Bank of Ghana
Monetary Policy Report

Banking Sector Developments

Vol. 6 No.4/2021 July 2021

1.0 Overview

The banking sector's performance remained strong during the first half of 2021. Available data showed sustained growth in total assets, deposits and investments. The industry's assets expanded on the back of the continued increase in total deposits during the review period. However, credit growth remained sluggish due to COVID-19 effects.

The regulatory reliefs and policy measures have continued to support the performance of the banking sector. This has mainly been reflected in New Advances by banks in spite of the stunted overall growth in total credit due to the pandemic. Net restructured loans, undertaken by banks to provide respite for customers severely impacted by the pandemic represented some 7.7 percent of industry's loan portfolio.

Financial soundness indicators remained strong, underpinned by improved solvency, liquidity and profitability indicators. The industry's Non-Performing Loans (NPLs) ratio however inched up due to the pandemic-induced loan repayment challenges, sluggish credit growth and bank-specific loan repayment challenges. On the whole, the banking industry broadly managed effects of the pandemic and the sector's strong performance is expected to continue as the economy rebounds. Credit growth is expected to pick up, evidenced by the projected net ease in credit stance and increase in credit demand to support growth.

2.0 Banks' Balance Sheet

Total assets of the banking industry increased by 17.2 percent year-on-year to GH¢162.9 billion as at end-June 2021, compared to 23.2 percent growth in the same period of 2020. The slower asset growth was attributed to the gradual rebound in economic activities from the lingering effects of COVID-19. Of the total, growth in domestic assets was higher at 18.0 percent, while foreign assets grew by 6.7 percent. Consequently, the share of domestic assets in total assets inched up to 93.4 percent in June 2021 from 92.8 percent in June 2020 (Table 1).

Investments in bills, securities and equity remained the largest component of total assets as at end-June 2021. The share of investments in total assets increased to 46.5 percent from 42.3 percent, reflecting the 28.8 percent year-on-year growth in investments in June 2021, relative to the sluggish growth in credits. The higher investments growth was attributed to banks' portfolio reallocation in favour of these less risky assets due to the elevated credit risks and somewhat sluggish credit demand due to the pandemic.

Gross loans and advances recorded an annual growth of 5.7 percent to GH¢47.5 billion as at end-June 2021, lower than the 16.3 percent growth recorded in the previous year. Adjusting gross loans for provisions and interest in suspense, net loans and advances also recorded a modest growth of 5.5 percent to GH¢41.1 billion compared with 14.7 percent growth in June 2020. The lower growth in gross and net loans and advances reflects the sluggish credit demand and supply conditions and increased appetite of banks for government securities due to the elevated credit risks from the pandemic. However, the COVID-related regulatory reliefs and policy measures continued to support lending activities, with New Advances totalling GH¢16.0 billion for the first half of 2021, compared to GH¢15.8 billion for same period in 2020.

Table 1: Banks' Balance Sheet (GH¢ million)

				Y-on-Y Growth (%)		year-to-date growth (%)			Shares (%)	
	Jun-20	Apr-21	Jun-21	Jun-20	Jun-21	Jun-20	Apr-21	Jun-21	Jun-20	Jun-21
TOTAL ASSETS	**138,977.0**	**155,719.8**	**162,891.8**	**23.2**	**17.2**	**7.8**	**4.3**	**9.1**	**100.0**	**100.0**
A. Foreign Assets	10,019.4	10,129.7	10,694.2	1.1	6.7	(3.4)	(16.5)	(11.9)	7.2	6.6
B. Domestic Assets	128,957.6	145,590.1	152,197.6	25.3	18.0	8.7	6.1	10.9	92.8	93.4
Investments	58,776.9	73,258.4	75,698.0	35.0	28.8	21.7	13.7	17.5	42.3	46.5
i. Bills	17,192.6	20,581.8	20,538.5	8.2	19.5	14.8	45.0	44.7	12.4	12.6
ii. Securities	41,359.3	52,454.9	54,935.4	52.0	32.8	25.8	4.9	9.9	29.8	33.7
Advances (Net)	38,939.5	41,304.5	41,098.1	14.7	5.5	(2.6)	(1.2)	(1.7)	28.0	25.2
of which Foreign Currency	12,118.7	12,408.7	12,403.4	2.6	2.3	-	1.6	1.5	8.7	7.6
Gross Advances	**44,969.6**	**47,866.3**	**47,538.6**	**16.3**	**5.7**	**(0.4)**	**0.2**	**(0.5)**	**32.4**	**29.2**
Other Assets	6,330.6	7,187.1	7,276.5	50.2	14.9	23.5	11.2	12.6	4.6	4.5
Fixed Assets	4,722.3	5,037.4	5,133.4	16.0	8.7	1.5	0.5	2.4	3.4	3.2
TOTAL LIABILITIES AND CAPITAL	**138,977.0**	**155,719.8**	**162,891.8**	**23.2**	**17.2**	**7.8**	**4.3**	**9.1**	**100.0**	**100.0**
Total Deposits	**90,040.6**	**104,856.5**	**110,290.0**	**19.1**	**22.5**	**7.9**	**1.0**	**6.2**	**64.8**	**67.7**
of which Foreign Currency	24,001.4	28,379.9	29,157.3	11.0	21.5	-	5.4	8.3	17.3	17.9
Total Borrowings	16,339.2	15,554.8	17,162.5	10.9	5.0	(20.1)	7.2	18.3	11.8	10.5
Foreign Liabilities	8,841.7	9,775.2	10,974.8	7.3	24.1	(10.9)	18.7	33.3	6.4	6.7
i. Short-term borrowings	4,480.6	4,525.5	5,029.2	(11.2)	12.2	(33.2)	29.4	43.8	3.2	3.1
ii. Long-term borrowings	3,850.3	4,315.9	4,850.0	36.3	26.0	34.8	8.1	21.5	2.8	3.0
iii. Deposits of non-residents	510.8	933.8	1,095.5	38.1	114.5	43.4	24.9	46.5	0.4	0.7
Domestic Liabilities	110,454.5	122,061.5	128,130.2	24.6	16.0	8.9	1.9	7.0	79.5	78.7
i. Short-term borrowing	6,931.0	4,688.7	5,159.7	7.6	(25.6)	(29.0)	(6.2)	3.2	5.0	3.2
ii. Long-term Borrowings	1,077.3	2,024.7	2,123.6	159.3	97.1	(3.8)	(0.0)	4.9	0.8	1.3
iii. Domestic Deposits	89,529.8	103,922.7	109,194.5	19.1	22.0	7.7	0.8	6.0	64.4	67.0
Other Liabilities	12,916.5	11,640.4	12,680.6	97.0	(1.8)	72.7	19.3	30.0	9.3	7.8
Paid-up capital	9,738.1	10,570.3	9,757.3	8.1	0.2	1.1	8.3	0.0	7.0	6.0
Shareholders' Funds	19,680.7	23,668.0	22,758.7	23.3	15.6	11.9	11.4	7.1	14.2	14.0

