



## **GCB BANK TAKES OVER UT BANK AND CAPITAL BANK**

### **FREQUENTLY ASKED QUESTIONS**

**Q. Why has the Bank of Ghana decided to revoke the licenses of UT Bank and Capital Bank?**

A. UT Bank and Capital Bank were deeply insolvent, meaning that their liabilities exceeded their assets, putting them in a position not to be able to meet their obligations as and when they fell due. Despite repeated agreements between the Bank of Ghana and UT Bank and Capital Bank to implement an action plan to address these significant shortfalls, the owners and managers of UT Bank and Capital Bank were unable to increase the capital of the banks to address the insolvency.

Consequently, to protect customers, the BOG has decided to revoke the licenses of UT Bank and Capital Bank under a Purchase and Assumption transaction.

**Q. What action(s) has the Bank of Ghana taken regarding UT Bank and Capital Bank?**

A. The licenses of UT Bank and Capital Bank have been revoked and at the same time the Bank of Ghana has approved a Purchase and Assumption agreement, allowing GCB Bank to take over all deposit liabilities and selected assets of both UT Bank and Capital Bank. These actions are in line with the provisions of section 123 of the Banks and Specialised Deposit-Taking Institutions (SDIs) Act, 2016 (Act 930). In particular, the action by the Bank of Ghana involves the following:

- Revoke the licenses of UT Bank and Capital Bank. ,
- Possess the banks and appoint a Receiver;
- Execute a Purchase and Assumption Agreement (P&A) allowing GCB Bank to take over all the deposits and purchases of selected assets. The rest of the liabilities would be settled by the receiver through the realisation of the assets.

**Q. Would it have been possible to find another solution than closing UT Bank and Capital Bank?**

A. The Bank of Ghana made efforts to help UT Bank and Capital Bank recover via private alternatives; however, the banks were unable to develop an acceptable plan. After exhausting all other alternatives, the BOG has chosen to resolve them via the least costly method of a Purchase and Assumption transaction to protect depositors' funds.

**Q. Will any depositors lose their funds?**

A. No. All depositors will have access to the full amount of their deposit accounts, and will be able to access their accounts and all their normal banking transactions in the GCB Bank Ltd.



**Q. What will happen to clients/depositors?**

A. GCB will take over all the depositors' funds and will continue to provide normal banking services to customers. Depositors of these two banks will now become customers of GCB Bank. Customers may continue banking at the UT Bank and Capital Bank branch locations (which have now become branches of GCB Bank); and ATMs will continue to be available.

**Q. What will happen to borrowers (loan customers)?**

A. Borrowers are expected to comply with all the terms of their legally enforceable loan agreements including all conditions associated therewith, especially with regard to repayment terms.

**Q. What happens to my loan?**

A. Some loans will be transferred to GCB Bank while others will be transferred to the Receiver. Loan customers are expected to comply with all the terms of their legally enforceable loan agreements and continue to make payments at all GCB Bank branches.

**Q. Must I continue making loan payments?**

A. YES!!! Your loan agreement is a legally binding contract and you must continue to make payments as required under the repayment schedule.

**Q. When and where will deposits be paid?**

A. Deposits will be available at all the UT Bank and Capital Bank branch locations including Head Office branches (which have all become branches of GCB Bank). All deposits are guaranteed and depositors are encouraged to do normal banking business with GCB Bank.

**Q. Is there an acquiring bank?**

A. Yes. GCB Bank has taken over UT Bank and Capital Bank as part of efforts to extend their reach and grow their balance sheet to position them to support large transactions in a fast growing economy.

**Q. Will all branch facilities be opened for payment?**

A. Yes. All of UT Bank and Capital Bank branches and main office will be opened, Monday afternoon, as branches of GCB Bank. Depositors can continue banking operations as normal and conduct transactions at the UT Bank and Capital Bank branches and ATMs.



**Q. What information must a depositor provide to obtain payment?**

A. All account owners can withdraw funds through the regular processes. However, [as is standard practice], third party withdrawers must provide official identification in order to make withdrawals.

**Q. Who or what is a Receiver?**

A. The Receiver is PricewaterhouseCoopers (PwC) appointed by BOG to manage the assets that was not taken over by GCB Bank and work with customers to recover these assets.

**Q. What will be the tasks of the Receiver?**

A. The Receiver will manage the assets of the two banks not taken over by GCB Bank and in addition distribute proceeds to creditors according to the priority of claims in accordance with the Banks and SDIs Act, 2016 (Act 930).

**Q. What will happen to UT Bank and Capital Bank?**

A. The takeover process would ensure that the impact on employment of staff of UT Bank and Capital Bank are minimized. The Bank of Ghana expects GCB Bank to retain some of UT Bank and Capital Bank staff. In addition, the Receiver (PwC) will also retain some of the staff.

**Q. Would withdrawals by customers stop at anytime?**

A. No. Customers can withdraw and deposit funds at UT Bank and Capital Bank branches as well as other GCB Bank branches.