BANK OF GHANA

Banking Sector Report

MAY 2018

CONTENTS

1. PREFACE

The Bank of Ghana's Banking Sector Report is published after the Monetary Policy Committee (MPC) meetings. The report highlights developments in the banking sector which were deliberated on during the policy making process. The aim of publishing the report is to provide the public with information on performance of the banking sector which served as inputs for the MPC meetings. Through the publication of these documents, Bank of Ghana aims to promote accountability of its decision making and build understanding of the monetary policy formulation process among stakeholders.

Brief Note on Monetary Policy Formulation in Ghana

Objective of Monetary Policy

The primary objective of the Bank of Ghana is to pursue sound monetary policies aimed at price stability and creating an enabling environment for sustainable economic growth. The current medium-term inflation objective is to achieve an inflation target of 8 percent with a symmetric band of ±2 percent. Other tasks for the Bank of Ghana include promoting and maintaining a sound financial sector and payment systems through effective regulation and supervision. This is important for intermediation since risks associated with financial markets are considered in monetary policy formulation.

Monetary Policy Strategy

To achieve the objective of price stability, Bank of Ghana was granted operational independence to employ whichever policy tools were deemed appropriate to stabilise inflation around the target band. The Bank of Ghana's framework for conducting monetary policy is Inflation Targeting (IT), in which the central bank uses the Monetary Policy Rate (MPR) as the primary policy tool to set the monetary policy stance and anchor inflation expectations in the economy.

The Monetary Policy Process

The MPC is a statutorily constituted body by the Bank of Ghana Act to formulate monetary policy. The MPC consists of seven members – five from the Bank of Ghana (including the Governor who acts as the Chairman) and two external members appointed by the Board of Bank of Ghana. The MPC meets once in every two months to assess economic conditions and risks to the inflation outlook, after which a policy decision is made on positioning the MPR. Each MPR decision provides a signal of tightening (increase), loosening (decrease) or maintaining (no change) the monetary policy stance. The MPC meeting dates are determined well in advance at the beginning of each year. The policy decision is arrived at by consensus with each member stating reasons underlying a preferred rate decision. An MPC policy statement is published via a press release, and a press conference is held, after each MPC meeting to communicate and explain the decision of the Committee to the financial markets and the public.

2. SUMMARY

This report covers developments in the Ghanaian banking sector as at the end of April 2018. The industry comprised thirty-four (34) licensed banks, seventeen (17) classified as domestically-controlled, while the remaining seventeen (17) were foreign-controlled.

The banking industry as at end-April 2018 remained sound and stable as evidenced by trends in some key financial soundness indicators. The banking industry continued to be solvent with the main solvency indicator (the capital adequacy ratio remaining well above the statutory requirement of 10.0 percent. Liquidity was adequate although slight declines were witnessed in the core liquidity measures and the industry was generally profitable. Asset quality however remained a source of concern as banks' stock of non-performing loans (NPLs) and the NPL ratio increased between April 2017 and April 2018, with the Commerce & Finance sector accounting for almost a third of total NPLs in the industry.

There was an observed shift in the structure of the balance sheet, and the income statement of the banks' in 2018 with investments, and other income generating sources gaining importance as preferred income earning sources for the banks, relative to income generated from loans and advances. Growth in outstanding credit balances also slowed with increases in new advances being offset by increases in recoveries (which included proceeds from the ESLA bond allocated to the banks.). The increases in new advances in 2018 were however, consistent with results of the credit conditions survey which indicated that there was a general net easing in credit stance on loans to both households and enterprises. Although inflation expectations remained unchanged during the April 2018 survey round relative to the February 2018 round, banks indicated that they expected lending rates to decline, one year ahead, following the implementation of the new Ghana Reference Rate in April 2018.

Notwithstanding some lingering vulnerabilities, the outlook for the sector remains positive with the on-going regulatory reforms by the Bank of Ghana expected to address these challenges and improve stability within the banking sector. These reforms are also expected to equip the banks to properly play their role in supporting the growth and development of the economy.

3. BANKING SECTOR DEVELOPMENTS

3.1 Banks' Balance Sheet

The banking sector's total assets of GH¢97.78 billion as at end-April 2018, recorded a growth of 15.7 percent compared with a growth of 31.1 percent in April 2017. There was a general slowdown in growth in all the major components of the sector's balance sheet in April 2018, compared with the same period in 2017. The slower annual growth in total assets was on the back of a contraction in net advances by 0.5 percent in April 2018 as well as a slowdown in the year-on-year growth of investments (the biggest component of banks' total assets) from 57.3 percent in April 2017 to 41.5 percent in April 2018. The banking sector also recorded a sharp decline in the growth of foreign assets from 48.5 percent in April 2017 to 3.0 percent in April 2018, driven mainly by a decline in banks' placements abroad; a possible effect of the relative stability of the domestic currency against other major currencies in recent times.

An increase in loan recoveries (partly due to proceeds from the ESLA bond), offset new advances granted by the banks leading to a moderated growth of 2.2 per cent in outstanding gross domestic advances to GH¢36.75 billion in April 2018. This compared with a growth of 16.7 percent same time in 2017. Bank loans and advances, net of provisions and interest in suspense (net loans and advances), on the other hand, contracted from GH¢30.99 billion (14.5% y/y growth) in April 2017 to GH¢30.84 billion (-0.5% y/y growth) in April 2018. Changes in banks' overall investment in bills and securities indicated a shift in preference towards longer dated securities in April 2018. While banks' investments in securities (long term investment instruments/bonds) grew by 126.3 percent to GH¢15.74 billion in April 2018 (109.6% y/y growth in April 2017), short term investments (bills) of GH¢19.36 billion grew by 8.5 percent year-on-year in April 2018, compared with a growth of 43.3 percent in April 2017.

