



PENSIONER BONDHOLDERS FORUM

“Ensuring the protection of pensioner investments”

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20th March 2023

PRESS RELEASE

PAYMENT DELAYS ON PENSIONERS’ BONDS EXEMPTED FROM THE GOVERNMENT’S DOMESTIC DEBT EXCHANGE PROGRAMME (DDEP)

The Ministry of Finance per its letter of 15th February, 2023 to the Forum confirmed that all pensioner bondholders who opted not to participate in the DDEP had been exempted from the DDEP.

We wish to state that when the issuer grants exemption to some bondholders in the course of its debt exchange/restructuring exercise, it effectively re-affirms that, despite the economic challenges, which warranted the debt exchange/restructuring, it has absolutely no financial challenges whatsoever in meeting the coupon and principal payments on such exempted bonds when due, as such bonds are not part of the “troubled bonds”.

It is in this context that we express our concern about what appears to be a deviation from the market dictates for the treatment of holders of “exempted bonds”. Specifically, our concerns are focused on the delayed timing and payment of overdue coupons and principals to pensioner bondholders as indicated below.

1. In the 14th February 2023 Press Release of the Ministry of Finance announcing the results of the DDEP, it was disclosed that to provide sufficient time to settle the New Bonds in an efficient manner, the Government was extending the Settlement Date of the Exchange from the previously announced 14th February 2023 to 21st February 2023.

2. It was expected that upon the completion of settlement on the Settlement Date, the Government was going to pay coupons and principals that were due and payable. Regrettably, nothing was heard from the Ministry on the payment of these coupons and principals, forcing us, together with the two other individual bondholders groups to call on the Minister of Finance on 27th February 2023 to demand answers for the non-payment.
3. After our meeting with the Minister of Finance on 27th February 2023, the Ministry came out with a Press Release the same day and indicated that in fulfillment of the assurance given by Government to bondholders who did not tender in their bonds, the Ministry was taking administrative steps to ensure that payments of coupons and principals of the old bonds resumed by 13th March, 2023.
4. It was expected that payment of coupons and principals due and payable was going to be made by 13th March 2023, with payments of subsequent coupons and matured principals made as and when due.
5. Unfortunately, by the close of business on 13th March 2023, the Ministry had not made any payments, compelling us to come out with a Press Release on 14th March 2023 to register our disappointment, and request the Ministry to take steps to pay all due coupons and principals immediately, and in any event not later than by the close of business on Thursday, 16th March 2023.
6. Following our Press Release of 14th March 2023, the Ministry came out with a Press Release the same day, that affirmed that the Ministry had given instruction for the payment of coupons and principals of bonds that matured on 6th February 2023 and coupons due on 13th February 2023, and that holders of the bonds should expect to receive their payments within the next 48 hours. The Press Release indicated also that payment dates for subsequent maturities will be communicated in due course.
7. We wish to confirm that pensioners have since Wednesday, 15th March 2023 been receiving coupon and principal payments as the Ministry assured in its Press Release of 14th March 2023.
8. We however, wish to state that, as much as we recognize the efforts of the Government to pay all outstanding coupons and principals of the old bonds, we reiterate that pensioners were exempted from the DDEP, and consequently must always be paid their coupons and principals on due dates without delay, and in the same manner as was done prior to the DDEP.

9. We are therefore requesting the Ministry to take immediate steps to pay pensioners all their outstanding coupons and matured principals as at 20th March 2023, and pay all subsequent coupons and matured principals religiously on due dates, as the market dictates for bonds exempted from the DDEP.
10. Naturally, our membership is deeply disappointed by the Ministry's failure to pay coupons and matured principals of pensioner bondholders exempted from the DDEP on the due dates and in the same manner payments were made prior to the DDEP, an obligation of which the Ministry have made very formal public promises and assurances to comply with. Consequently, we look forward to the rectification of this anomalous situation by the Ministry as a matter of urgency.
11. If the anomalous situation we are complaining about persists, we shall be left with no other option than to explore other means of getting resolution to the situation.
12. We are happy to engage the Ministry further, if required, but trust that this will not be necessary. END

SIGNED

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