



BANK OF GHANA

NOTICE TO BANKS AND SPECIALISED DEPOSIT-TAKING INSTITUTIONS

NOTICE NO. BG/GOV/SEC/2021/06

REVISION ON THE SUSPENSION OF DISTRIBUTION OF DIVIDENDS

Reference is made to Bank of Ghana's Notice No: BG/GOV/SEC/2020/01 in respect of Guidance on the utilisation of capital and liquidity releases to banks and specialised deposit-taking institutions (SDIs) that were provided by the Bank of Ghana to contain the impact of the COVID-19 pandemic on the banking sector.

Sequel to the foregoing Notice, the Bank of Ghana through its Notice No: BG/GOV/SEC/2020/03, directed all banks and SDIs to desist entirely from declaring or paying dividends or distributing reserves to shareholders, and from making any irrevocable commitments regarding the declaration or payment of dividends to shareholders, until further notice.

In view of the uncertainties surrounding the pandemic and its potential impact on the banking sector, the Bank of Ghana by this Notice directs banks and SDIs to desist from declaring or paying dividends or distributing reserves to shareholders, and from making any irrevocable commitments regarding the declaration or payment of dividends to shareholders for 2020 and 2021 financial years, unless the following minimum criteria have been satisfied:

1. Compliance with Sections 34 and 35 and all other relevant provisions of the Banks and Specialised Deposit-Taking Institutions Act, 2016 (Act 930);
2. Compliance with the Capital Adequacy Ratio of 13%, Cash Reserve Ratio of 10% and Non-Performing Loans (NPL) ratio of below industry average at all times;
3. Compliance with Section 72 as well as all other relevant provisions on dividend payments as prescribed under the Companies Act, 2019 (Act 992);
4. Submission of Audited Financial Statements to the Bank of Ghana;
5. Have no restrictions imposed on its operations by the Bank of Ghana by way of Prompt Corrective Actions (PCAs) as per Act 930; and
6. The Bank of Ghana stress test results on the specific bank showing that it will maintain sufficient capital buffers after payment of dividends.



Banks and SDIs shall seek prior written approval from the Bank of Ghana before declaring or paying dividends or distributing reserves to shareholders, and making any irrevocable commitments regarding the declaration or payment of dividends to shareholders.

The measures taken by the Bank of Ghana during the pandemic have ensured that the banking sector has generally remained robust and resilient. However, the Bank of Ghana shall continue to monitor developments in the industry to identify emerging risk and potential threats to the safety and soundness of the banking sector and shall issue further notices as may be required.

All banks and SDIs are to take note of the above directive for immediate compliance.

(SGD)
ALETHEA GODSON-AMAMOO (MS)
FOR: THE SECRETARY

12TH APRIL 2021

PUBLIC