The banking industry remained highly leveraged with 62.5 percent of total assets funded by deposits. Total deposits increased from GH¢52.83 billion to GH¢61.08billion during the period under review, a quarter of which were deposits denominated in foreign currency. This increase however represented a moderated growth of 15.6 percent in April 2018 compared with a growth of 28.4 percent in April 2017. Banks also borrowed funds amounting to GH¢16.41 billion, representing 12.7 percent annual growth in April 2018 compared with 47.0 percent growth in April 2017.

Banks' paid-up capital increased by 25.9 percent to GH¢5.22 billion as at end-April 2018, following the injection of capital by some banks to meet the December 2018 recapitalisation deadline. Fresh capital injection by the three newly licensed banks (Ghana Home Loans bank, the Beige bank and Construction bank) also injected additional capital into the industry. Growth in the sector's shareholders' funds (comprising paid-up capital and reserves) slowed from 21.2 percent in April 2017 to 18.8 percent in April 2018.Declining profitability within the banking sector partly accounted for the slower growth in shareholders' funds during the period under review.

Table 1: Key Developments in DMBs' Balance Sheet

	GH¢million				Y-on-Y Growth (%)			Shares (%)	
	Apr-16	Apr-17	Feb-18	Apr-18	Apr-17	Feb-18	Apr-18	Apr-17	Apr-18
TOTAL ASSETS	**64,442.2**	**84,485.6**	**95,122.4**	**97,782.2**	**31.1**	**13.7**	**15.7**	**100.0**	**100.0**
A. Foreign Assets	4,975.2	7,388.1	8,631.0	7,606.1	48.5	3.5	3.0	10.0	7.8
B. Domestic Assets	59,467.0	77,097.5	86,491.3	90,176.1	29.6	14.9	17.0	90.0	92.2
Investments	15,768.9	24,801.8	32,592.9	35,098.9	57.3	33.6	41.5	29.2	35.9
i. Bills	12,451.2	17,847.3	17,478.4	19,362.0	43.3	(6.1)	8.5	22.3	19.8
ii. Securities	3,317.8	6,954.5	15,114.5	15,736.9	109.6	162.0	126.3	6.4	16.1
Advances (Net)	27,065.9	30,987.5	30,371.1	30,837.6	14.5	(2.8)	(0.5)	37.4	31.5
of which Foreign Currency	8,860.2	8,429.3	8,571.4	8,593.6	(4.9)	(5.9)	1.9	10.9	8.8
Gross Advances	30,830.0	35,974.8	35,758.0	36,754.8	16.7	(0.6)	2.2	43.0	37.6
Other Assets	2,957.7	3,839.6	4,062.7	4,545.5	29.8	13.5	18.4	4.3	4.6
Fixed Assets	2,347.9	3,081.1	4,245.7	4,197.9	31.2	41.7	36.2	3.6	4.3
TOTAL LIABILITIES AND CAPITAL	**64,442.2**	**84,485.6**	**95,122.4**	**97,782.2**	**31.1**	**13.7**	**15.7**	**100.0**	**100.0**
Total Deposits	41,136.3	52,833.2	59,898.6	61,079.9	28.4	12.6	15.6	63.6	62.5
of which Foreign Currency	12,074.6	13,853.3	14,920.7	15,079.2	14.7	(1.1)	8.8	18.0	15.4
Total Borrowings	9,904.1	14,556.6	15,199.7	16,409.8	47.0	9.6	12.7	16.6	16.8
Foreign Liabilities	3,302.2	4,652.9	4,372.2	5,927.6	40.9	0.3	27.4	5.2	6.1
i. Short-term borrowings	1,400.1	2,262.7	1,839.6	3,396.0	61.6	(11.4)	50.1	2.5	3.5
ii. Long-term borrowings	1,639.6	2,019.5	2,180.7	2,124.6	23.2	14.9	5.2	2.3	2.2
iii. Deposits of non-residents	262.5	370.8	351.8	407.0	41.2	(8.9)	9.8	0.5	0.4
Domestic Liabilities	51,494.5	68,228.0	77,165.1	77,774.2	32.5	14.0	14.0	80.9	79.5
i. Short-term borrowing	6,056.4	8,935.8	9,832.0	9,539.3	47.5	15.2	6.8	10.2	9.8
ii. Long-term Borrowings	808.0	1,338.6	1,347.3	1,349.9	65.7	(0.5)	0.8	1.6	1.4
iii. Domestic Deposits	40,873.7	52,462.4	59,546.7	60,672.9	28.4	12.7	15.7	63.2	62.0
Other Liabilities	3,863.1	5,534.5	6,508.0	6,552.6	43.3	29.7	18.4	6.0	6.7
Paid-up capital	3,200.2	4,145.0	4,778.0	5,220.1	29.5	15.5	25.9	4.9	5.3
Shareholders' Funds	9,538.8	11,561.4	13,516.1	13,739.9	21.2	17.1	18.8	13.8	14.1

3.1.1 Asset and Liability Structure

Banks' reallocated their assets in favour of less risky investments in April 2018 compared with the same period last year. As at end-April 2018, 35.9 percent of total funds mobilised by the banks was allocated to investments, making investments the largest component of banks' total assets while net loans and advances accounted for 31.6 percent of total assets. This was quite different from what pertained a year ago when net advances (as in times past) accounted for the biggest share of banks' total assets' portfolio.