Source: Bank of Ghana

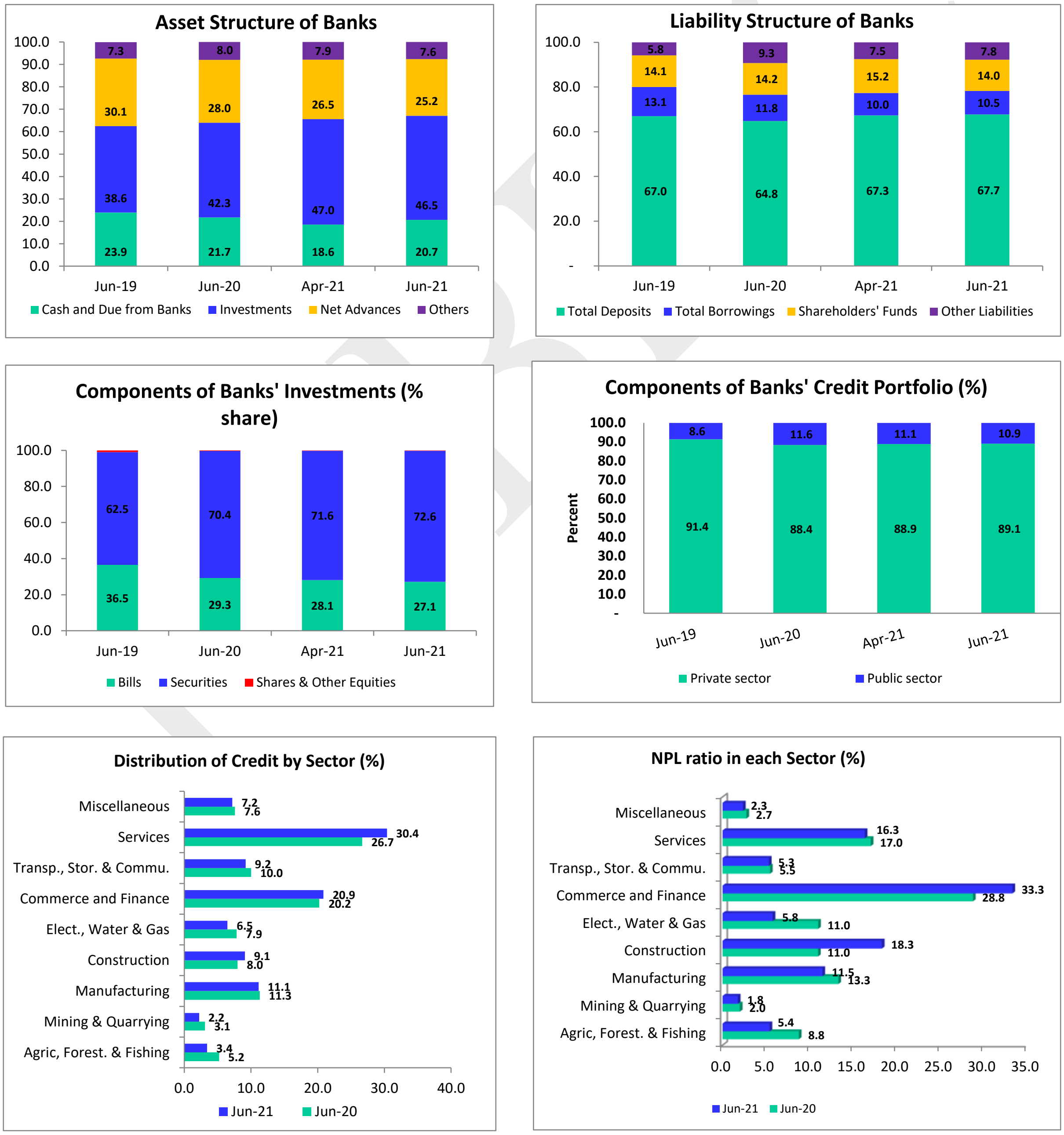
Deposits continue to drive the funding of total assets with a robust growth of 22.5 percent to GH¢110.3 billion as at end-June 2021, relative to the 19.1 percent growth recorded a year earlier (Table 1). This emanated from liquidity flows within the domestic economy from the COVID-19 fiscal stimulus, payments to contractors, SDI depositors, and clients of SEC-licensed fund managers. Increased savings by individuals and firms resulting from the pandemic-induced slowdown in consumer and investment spending in some sectors also contributed to the observed growth in total deposits.

