

PRESS RELEASE

February 10, 2020.

GOVERNMENT COMPLETES PAYMENT OF ALL BDC LEGACY DEBTS

The Ghana Chamber of Bulk Oil Distributors (CBOD) wishes to announce that Government on the 13th of January 2020 finalised all payments in respect of the BDC legacy debts accrued over the period July 2011 to June 2015 plus interest capped at March 2018. The payments were executed in the form of ESLA Bonds to Legacy Bonds Limited, an SPV jointly owned by the Ghana Association of Bankers and the CBOD for redistribution to beneficiary banks and petroleum service providers.

The BDC Legacy Debt

The BDC legacy debt comprised:

1. **Forex Loss Under-Recovery (FLUR):** This refers to the loss incurred by BDCs as a result of the differentials between the GHS/USD forex rates set by the National Petroleum Authority (NPA) for pump prices and the rates at which FX rates were supplied by the Bank of Ghana on behalf of Government. A total of USD806.25mn was incurred by Government in the period July 2011 to June 2015.
2. **Forex Loss Under-Recovery Interest (FLURI):** This refers to interest accrued on the delayed payments of forex loss under-recoveries. A total of USD99.67mn was accrued by Government with a tenor cap set at 31st March 2018.
3. **Real Value Factor:** This refers to the interest accrued on the delayed payments of price under-recoveries. A total of USD97.16mn was accrued by Government with a tenor cap set at 31st March 2018.
4. All claims were duly validated by Ernst and Young.

Haircut

This refers to the amount due but waived by BDCs and Banks as a result of the negotiations with Government. A total of USD432.00mn, as detailed below, was waived by BDCs and Banks.

| Haircut | Amount |
|---|-----------------------|
| Forex Loss Under Recovery Attribution | USD55 million |
| Unconfirmed transactions by BoG | USD93 million |
| Interest Rate Haircut on RVF | USD153million |
| Interest Rate Haircut on FLURI | USD87 million |
| Delay in Payment of RVF and FLURI from Cut-off Date | USD44 million |
| TOTAL | USD432 million |

Payments

A total of USD1.003bn was received from Government as full and final payment for the legacy debts over the period 2012 to 2020.

| Payment Type | Amount |
|---------------------|-------------------|
| Cash Payments | USD444.72mn |
| Bank of Ghana Bonds | USD219.08mn |
| ESLA Bonds | USD339.28mn |
| Total | USD1.003bn |

Gratitude

We wish to express our sincere gratitude to Their Excellencies President Nana Akufo-Addo and Vice President Mahamudu Bawumia for their leadership and commitment to honouring their promise to fully resolve the BDC Legacy Debt, especially after a stalemate in negotiations with Government in 2016. We are grateful to the Minister of Finance Hon. Ken Ofori-Atta, the Economic Management Team and the three-man negotiation committee comprising Dr. Maxwell Afari (1st Dep. Governor of BoG), Hon. Charles Adu Boahene (Dep. Minister of

Finance) and Mr. Evron Hughes (Office of the Vice President), for the tireless and spirited efforts to revive negotiations and superintend a complete resolution of the BDC legacy debt.

We are also grateful to Their Excellencies former President John Mahama and former Vice President Paa Kwesi Amissah-Arthur (of blessed memory) for their acceptance and commencement of the validation process and payments. We extend our gratitude to the former Governor of the Bank of Ghana, Dr. Nashiru Issahaku, whose appreciation of the issues as a systemic risk to the entire financial and banking system ensured that Government was effectively responsive to the issues.

We are grateful to Hon. Prosper Bani (former Chief of Staff), Hon. Seth Terkper (former Finance Minister), Hon. Boakye Agyarko (former Minister for Energy), Hon. Emmanuel Buah (former Minister for Energy and Petroleum), Hon. Peter Amewu (Minister for Energy), Dr. Mohammed Amin Adam (Dep. Minister for Petroleum), Hon. Moses Asaga (former NPA CEO), Mr. Alex Mould (former NPA CEO), Mr. Hassan Tampuli (NPA CEO) and the IMF for the various contributions they and their teams made.

We are thankful to Messrs Frank Adu Jnr (Former MD of CalBank), Edward Effah (Former MD of Fidelity Bank), Daniel A.K. Mensah (CEO, Ghana Association of Bankers) and Mrs. Abiola Barwuah (Former MD of UBA, Ghana) for effectively leading the banking sector in our advocacy and negotiations with Government.

The success of the advocacy in resolving this entire challenge would not have been possible without the cooperation of the media and to this end, we say a big thank you.

To the board of the CBOD, member-BDCs and beneficiary banks we say thank you for your magnanimity in accepting the haircuts and your cooperation with the auditors to facilitate the process.

Thank you.



Senyo Hosi

CEO