Total deposits remained the main source of funding for the banks' accounting for 62.5 percent of banks' total assets in April 2018, same as in April 2017. Borrowings, on the other hand, accounted for 16.8 percent of total liabilities and capital. Banks' own share in the funding structure was 14.1 percent as at end-April 2018, representing the proportion of paid up capital invested as well as reserves built up by the banks during their operations. This was, however, an increase over the13.7 percent share in April 2017.

3.1.2 Share of Banks' Investments

There was an increased preference for longer-term investment instruments by banks with the share of long term investments in total investments increasing from 26.3 percent in April 2017 to 43.6 percent in April 2018. Short term bills, however, remained the largest component of banks' investments in April 2018, with a share of 55.2 percent in total investments, declining from 72.0 percent in April 2017. The proportion of banks' investment in shares and other equities, however remained negligible at 1.2 percent in April 2018, down from 1.7 percent in April 2017.

3.2 Credit Risk

Credit Risk within the banking sector remained elevated with a significant portion of outstanding loans classified as impaired by the end of April 2018. The rate at which outstanding non-performing loans (NPLs) were being impaired however moderated within the review period. That notwithstanding, due to the slower pace of growth in gross loans compared with non-performing loans, the NPL ratio (the main measure of asset quality) increased between April 2017 and April 2018.

3.2.1 Credit Portfolio Analysis

The banking industry's stock of gross loans and advances stood of Gh¢36.75 billion as at end-April 2018, contracted by 5.9 percent year-on-year in real terms compared with the 3.1 percent growth in the same period last year. This was on the back of excluding gross loans and advances of the defunct UT and Capital banks, as well as an increase in recoveries (partly due to proceeds from the ESLA bond) which offset new advances granted within the industry. Similarly, private sector credit (comprising loans to private enterprises and households) recorded a contraction by 2.7 percent in April 2018, compared with the 2.8 percent growth recorded in April 2017. Credit to households, however, grew by 29.9 percent in real terms, in April 2018 compared with 5.3 percent contraction recorded in the same period of last year. [See Annexes Table 2]

A bigger proportion of outstanding credit balances were attributed to the private sector in April 2018. The share of banks' credit to the private sector increased from 86.3 percent in April 2017 to 89.3 percent in April 2018, while that attributed to the public sector declined from 13.7 percent to 10.7 percent within the same comparative period. The share of indigenous private enterprises' credit (the largest subcomponent of private sector credit) in total credit however declined from 62.3 percent in April 2017 to 60.5 percent in April 2018. Although the share of industry credit to households was smaller compared with the proportion attributed to the indigenous private enterprises, the percentage share of household credit in total credit increased from 14.2 percent in April 2017 to 19.6 percent in April 2018. [See Annexes Table 4]

Three sectors accounted for 56.9 percent of total outstanding credit balances in the banking industry as at end-April 2018. These were the Commerce and Finance sector which accounted for the largest share of 25.1 percent, the Services sector with a 21.0 percent share and the Construction sector with a 10.8 percent share as at end-April 2018. On the other hand, the smallest outstanding credit balances were attributed to the Agriculture, Forestry and Fishing, and the Mining and Quarrying sectors, with percentage shares in the total credit outstanding of 3.8 percent and 3.5 percent respectively

3.2.2 Off-Balance Sheet Activities

Increased trade finance and guarantees led to an increase in banks' off-balance sheet items (contingent liabilities) by 30.1 percent to GH¢8.94 billion in April 2018, compared with a 1.0 percent growth last year. The ratio of banks' contingent liabilities to total banking sector liabilities increased from 9.6 percent in April 2017 to 11.0 percent in April 2018.