Total borrowings increased by 5.0 percent in June 2021, compared with 10.9 percent growth in the previous year, due to the higher increase in deposits, coupled with higher loan repayments and the liquidity release from the reduction in the reserve requirement of banks which have added to banks' pool of funds vis-à-vis the slowdown in credit growth. The slowdown in borrowings was mostly reflected at the short-end of the domestic market, even as the short-term domestic borrowings contracted by 25.6 percent relative to a growth of 7.6 percent in the previous year. Short-term foreign borrowings however rebounded to 12.2 percent growth, against a contraction of 11.2 percent. At the long-end of the market, both long-term domestic borrowing and long-term foreign borrowing recorded slower growth during the review period.

The industry's shareholders' funds position remained strong, indicative of adequate capital buffers within the banking sector to withstand shocks. The strong rebound in profits shored up the reserves of banks and contributed to the growth in shareholders' funds by 15.6 percent to GH¢22.8 billion as at end-June 2021, albeit lower than the 23.3 percent growth achieved a year ago due to dividend payments this year. The strong shareholders' funds position supported the stability and resilience of the banking sector.

In summary, the industry posted a strong balance sheet position at the end of the first half of 2021, except for the continued sluggish credit growth due to the pandemic.

Figure 1: Developments in Banks' Balance Sheet & Asset Quality



Source: Bank of Ghana Staff Calculations

2.1 Asset and Liability Structure

The asset and liability structure of the banking industry's balance sheet continue to tilt towards less risky assets during the review period. Investments dominated the asset mix, with a share of 46.5 percent in June 2021, compared with 42.3 percent share in June 2020. Loans and advances (net) followed with a share of 25.2 percent in June 2021 from 28.0 percent as at June 2020. The share of "Cash and Due from Banks" also declined marginally during the period from 21.7 percent to 20.7 percent, due in part to the reduction in the primary reserve requirement by 2 percentage points. Non-earning assets (fixed assets and other assets) moderated to 7.6 percent from 8.0 percent (Annexes Table 1).

On the liability side, deposits remain the main source of funding for banks, with its share increasing to 67.7 percent from 64.8 percent over the two corresponding periods. Following the slower growth in total borrowings during the period, the share of borrowed funds declined from 11.8 percent in June 2020 to 10.5 percent in June 2021. The Shareholders' Funds component also moderated to 14.0 percent from 14.2 percent due to the slower growth in paid-up capital while profits growth shot up compared with the previous period. The share of "Other liabilities" also declined to 7.8 percent from 9.3 percent in the previous year (Annexes Table 1).

2.2 Share of Banks' Investments

Banks' investment portfolio as at end-June 2021 remained in favour of long-term debt instruments (securities). The share of securities increased to 72.6 percent in June 2021 from 70.4 percent in June 2020. The share of short-term bills in total investments declined to 27.1 percent from 29.3 percent during the same comparative periods. The share of equity investments however remained small at 0.3 percent from 0.4 percent during the previous period (Figure 1).

3.0 Credit Risk

The industry's exposure to credit risk was slightly elevated in June 2021 relative to the same period in 2020, due to the impact of COVID-19 on borrowers' abilities to repay their loans as well as the impairment of some facilities by some banks during the period.

3.1 Credit Portfolio Analysis

The stock of gross loans and advances amounted to GH¢47.5 billion at end-June 2021, representing a lower annual growth of 5.7 percent, compared to 16.2 percent growth in June 2020. This, as noted earlier, is due to the lingering effect of the pandemic on demand and supply conditions in the credit market. Private sector credit went up by 6.8 percent to GH¢42.7 billion at end-June 2021 compared with 14.1 percent growth in the previous year. Growth in public sector credit, however, contracted by 2.8 percent from the 36.4 percent growth during the same comparative period. The share of private sector credit in total credit was marginally higher at 89.9 percent in June 2021 from 89.0 percent in the previous year, while that of public sector credit moderated to 10.1 percent from 11.0 percent during the same review period (see Annexes Tables 2 & 4).

