

IMPORTANT INFORMATION FOR CLIENTS: UPDATE ON BONDS RECEIVED FROM THE RECEIVER

August 19, 2020 – Accra: IGS Financial Services Limited (IGS-FSL) wishes to update clients on recent developments and progress made in regard to bonds paid by the Receiver (Eric Nipah)/Government of Ghana.

Following the Financial Sector clean-up, the President of the Republic of Ghana, H.E. Nana Addo Dankwa Akufo-Addo indicated in his Christmas message to the Nation and the State of the Nation address, that he had directed the Ministry of Finance to work with Bank of Ghana to guarantee the payment of 100% of deposits, of customers of savings and loans, finance houses, and microfinance companies, whose licenses were revoked. The Receiver subsequently stated that the Government of Ghana had made available, a combination of cash and bonds totalling GHS 5billion to fully settle outstanding depositor claims, adding that, GHS 1billion of the stated amount of GHS 5billion would be paid in cash while the remaining GHS 4billion would be paid in the form of 5-year zero-coupon bonds, payable in 10 equal semi-annual repayments, commencing March 31, 2021 and ending on September 30, 2025. In view of this development, Fund Managers (including IGS-FSL) were being paid only a capped cash amount of GHS 170,000 with any remaining funds, in excess of the capped amount, being paid in bonds. The implication is that approximately 0.54% of funds under receivership will be paid in the form of cash while the remaining 99.46% will be paid in bonds.

However, Consolidated Bank Ghana Limited (CBG), custodians of the Bonds from the Receiver, were unfortunately offering to discount the bonds at very exorbitant rates. It was our considered opinion that these rates were inappropriate, considering existing market conditions and the fact that CBG was set up as part of the clean-up of the banking industry to, among other things, help resolve the financial crisis and ensure the soundness and stability of the financial industry. Therefore, we petitioned Bank of Ghana in a letter dated June 02, 2020, highlighting the impropriety and negative effects of CBG's rates on the investing public.

In our efforts to obtain some liquidity to honour clients' cash requests, we applied for the option to discount some of the Bonds with CBG. Also, we submitted the necessary CBG Bond Transfer Forms to enable us transfer the bonds to interested clients. However, per a circular dated July 17, 2020 from the Ghana Securities Industry Association (GSIA Circular: 05/20), CBG's process of discounting or transferring the bonds was halted. This was prompted by a meeting between the Securities and Exchange Commission (SEC), CBG, Ministry of Finance and the Receiver, pending the migration of bonds to the Central Securities Depository (CSD). The migration of the bonds to the CSD is to make the bonds more tradable (e.g., ability to also discount the bonds with other banks/parties in addition to CBG) and easily transferable to clients.

In a circular dated August 05, 2020 (GSIA Circular: 06/20), the GSIA indicated that a 20% increment in the cash component allocated to Fund Managers, proposed by the Ministry of Finance, was being processed and will be paid in cash. IGS-FSL has, therefore, completed and submitted all forms and met all requirements for the migration of bonds from CBG to the CSD. We have also opened accounts with the CSD in anticipation of the bond transfer. However, another circular from the GSIA, dated August 17, 2020 (GSIA Circular: 07/20), has announced the decision of CBG to place the migration of bonds to the CSD accounts of Fund Managers on hold, until modalities for the 20% increment, in the cash component allocated to Fund Managers, are completed.

We wish to assure you that we shall continue to go to every extent to seek your interest. It is our expectation that the cash increment to 20% and the migration of the remaining 80% bonds will be fast-tracked by the Receiver, CBG, and Ministry of Finance. We would like to take this opportunity, to thank you for your patience and continued support as we pursue all available options to minimise any potential impact on our clients.

For more information, call +233 302 260367, email info@igsghana.com or visit our website www.igsghana.com.

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Access Bank Ghana Limited | Ghana Commercial Bank

Regulators: Licensed & regulated by both SEC & NPRA