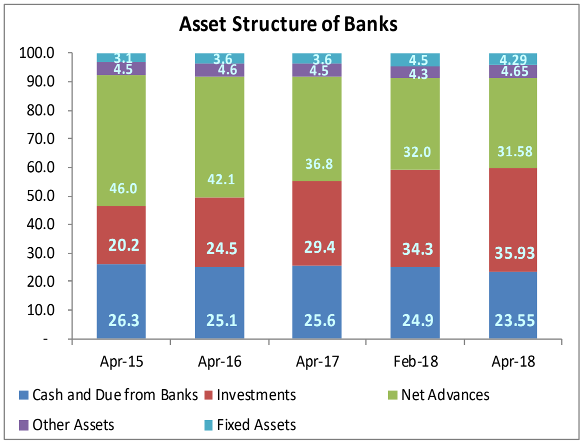
3.2.3 Asset Quality

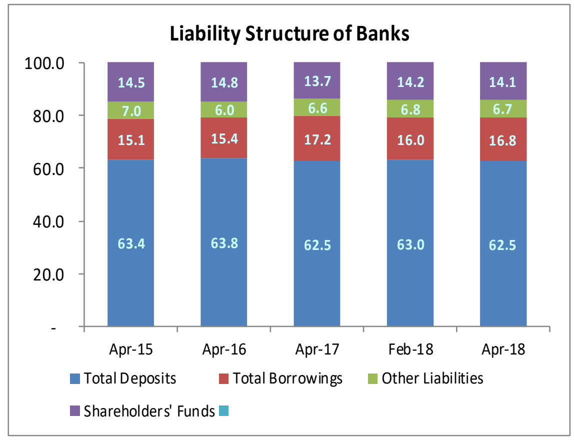
The quality of banks' loan portfolio remained a concern with about a fifth of the banking industry's loan portfolio impaired by the end of the period. The increase in NPLs reflected the migration of some legacy loans to the non-performing category. The rate of growth in non-performing loans, however, declined with the stock of non-performing loans increasing from GH¢7.15 billion as at end-April 2017 to GH¢8.63 billion in April 2018; representing a 20.8 percent year-on-year growth compared with a 24.5 percent growth the previous year. The current NPLs stock translated into non-performing loan ratio of 23.5 percent in April 2018 from 19.8 percent in April 2017. Adjusting the industry's fully provisioned loan loss category, the NPL ratio reduces to 12.2 percent in April 2018 compared with 10.5 percent in April 2017; an indication that more than half of banks' NPLs fall within the loss loan category.

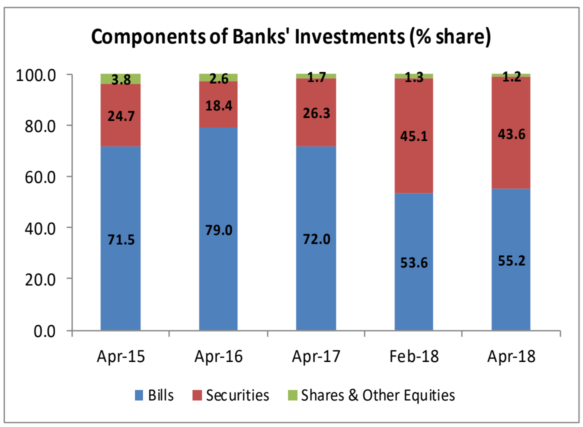
With the bigger share in total credit, compared with the share of the public sector, the private sector also accounted for the bulk of NPLs in the industry, with its share declining from 97.5 percent in April 2017 to 90.7 percent in April 2018. The proportion of impaired assets attributed to the public sector however increased from 2.5 percent to 9.3 percent over the same comparative period. Households (a component of the private sector) with a share of 19.6 percent in total credit accounted for 5.6 percent of total NPLs in April 2018, same as in April 2017 [See Annexes Table 4].

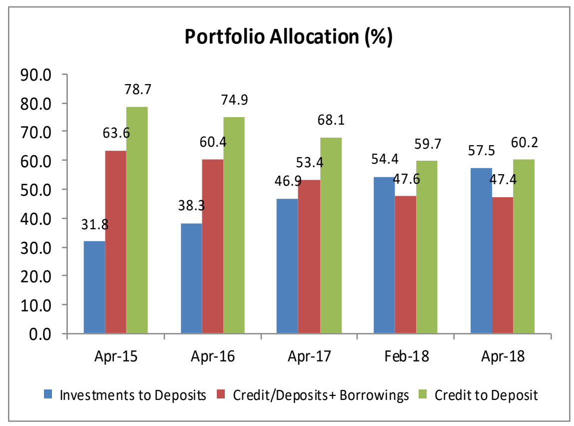
The sectoral breakdown of NPLs by economic activity indicated that Commerce and Finance sector (with the greatest share of outstanding credit balances 25.1%) also contributed the most to the industry's NPLs, accounting for 29.2 percent of the total in April 2018. The Services sector accounted for 13.4 percent of total NPLs outstanding as at end-April 2018 and the Mining and Quarrying sector, 3.5 percent. Sector NPLs was dominated by Electricity, Water and Gas sector with the highest proportion of loans impaired and NPL ratio of 44.1 percent in April 2018, up from 22.9 percent in April 2017, partly due to a decline in its net advances (new loans net of recoveries). The Commerce and Finance sector's NPL ratio however declined from 29.5 percent to 27.4 percent within the period under review. Despite being one of the smallest sectors in terms of outstanding credit balances, the Agric, Forestry and Fishing Sector's NPL ratio of 34.4 percent was above the industry average, while the Services sector reported the least loan impairment of 15.5 percent.

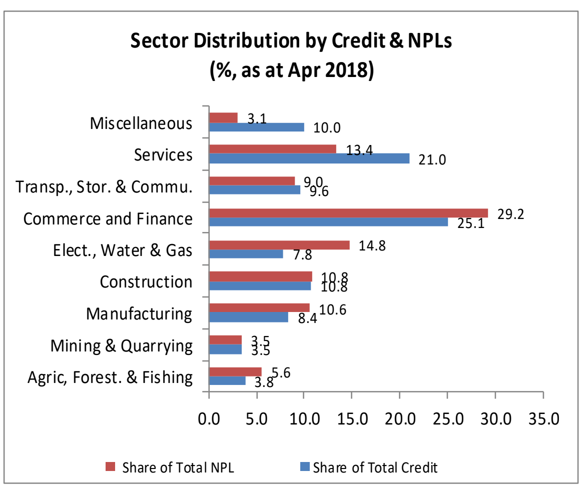
Developments in Banks' Balance Sheet

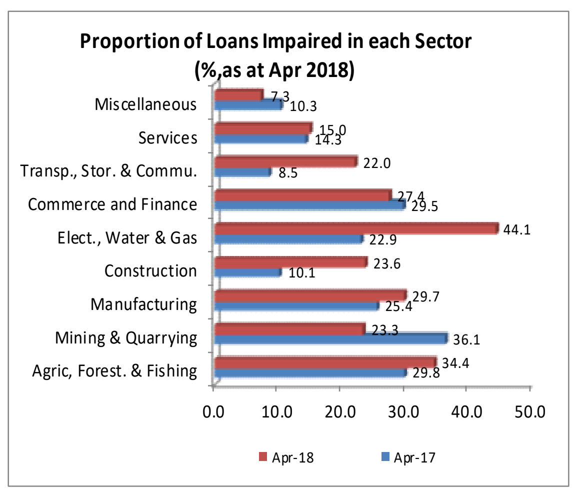












3.3 FINANCIAL SOUNDNESS INDICATORS

Financial soundness indicators pointed towards a solvent banking sector with adequate liquidity to meet short term obligations as at end-April 2018. Although banks' were generally more efficient in their operations, profitability broadly declined compared with same period last year.