On a year-to-date basis, gross loans and advances recorded a mild contraction of 0.5 percent during the first half of 2021, similar to the 0.4 percent contraction recorded during the same period in 2020. In the same vein, private sector credit contracted by 1.8 percent this year from a growth of 1.7 percent last year, while public sector credit growth increased by 13.2 percent in June 2021 from the 15.0 percent contraction in the previous year. As noted, the overall credit growth also reflects significant loan repayments in addition to the weak demand observed since the outbreak of COVID-19 (see Annexes Table 2).

In terms of classification, the services sector held the largest share of credit of 30.4 percent as at June 2021, followed by the commerce and finance sector with 20.9 percent and manufacturing with 11.1 percent (Figure 1). Together, these three sectors accounted for 62.4 percent of total credit in June 2021 compared with 58.2 percent in June 2020. The other economic sectors accounted for the remaining 37.6 percent in various proportions in June 2021 from 41.8 percent in June 2020 (Figure 1). The mining and quarrying sector remained the lowest recipient of industry credit with a share of 2.2 percent at end-June 2021, compared with the 3.1 percent share last year.

3.2 Off-Balance Sheet Activities

Off-balance sheet transactions (largely comprising trade finance and guarantees) amounted to GH¢14.1 billion as at end-June 2021, representing a 25.7 percent annual growth, compared to the 12.2 percent growth a year ago. Banks' contingent liabilities as a percentage of total liabilities edged up to 10.1 percent from 9.6 percent during the review period. On a year-to-date basis, off-balance sheet transactions have increased by 14.5 percent this year compared with the 0.1 percent last year, reflecting the pick-up in economic activity and gradual resumption of cross-border activities this year (Annexes Table 3).

3.3 Asset Quality

Asset quality risks heightened with the NPL ratio inching up from 15.7 percent in June 2020 to 17.0 percent in June 2021. This was attributed to increased stock of NPLs by 15.1 percent to GH¢8.1 billion, at a time that the stock of gross loans recorded only a modest 5.7 percent growth over the period. The adjusted NPL ratio (excluding the fully provisioned loan loss category) also increased to 7.2 percent from 6.4 percent over the review period.

The higher NPL ratio was driven mainly by the increase in the private sector NPL ratio from 16.8 percent to 18.4 percent, while the public sector NPL ratio marginally declined by 1 percentage point to 5.3 percent during the period. The increase in the industry NPL ratio was most pronounced in the commerce and finance, and construction sectors, which recorded higher NPL ratios compared with last year. The NPL ratio of the commerce and finance sector increased from 28.8 percent in June 2020 to 33.3 percent in June 2021, while that of the construction sector increased from 11.0 percent to 18.3 percent during the same comparative period, attributable to the COVID-19 effects on these sectors. Apart from these two sectors, NPL ratios in all the other economic sectors declined during the review period. The sharpest drop in NPL ratio was recorded in the electricity, water and gas sector from 11.0 percent to 5.8 percent, followed by the agriculture, forestry and fishing sector from 8.8 percent to 5.4 percent (Figure 1).

The loan moratorium and repayment holidays that banks granted to customers severely impacted by the pandemic have contributed to moderated NPL ratios for some of the economic sectors, although asset quality risk remains elevated for the commerce and finance and construction sectors. Outstanding balance on restructured loans to cushion customers severely impacted by the pandemic stood at GH¢3.7 billion as at June 2021, representing some 7.7 percent of industry loan portfolio.

4.0 Financial Soundness Indicators (FSIs)

The banking sector remains sound as of June 2021 with fairly strong outturns in FSIs such as liquidity, solvency, efficiency and profitability, during the review period.

4.1 Liquidity Indicators

The ratio of core liquid assets (mainly cash and due from banks) to total deposits moderated to 30.5 percent in June 2021 from 33.5 percent during the same period last year. The dip in this core liquidity measure remains partly attributable to the 2-percentage point reduction in the primary reserve requirement by the Bank of Ghana to help support credit extension during this COVID-19 pandemic period, as well as the strong growth in the industry's deposits. Core liquid assets to total assets also declined to 20.7 percent from 21.7 percent a year ago (Annexes Table 5). Increased investments in favour of medium- to long-term securities also contributed to the core and broad liquidity dynamics.

The broad measures of liquidity, however, improved with the increase in long-term securities. Broad liquid assets to total assets increased to 67.0 percent from 63.8 percent, while broad liquid assets to total deposits inched up to 98.9 percent from 98.5 percent, reflecting the stronger growth in long-term investments relative to the growth in deposits during the review period.

Figure 2: Key Financial Soundness Indicators (FSIs)

