADB, which have faced significant challenges, to ensure their transformation. The plan is to strengthen both ADB and NIB and reform their operations to support Government's efforts in promoting industrialization and agribusiness, especially for small and medium scale enterprises. ADB and NIB will also benefit in 2019 from wholesale funds under the new National Development Bank initiative.

8. The NPRA, SEC and BoG have been consulted to ensure that GAT is working to support the aforementioned banks.

9. It must be noted that, the GAT arrangement is to support solvent and strong indigenous banks to meet the new minimum capital requirement and is not a bailout programme for banks that have been resolved by the Bank of Ghana.

10. The Government and all regulators are committed to a strong and resilient financial sector and will remain vigilant to ensure that the public is protected and that confidence in all financial institutions that are licensed by the various regulators is restored.

11. Government's commitment to this initiative is to protect jobs, local enterprises, enhance the capacity of local banks and ensure strategic Ghanaian interests in the banking sector.

12. The Government expresses its gratitude to the transaction advisors: Algebra Securities Limited, KPMG, PwC, Ernst and Young, Bentsi-Entsill, Letsa and Ankomah and NTHC (the Nominee Shareholder).

13. With this support, alongside the comprehensive banking sector clean up exercise that took place in 2018, Government is confident about the future of the banking sector in the country, with the assurance that all universal and specialized (ADB and NIB) banks in the country are stronger to support the President's transformation agenda towards a Ghana Beyond Aid. In addition, the Bank of Ghana's regulatory functions, under its new management have been greatly enhanced to ensure that the banking sector is safe for all citizens. **END**



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THE NEWS EDITOR