3.3.1 Liquidity Indicators

Operational liquidity indicators in the banking sector recorded a mixed performance in April 2018. Core liquidity measures (core liquid assets to total deposits and core liquid assets to total assets) declined marginally in April 2018 compared with last year, while the broad liquidity indicators (broad liquid assets to total deposits and broad liquid assets to total assets) recorded some improvements; an indication that the proportion of investments in total liquid assets had increased over the period under review. Despite the decline in the core liquidity indicators, the banking industry remains adequately liquid to meet short-term obligations.

3.3.2 Capital Adequacy Ratio (CAR)

The banking industry remained solvent, with the main solvency indicator, the CAR remaining well above the statutory requirement of 10.0 percent. The industry CAR improved from 17.4 percent in April 2017 to 18.9 percent in April 2018. The proportion of Risk-Weighted Assets (RWA) in total assets also declined marginally from 64.6 percent in April 2017 to 63.4 percent in April 2018, signifying a moderation in the industry's risk-taking activities.

3.3.3 Profitability

The banking industry's net income stood at GH¢782.20 million for the period ending April 2018. A significant reduction in the growth rate of net interest income, coupled with an increase in the growth rate of provisions on non-performing loans, led to the slowdown in growth of banks' net income from 9.4 percent in April 2017 to 5.8 percent in April 2018. The favourable effect of a reduction in interest expense on net interest income was not enough to make up for the reduction in interest income during the period under review, leading to a moderate growth in net interest income of 0.3 percent. Interest income contracted by 9.2 percent year on year in April 2018 compared with a 29.2 percent growth in April 2017. This was due to a reduction in interest income on outstanding loans, (partly due to the increasing stock of banks' non-performing loans some of which have interest charges on their accounts frozen), as well as a contraction in interest income on investments attributed mainly to the declining yields on money market instruments. In addition, the increase in the stock of NPLs during the period under review, led to an increase in provisions with further adverse implications on the profit and loss statement of the banks.

(a) Return on Assets and Return on Equity

The industry's main profitability indicators, namely, after tax return on equity (ROE) and before tax return on assets (ROA) pointed towards declining profitability in the banking industry for the period ending April 2018 compared with the same period last year. The ROA declined from 4.0 percent in April 2017 to 3.6 percent in April 2018. Also, the industry ROE fell to 17.3 percent in April 2018 from 19.3 percent in April 2017.