Source: Bank of Ghana Staff Calculations

4.2 Capital Adequacy Ratio (CAR)

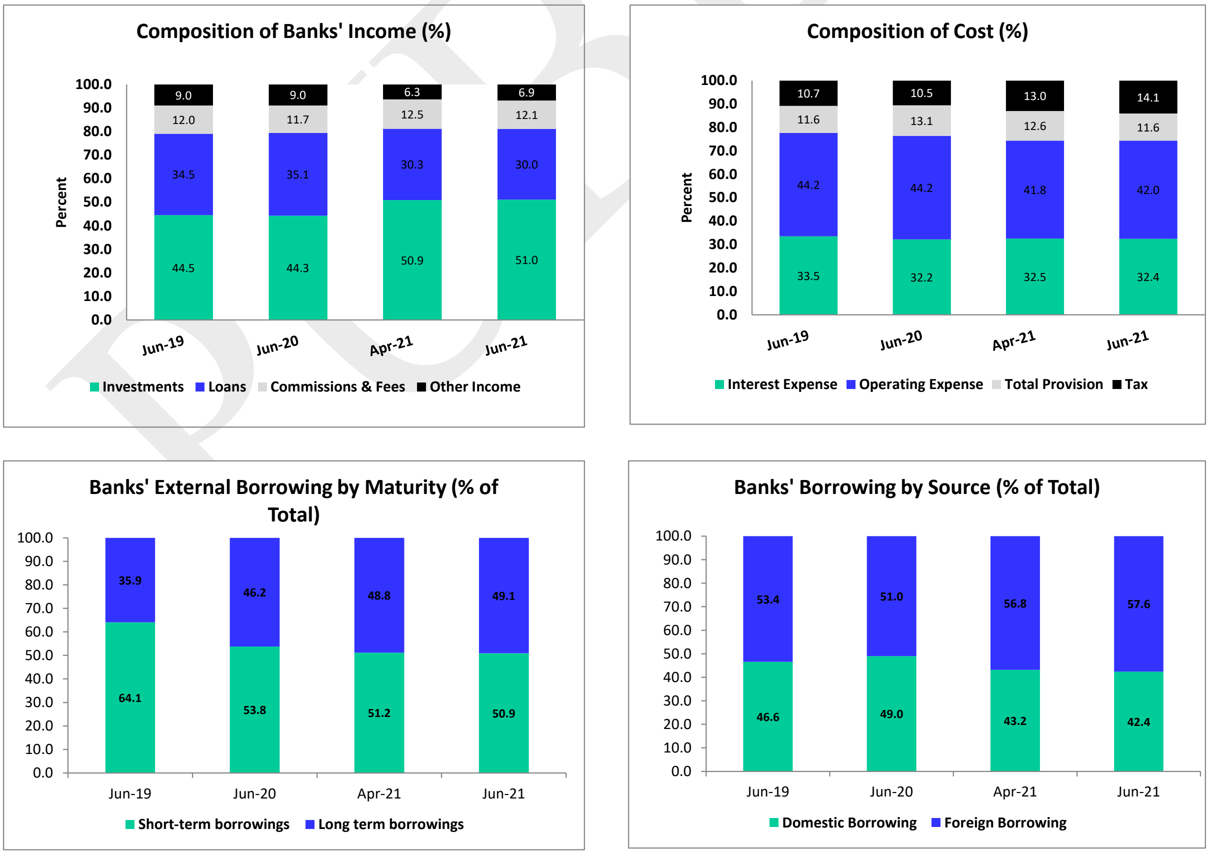
The industry remains very solvent with a CAR of 20.8 percent as at end June 2021, well above the regulatory minimum of 11.5 percent under Basel II/III. The higher capital adequacy ratio above the regulatory threshold continues to highlight banks' improved capacity to expand lending and also absorb any potential losses from the increased lending during the current uncertain operating environment using their capital buffers.

4.3 Profitability

The industry's profitability performance was robust during the first half of the year with an annual growth of 24.0 percent in profit-after-tax, compared with 15.5 percent a year ago. The growth outturns for the key income lines of banks were higher this year compared with the same period last year, contributing to the improved profit performance. Net interest income grew by 19.4 percent in June 2021 from 16.5 percent a year earlier. Growth in interest income increased from 13.7 percent in June 2020 to 17.6 percent in June 2021, while growth in interest expenses went up from 8.3 percent to 13.9 percent during the same comparative period. Net fees and commissions recorded a strong growth of 19.6 percent from 10.3 percent, whereas other income, the smallest component of banks' income contracted by 11.8 percent from a growth of 12.7 percent. Altogether, the industry's gross income recorded a higher growth of 15.2 percent during the first half of this year compared with 13.2 percent in the comparative period in 2020.

Growth in operating expenses was lower at 7.3 percent in June 2021 relative to the 12.9 percent a year earlier, reflecting the sustained cost minimization strategy of banks. The slower growth in operating expenses was on the back of a sharper drop in the growth of other operating expenses from 17.3 percent in June 2020 to 5.2 percent in June 2021, whereas the decline in staff cost was marginal from 9.3 percent to 9.1 percent during the same reference period (see Annexes Table 7 and Figure 3).

Figure 3: Composition of Income, Cost and Borrowings



Source: Bank of Ghana Staff Calculations

(a) Return on Assets and Return on Equity

Profitability indicators improved in June 2021 compared with the same period last year due to the higher profit outturn. The sector's Return on Assets (ROA) increased to 4.7 percent from 4.1 percent during the comparative period, in line with the higher growth in profit-after-tax. The Return on Equity (ROE) also increased to 21.2 percent in June 2021 from 20.6 percent in June 2020 (Figure 2 and Annexes Table 6).

(b) Interest Margin and Spread

Banks' interest spreads remained unchanged at 5.7 percent between June 2020 and June 2021 on the back of marginal changes in gross yields (from 8.5% to 8.4%) and interest payable (from 2.8% to 2.6%). The sector's interest margin to total assets also inched up to 3.8 percent from 3.7 percent, over the period, while the interest margin to gross income ratio increased to 55.6 percent from 53.6 percent.