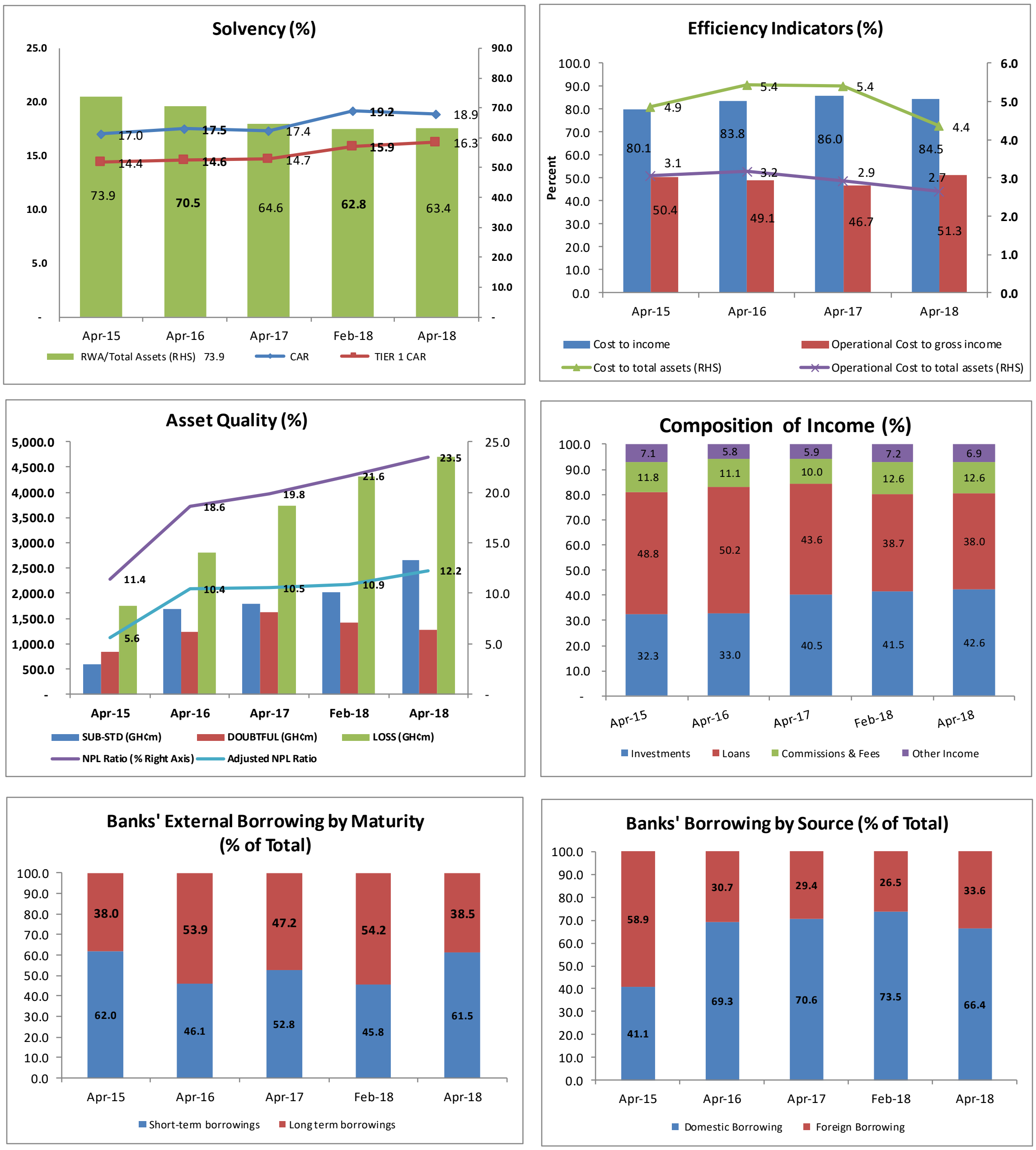
(b) Interest Margin and Spread

The ratio of gross income to total assets declined from 6.3 percent in April 2017 to 5.2 percent in April 2018, an indication that for every unit of asset utilised by the banks, less income was generated in April 2018 compared with April 2017. Banks' interest spread tightened from 4.1 percent in April 2017 to 3.7 percent in April 2018. Similarly, banks' interest margin to total assets declined from 2.8 percent to 2.4 percent over the same review period.

(c) Composition of Banks' Income

In April 2018, banks generated more income from their investments compared with income generated from loans advanced. With a share in total income of 42.6 percent, income from investments was the biggest earning source for the banks in April 2018, increasing from 40.5 percent in April 2017. The share of income from loans, which in previous years was the largest component of total income, however, declined from 43.6 percent in April 2017 to 38.0 percent in April 2018. Other income generating sources increased in importance for the banks as the share of fees and commissions in total income increased from 10.0 percent in April 2017 to 12.6 percent in April 2018, and the share of banks' other' income sources also, recorded a 100 basis points increase from 5.9 percent to 6.9 percent over the same period.

Financial Soundness Indicators (FSIs)



3.3.4 Operational Efficiency

The banking industry's efficiency indicators pointed towards a general improvement in efficiency in April 2018 compared with April 2017. The industry's cost to income ratio declined from 86.0 percent to 84.5 percent, while the cost to total assets ratio declined from 5.4 to 4.4 percent during the period under review. The operational cost to total assets ratio also declined from 2.9 percent to

2.7 percent within the same comparative period, pointing to some improvement in the industry's operational efficiency. The sector's operational cost to gross income ratio, however, increased from 46.7 percent in April 2017 to 51.3 percent in April 2018.

3.4 BANKS' COUNTERPARTY RELATIONSHIPS

Banks continued to do active business with both foreign and domestic counterparties.

(a) Developments in Banks' Offshore Balances & External Borrowing

Banks' offshore balances of GH¢6.96 billion as at end-April 2018, recorded a growth rate of 2.5 per cent, a sharp decline from the growth rate of 56.2 percent recorded in the previous year. The sharp decline in growth came largely from a reduction in banks' other claims on non-residents or placements (a component of banks' offshore balances) which contracted by 19.0 percent in April 2018, from a 125.2 percent growth recorded in April 2017. The slowdown in banks' offshore balances points to moderation in the industry's exposure to cross-border risks and is a likely effect of the relative stability of the cedi against other major trading currencies in recent times.

As at end-April 2018, banks had borrowed more from domestic sources compared to their foreign counterparties. The share of banks' borrowing from domestic sources in total borrowed funds declined from 70.6 percent in April 2017 to 66.4 percent in April 2018 as the share of foreign borrowing in total borrowing, increased from 29.4 percent to 33.6 percent during the same review period. Most of these foreign borrowings were short term in nature, with the proportion of banks' short-term borrowing in total external borrowing increasing from 52.8 percent in April 2017 to 61.5 percent in April 2018.

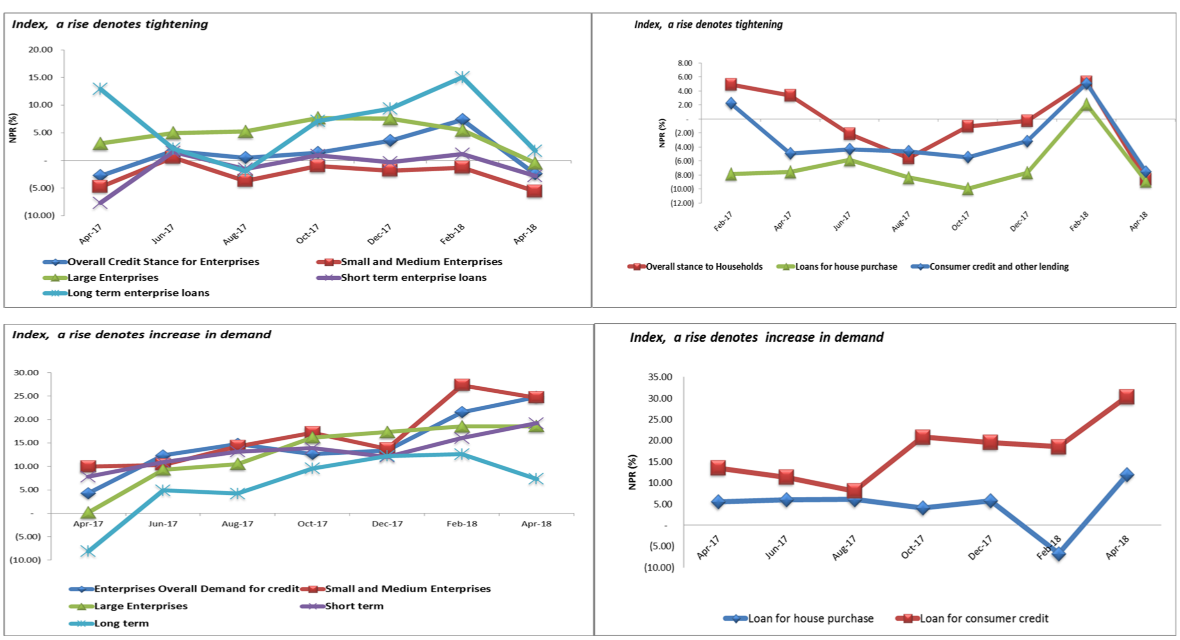
4. CREDIT CONDITIONS SURVEY

The April 2018 survey round of the Credit Conditions survey indicated a net easing in the credit stance of banks for loans to both enterprises and households compared with results from the February 2018 survey. This was reflected in a net easing in credit stance on both short-term and long-term enterprise loans as well as for loans to Small and Medium Enterprises (SMEs) and large enterprises. Banks' also relaxed their credit stance on loans to households for house purchases and consumer credit. Reasons cited for the net easing in credit stance included the reduction in the Monetary Policy Rate (MPR) (which is expected to positively affect lending rates), as well as improved expectations regarding the performance of the economy.

Overall demand for credit by both households and enterprises also picked up in the April 2018 survey round. Despite the increase in the overall demand for loans by enterprises, however, demand for long term loans and SME loans dipped during the April 2018 survey round, relative to the February 2018 position. Demand for loans for house purchases and consumer credit also went up during the most recent survey.

Results of the credit conditions survey indicated that inflation expectations, one year ahead, remained practically unchanged in April 2018 at 11.0 percent compared with results from February 2018 survey round. Banks' had however lowered their inflation expectations compared to results from April 2017 survey. Expectations that the recently observed disinflation process will continue into the near future as well as expectations that the economy would continue to improve were some of the reasons banks gave for lowering their expectations of the inflation, a year ahead. Banks lending rates expectations recorded a decline of a 100 basis points to 22.9 percent compared with the February 2018 survey round. The introduction of the new Ghana Reference Rate (GRR) was the main reason banks attributed to the decline, explaining that the GRR is expected to drive lending rates down in the future. Banks' however expressed some reservations about the size of the decline as asset quality which remains a concern may leave lending rates sticky downwards.

Credit Conditions Survey



5. CONCLUSION AND OUTLOOK

The banking industry as at end-April 2018 continued to be safe and sound despite some declines in some key financial soundness indicators. Industry-wide, the banks were solvent and liquid; although signs of weaknesses remained. Asset quality continued to be a source of concern. Efforts by the Bank of Ghana to address these weaknesses are however expected to improve the sector's performance in the medium-term and are aimed at ensuring that the banking system is sound and capable of effectively playing its role in supporting the growth and development of the economy. These include:

- The publication of the corporate governance directive in April 2018 to promote stronger corporate governance and risk management practices in the banks;
- The increase in the minimum capital requirement to GH¢400 million to address solvency and other inherent vulnerabilities identified in the banking sector;
- The introduction of the Basel Regulatory Capital Requirement Directive, along with plans to roll out the Basel II/III supervisory framework;
- An on-going review of guidelines, directives and regulations to the industry in line with the new Banks and Specialized Deposits-taking Institutions Act, 2016 (Act 930).

ANNEXES

Table 1: Asset and Liability Structure of the Banking Sector

	Apr-15	Apr-16	Apr-17	Feb-18	Apr-18
Components of Assets (% of Total)					
Cash and Due from Banks	26.25	25.11	25.63	24.92	23.55
Investments	20.23	24.52	29.40	34.30	35.93
Net Advances	45.97	42.13	36.78	32.04	31.58
Other Assets	4.46	4.59	4.54	4.27	4.65
Fixed Assets	3.09	3.64	3.65	4.46	4.29
Components of Liabilities & Shareholders Funds(% of Total)					
Total Deposits	63.42	63.83	62.54	62.97	62.47
Total Borrowings	15.09	15.37	17.23	15.98	16.78
Other Liabilities	6.95	5.99	6.55	6.84	6.70
Shareholders' Funds	14.54	14.80	13.68	14.21	14.05

Table 2: Gross Loans and Real Credit Growth

	Apr-15	Apr-16	Apr-17	Feb-18	Apr-18
Gross Loans and Advances (GH¢m)	27,550.65	30,916.75	36,059.62	35,862.91	36,797.13
Real Growth (y-o-y)	16.73	-5.48	3.15	-9.86	-5.92
Private Sector Credit (GH¢m)	24,054.78	26,772.80	31,121.50	31,797.27	32,842.77
Real Growth (y-o-y)	15.51	-6.25	2.80	-7.30	-2.71
Household Loans (GH¢m)	4,226.72	4,769.79	5,108.94	6,708.87	7,196.37
Real Growth (y-o-y)	12.84	-4.95	-5.27	22.41	29.86