The ratio of gross income to total assets (asset utilisation) moderated to 6.9 percent from 7.0 percent over the period implying that for each asset in use, the income generated remained broadly unchanged between June 2020 and June 2021. The industry's profitability ratio improved to 21.4 percent in June 2021 from 19.8 percent a year earlier (Annexes Table 6).

(c) Composition of Banks' Income

Investments income remained the largest component of banks' income as at June 2021, accounting for 51 percent from 44.3 percent a year ago. Interest income from loans constituted the second largest source of banks' income, bringing in a lower share of 30.0 percent, down from 35.1 percent during the same comparative period. The share of banks' income from fees and commissions increased to 12.1 percent from 11.7 percent, in line with the higher growth of fees and commissions. The share of other income, however, dipped to 6.9 percent from 9.0 percent during the period under review (See Figure 3).

4.4 Operational Efficiency

All the key efficiency indicators improved in June 2021 compared with the same period in 2020, reflecting a more efficient banking sector. The cost-to-income ratio of the industry improved from 80.2 percent in June 2020 to 78.7 percent in June 2021, while cost-to-total assets improved marginally from 5.6 percent to 5.4 percent during the same comparative period. The ratio of operational cost to total assets also improved marginally from 3.8 percent to 3.7 percent, while the ratio of operational cost to gross income improved from 54.4 percent to 53.2 percent (See Figure 2). Operational cost control measures by banks contributed to the improved operational efficiency.

4.5 Banks' Counterparty Relationships

Banks' offshore activities recorded a mixed performance in June 2021 relative to June 2020. The contraction in offshore balances recorded in June 2020 persisted, declining from 0.1 percent to 0.3 percent in June 2021. Nostro balances, on the other hand, recorded a higher growth of 14.5 percent in June 2021 from 12.3 percent in June 2020. The contraction in placements intensified to 17.3 percent in June 2021 from 11.4 percent a year ago. Offshore balances also dipped to 40.3 percent of the industry's net worth compared with 46.8 percent over the review period. (See Annexes Table 8).

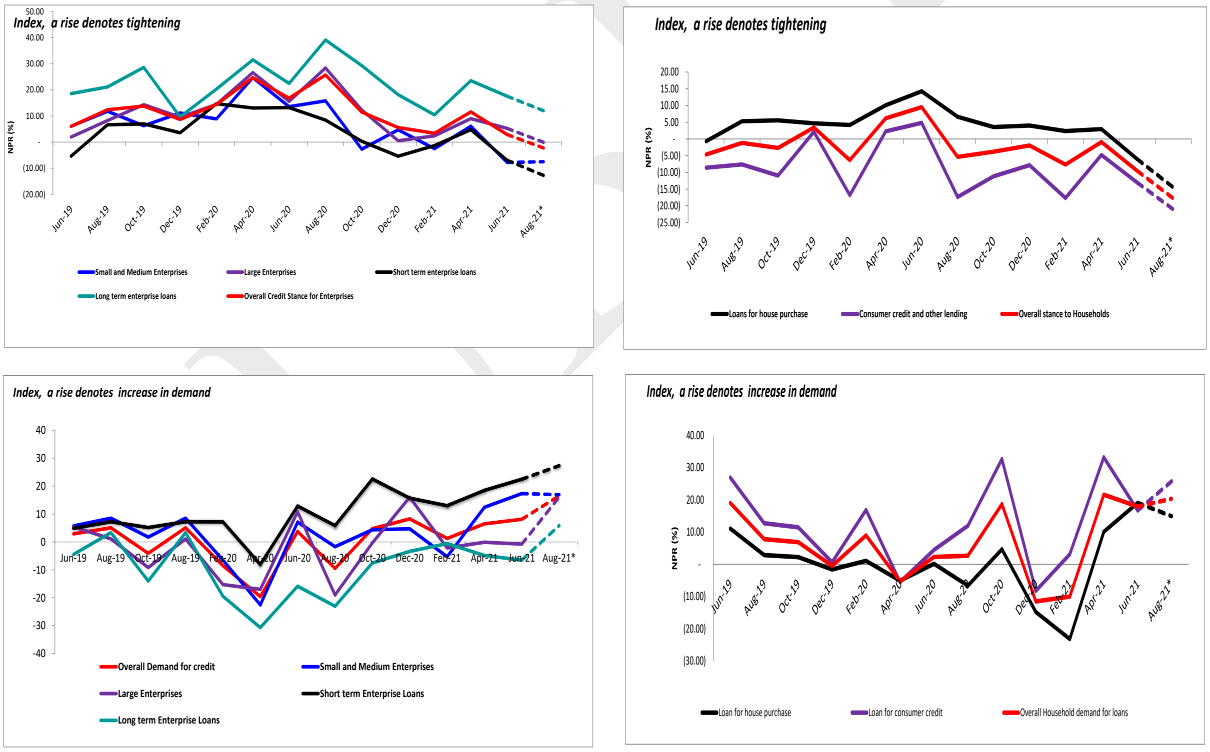
The share of banks' external borrowings in total borrowings increased to 57.6 percent in June 2021 from 51.0 percent in June 2020, while that of domestic borrowing declined to 42.4 percent from 49.0 percent during the review period. Banks' external borrowings were largely short-term in nature, though the share of long term external borrowing picked up significantly during the period, from 46.2 percent to 49.1 percent. The share of short-term funds in total external borrowing however declined to 50.9 percent from 53.8 percent over the review period (Figure 3).

5.0 Credit Conditions Survey

Results from the June 2021 credit conditions survey pointed to a net ease in overall credit stance on loans to enterprises. This net ease in credit stance was reflected in all components of enterprise loans between May and June 2021. Banks have projected the net ease in overall credit stance on loans to enterprises to continue for the next two months. The projected net ease in banks' stance on loans to corporates will apply to almost all the sub-categories of enterprise loans with the exception of loans to SMEs which is projected to tighten. This still reflects the significant loan repayment challenges that SMEs have faced since the onset of the COVID-19 pandemic based on which banks may want to maintain a net tightened stance towards that segment of the market to preserve their asset quality.

The overall credit stance on household loans also recorded a net ease between May and June 2021, driven by net ease in credit stance on loans for both categories of household loans, namely, mortgages and consumer credit. Over the next two months, banks project a further net ease in the stance on loans to households, which will be reflected in both loans for house purchases and consumer credit.

Figure 4: Credit Conditions Survey Results



Source: Bank of Ghana Staff Calculations

Overall demand for loans by enterprises increased during the current survey period. This was reflected by increases in the demand for all the sub-components of enterprise credit, with the exception of long term enterprise credit which recorded a net decline. Banks' anticipate the increase in the enterprise demand for credit to persist over the next two months, which highlights the continued pick-up in economic activity.

Overall demand for loans by households however declined during the current survey period. This resulted from decline in demand for consumer credit, despite increased demand for mortgages. Over the next two months, banks expect overall household demand for credit to increase driven by a pickup in the demand for consumer credit. (See Figure 4).

Banks' inflation expectations for six-months ahead from June 2021 declined during the current survey period, attributable to the decline in the actual inflation and relative stability in the exchange rate. Banks also expect lending rates to decline over the next six-months in line with the decline in the Monetary Policy Rate (MPR) and other money market rates.

6.0 Conclusion and Outlook

The banking sector continues to be strong, solvent and profitable amid the COVID-19 pandemic. The sustained increases in deposits, total assets, profits, and shareholder funds have significantly contributed to the industry's resilience. In addition, the policy measures and regulatory reliefs introduced by the Bank of Ghana to cushion the sector from the COVID-19 effects have moderated the adverse impact of the pandemic on the industry. These response measures remain in force to support activities of corporates and households, particularly those that were adversely hit by the pandemic. The outlook for the banking industry therefore remains positive, and supportive of the economic recovery in the medium-term.

ANNEXES

Table 1: Asset and Liability Structure of the Banking Sector

	Jun-18	Jun-19	Jun-20	Apr-21	Jun-21
Components of Assets (% of Total)					
Cash and Due from Banks	23.4	23.9	21.7	18.6	20.7
Investments	35.7	38.6	42.3	47.0	46.5
Net Advances	32.5	30.1	28.0	26.5	25.2
Others	8.0	8.4	7.0	7.5	7.8
Components of Liabilities and Shareholders' Funds (% of Total)					
Total Deposits	61.6	67.0	64.8	67.3	67.7
Total Borrowings	17.9	13.1	11.8	10.0	10.5
Shareholders' Funds	13.9	13.9	13.9	13.6	13.8
Other Liabilities	6.1	7.3	6.7	5.9	9.3

Bank of Ghana Staff Calculations

Table 2: Credit Growth

Economic Sector	Gh¢million				y/y growth (%)		year-to-date growth(%)		
	Jun-19	Jun-20	Apr-21	Jun-21	Jun-20	Jun-21	Jun-20	Apr-21	Jun-21
Public Sector	**3,618**	**4,933**	**5,049.55**	**4,795.15**	**36.4**	**-2.8**	**-15.0**	**19.2**	**13.2**
Private Sector	**35,082**	**40,037**	**42,816.79**	**42,743.45**	**14.1**	**6.8**	**1.7**	**-1.6**	**-1.8**
- Private Enterprises	25,703	29,255	31,784.09	31,300.86	13.8	7.0	1.5	-3.0	-4.4
o/w Foreign	4,000	3,721	4,054.27	4,014.02	-7.0	7.9	-1.5	5.5	4.4
Indigeneous	21,704	25,534	27,729.82	27,286.84	17.6	6.9	2.0	-4.1	-5.6
- Households	8,406	9,448	9,910.98	9,860.50	12.4	4.4	0.4	3.7	3.2
Gross Loans	**38,699.8**	**44,969.6**	**47,866.3**	**47,538.6**	**16.2**	**5.7**	**-0.4**	**0.2**	**-0.5**

Bank of Ghana Staff Calculations

Table 3: Contingent Liability

	Jun-18	Jun-19	Jun-20	Apr-21	Jun-21
Contingent Liabilities (GH¢M)	8,919.9	9,961.2	11,455.4	13,870.0	14,071.7
Growth (y-o-y)	20.0	9.7	12.2	26.7	25.7
% of Total Liabilities	10.3	10.3	9.6	10.5	10.1