Table 3: Contingent Liability

	Apr-15	Apr-16	Apr-17	Feb-18	Apr-18
Contingent Liabilities (GH¢)	7,188.4	6,799.1	6,870.1	8,883.7	8,941.2
Growth (y-o-y)	43.6	- 5.4	1.0	21.0	30.1
% of Total Liabilities	15.2	12.4	9.6	12.2	11.0

Table 4: Distribution of Loans and NPLs By Economic Sector (Percent)

	Apr-16		Apr-17		Feb-18		Apr-18	
	Share in Total Credit	Share in NPLs	Share in Total Credit	Share in NPLs	Share in Total Credit	Share in NPLs	Share in Total Credit	Share in NPLs
a. Public Sector	**13.4**	**13.1**	**13.7**	**2.5**	**11.3**	**7.3**	**10.7**	**9.3**
i. Government	2.3	1.4	1.4	1.0	2.4	1.0	2.5	1.0
ii. Public Institutions	2.4	2.1	5.0	0.1	2.2	0.4	1.1	0.4
iii. Public Enterprises	8.7	9.6	7.4	1.4	6.7	5.8	7.2	7.9
b. Private Sector	**86.6**	**86.9**	**86.3**	**97.5**	**88.7**	**92.7**	**89.3**	**90.7**
i. Private Enterprises	69.3	79.0	70.8	91.4	68.0	85.6	67.8	84.5
o/w Foreign	8.9	7.6	8.5	12.5	8.0	8.5	7.3	7.6
Indigeneous	60.4	71.4	62.3	78.9	60.0	77.0	60.5	76.9
ii. Households	15.4	7.6	14.2	5.6	18.7	6.6	19.6	5.6
iii. Others	1.9	0.3	1.3	0.5	2.0	0.6	1.9	0.6

Table 5: Liquidity Ratios

	Apr-15	Apr-16	Apr-17	Feb-18	Apr-18
Liquid Assets (Core) - (GH¢'million)	14,492.9	16,181.6	21,654.4	23,708.8	23,023.75
Liquid Assets (Broad) -(GH¢'million)	25,209.5	31,532.7	46,032.0	55,877.5	57,693.57
Liquid Assets to total deposits (Core)-%	41.4	39.3	41.0	39.6	37.69
Liquid Assets to total deposits (Broad)- %	72.0	76.7	87.1	93.3	94.46
Liquid assets to total assets (Core)- %	26.3	25.1	25.6	24.9	23.55
Liquid assets to total assets (Broad)- %	45.7	48.9	54.5	58.7	59.00

Table 6: Profitability Indicators (%)

	Apr-15	Apr-16	Apr-17	Apr-18
Gross Yield	7.4	8.8	7.7	6.3
Int Payable	3.0	3.7	3.6	2.6
Spread	4.4	5.1	4.1	3.7
Asset Utilitisation	6.1	6.5	6.3	5.2
Interest Margin to Total Assets	3.1	3.1	2.8	2.4
Interest Margin to Gross income	51.5	48.4	44.8	47.3
Profitability Ratio	19.9	16.2	13.9	15.5
Return On Equity (%) after tax	26.7	22.0	19.3	17.3
Return On Assets (%) before tax	5.7	4.7	4.0	3.6

Table 7: DMBs' Income Statement Highlights

	Apr-16	Apr-17	Apr-18	Apr-17	Apr-18
	(GH ¢'million)			Y-on-y Growth (%)	
Interest Income	3,468.07	4,479.78	4,068.77	29.2	-9.2
Interest Expenses	-1,449.49	-2,096.10	-1,677.22	44.6	-20.0
Net Interest Income	**2,018.58**	**2,383.68**	**2,391.55**	18.1	0.3
Fees and Commissions (Net)	462.74	532.33	638.88	15.0	20.0
Other Income	240.01	314.30	346.47	31.0	10.2
Operating Income	**2,721.32**	**3,230.31**	**3,376.90**	18.7	4.5
Operating Expenses	**-1,407.32**	**-1,772.58**	**-1,836.14**	26.0	3.6
Staff Cost (deduct)	-754.28	-890.68	-973.65	18.1	9.3
Other operating Expenses	-653.04	-881.90	-862.48	35.0	-2.2
Net Operating Income	**1,314.00**	**1,457.73**	**1,540.76**	10.9	5.7
Total Provision (Loan losses, Depreciation & others)	-343.07	-353.49	-422.15	3.0	19.4
Income Before Tax	**970.93**	**1,104.24**	**1,118.62**	13.7	1.3
Tax	-295.39	-364.98	-336.41	23.6	-7.8
Net Income	**675.54**	**739.27**	**782.20**	9.4	5.8

Table 8: Developments in Offshore Balances

	Apr-15	Apr-16	Apr-17	Feb-18	Apr-18
Offshore balances as % to Networth	59.7	46.0	59.3	58.7	50.7
Annual Growth in Offshore balances (%)	21.3	-8.4	56.2	2.5	1.5
Annual Growth in Nostro Balances (%)	14.8	-14.4	15.6	16.9	25.1
Annual Growth in Placement (%)	37.3	4.0	125.2	-14.0	-19.0