Bank of Ghana Staff Calculations

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

	Jun-19		Jun-20		Apr-21		Jun-21	
	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	**9.3**	**2.4**	**11.0**	**4.4**	**10.5**	**1.9**	**10.1**	**3.1**
i. Government	3.9	0.6	4.3	0.4	4.6	0.5	4.5	2.0
ii. Public Institutions	1.7	0.3	2.8	0.3	2.8	0.0	2.5	0.0
iii. Public Enterprises	3.8	1.5	3.8	3.7	3.2	1.4	3.1	1.1
b. Private Sector	**90.7**	**97.6**	**89.0**	**95.6**	**89.5**	**98.1**	**89.9**	**96.9**
i. Private Enterprises	66.4	83.6	65.1	82.7	66.4	88.0	65.8	87.9
o/w Foreign	10.3	9.0	8.3	9.3	8.5	3.9	8.4	3.5
Indigeneous	56.1	74.6	56.8	73.4	57.9	84.1	57.4	84.4
ii. Households	21.7	11.7	21.0	7.3	20.7	8.5	20.7	7.3
iii. Others	2.5	2.3	3.0	5.6	2.3	1.5	3.3	1.7

Bank of Ghana Staff Calculations

Table 5: Liquidity Ratios

	Jun-18	Jun-19	Jun-20	Apr-21	Jun-21
Liquid Assets (Core) - (GH¢'million)	23,520.43	26,983.0	30,177.40	28,902.69	33,656.13
Liquid Assets (Broad) -(GH¢'million)	58,912.65	70,082.1	88,729.25	101,939.42	109,129.94
Liquid Assets to total deposits (Core)-%	38.1	35.7	33.5	27.6	30.5
Liquid Assets to total deposits (Broad)- %	95.4	92.7	98.5	97.2	98.9
Liquid assets to total assets (Core)- %	23.4	23.9	21.7	18.6	20.7
Liquid assets to total assets (Broad)- %	58.7	62.1	63.8	65.5	67.0

Bank of Ghana Staff Calculations

Table 6: Profitability Indicators (%)

	Jun-18	Jun-19	Jun-20	Jun-21
Gross Yield	8.8	8.5	8.5	8.4
Interest Payable	3.6	2.9	2.8	2.6
Spread	5.3	5.6	5.7	5.7
Asset Utilitisation	8.8	7.6	7.0	6.9
Interest Margin to Total Assets	3.7	4.0	3.7	3.8
Interest Margin to Gross income	47.5	52.1	53.6	55.6
Profitability Ratio	15.7	19.4	19.8	21.4
Return On Equity (%) after tax	16.8	21.2	20.6	21.2
Return On Assets (%) before tax	3.5	4.4	4.1	4.7

Source: Bank of Ghana Staff Calculations

Table 7: DMBs' Income Statement Highlights

	Jun-18	Jun-19	Jun-20	Jun-21	Jun-19	Jun-20	Jun-21
	(GH ¢'million)				Y-on-y Growth (%)		
Interest Income	6,198	6,780	7,708	9,065.8	9.4	13.7	17.6
Interest Expenses	2,495	2,311	2,503	2,850.70	(7.4)	8.3	13.9
Net Interest Income	**3,703**	**4,469**	**5,205**	**6,215.1**	**20.7**	**16.5**	**19.4**
Fees and Commissions (Net)	989	1,026	1,131	1,352.6	3.7	10.3	19.6
Other Income	617	772	869	766.5	25.2	12.7	(11.8)
Operating Income	5,308	6,267	7,206	8,334.2	18.1	15.0	15.7
Operating Expenses	2,834	3,049	3,442	3,692.48	7.6	12.9	7.3
Staff Cost (deduct)	1,274	1,667	1,823	1,989.24	30.8	9.3	9.1
Other operating Expenses	1,559	1,381	1,620	1,703.24	(11.4)	17.3	5.2
Net Operating Income	**2,474**	**3,218**	**3,764**	**4,641.8**	**30.0**	**17.0**	**23.3**
Total Provision (Loan losses, Depreciation & others)	672	810	1,019	1,016.53	20.5	25.8	(0.3)
Income Before Tax	**1,802**	**2,407**	**2,744**	**3,625.2**	**33.6**	**14.0**	**32.1**
Tax	579	740	818	1,237.24	27.9	10.5	51.2
Net Income	**1,223**	**1,667**	**1,926**	**2,388.0**	**36.3**	**15.5**	**24.0**
Gross Income	7,803	8,578	9,709	11,184.9	9.9	13.2	15.2

Bank of Ghana Staff Calculations

Table 8: Developments in Offshore Balances

	Jun-18	Jun-19	Jun-20	Apr-21	Jun-21
Offshore balances as % to Networth	46.5	57.8	46.8	36.5	40.3
Annual Growth in Offshore balances (%)	2.0	41.7	-0.1	-2.6	-0.3
Annual Growth in Nostro Balances (%)	47.2	13.8	12.3	3.5	14.5
Annual Growth in Placement (%)	-29.5	82.8	-11.4	-9.0	-17.3

Source: Bank of Ghana Staff Calculations