



# Bank of Ghana Monetary Policy Report

## Banking Sector Developments

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### 1.0 Overview

The banking sector maintained its strong growth and resilient performance as at end-April 2021. Data for the first four months of the year showed robust growth in total assets, deposits, and investments. Total assets increased by 16.4 percent year-on-year, funded mainly by deposits which recorded an annual growth of 24.2 percent.

Although credit growth remains sluggish due to the pandemic, COVID-related regulatory reliefs and policy measures continue to support lending activities in the banking sector. New Advances amounted to GH¢10.5 billion for the first four months of 2021, compared to GH¢10.9 billion for same period in 2020. Total restructured loans, executed by banks to cushion customers severely impacted by the pandemic stood at GH¢4.65 billion as at March 2021, representing 9.8 percent of industry loan portfolio.

Financial soundness indicators remained strong and healthy, underpinned by improved solvency, liquidity, and profitability indicators. The Banking Sector Stability Index (BSSI) was at a 15-year high as at April 2021. The industry's Non-Performing Loans (NPLs) ratio, however, continued to inch up due to the pandemic-induced loan repayment challenges and sluggish credit growth. Overall, the impact of the pandemic on the industry's performance was moderate, as banks remained liquid, profitable and well-capitalized.

In the outlook, the observed strong performance of the sector is expected to continue as economic activity gradually picks up. The projected ease in credit stance and increase in credit demand from the latest credit conditions survey are expected to support credit growth. The Bank of Ghana would continue to implement policies and measures to ensure the stability of the sector in deepening financial intermediation.

### 2.0 Banks' Balance Sheet

Banks' total assets increased by 16.4 percent year-on-year to GH¢155.7 billion as at end-April 2021, compared to a growth of 21.7 percent a year earlier. Growth in domestic assets was higher at 17.2 percent while foreign assets grew by 5.6 percent. Consequently, the share of domestic assets in total assets inched up to 93.1 percent in April 2021 from 92.8 percent in April 2020 (Table 1).

Investments in bills, securities and equity remained the largest component of total assets as at end-April 2021. The share of investments in total assets jumped to 47.0 percent from 40.6 percent, reflecting the 34.9 percent year-on-year growth in investments in April 2021 compared with the 22.3 percent growth recorded in the previous year. The higher investments growth reflects banks' continued portfolio reallocation in favour of these less risky assets due to the elevated credit risks and somewhat sluggish credit demand from the pandemic.

Gross loans and advances recorded an annual growth of 7.0 percent to GH¢47.9 billion as at end-April 2021, lower than the 18.5 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 5.9 percent to GH¢41.3 billion compared with 19.0 percent growth in April 2020. The lower growth in gross and net loans and advances reflects the sluggish credit demand and supply conditions from the pandemic. However, the COVID-related regulatory reliefs and policy measures continued to support lending activities, with New Advances totalling GH¢10.5 billion for the first four months of 2021, compared to GH¢10.9 billion for same period in 2020.

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

				Y-on-Y Growth (%)		year-to-date growth (%)			Shares (%)	
	Apr-20	Feb-21	Apr-21	Apr-20	Apr-21	Apr-20	Feb-21	Apr-21	Apr-20	Apr-21
<b>TOTAL ASSETS</b>	<b>133,803.0</b>	<b>152,034.6</b>	<b>155,719.8</b>	<b>21.7</b>	<b>16.4</b>	<b>3.7</b>	<b>1.8</b>	<b>4.3</b>	<b>100.0</b>	<b>100.0</b>
A. Foreign Assets	9,596.3	11,094.2	10,129.7	5.7	5.6	(7.5)	(8.6)	(16.5)	7.2	6.5
B. Domestic Assets	124,206.6	140,940.4	145,590.1	23.2	17.2	4.7	2.7	6.1	92.8	93.5
Investments	54,305.8	67,940.0	73,258.4	22.3	34.9	12.4	5.5	13.7	40.6	47.0
i. Bills	16,021.6	19,522.4	20,581.8	2.7	28.5	7.0	37.5	45.0	12.0	13.2
ii. Securities	37,845.8	48,178.7	52,454.9	33.4	38.6	15.1	(3.6)	4.9	28.3	33.7
Advances (Net)	38,998.0	41,372.0	41,304.5	19.0	5.9	(2.4)	(1.0)	(1.2)	29.1	26.5
of which Foreign Currency	12,194.2	12,234.4	12,408.7	6.1	1.8	0.6	0.1	1.6	9.1	8.0
<b>Gross Advances</b>	<b>44,751.1</b>	<b>47,563.2</b>	<b>47,866.3</b>	<b>18.5</b>	<b>7.0</b>	<b>(0.9)</b>	<b>(0.4)</b>	<b>0.2</b>	<b>33.4</b>	<b>30.7</b>
Other Assets	5,722.6	7,450.0	7,187.1	46.3	25.6	11.7	15.3	11.2	4.3	4.6
Fixed Assets	4,681.1	5,026.4	5,037.4	16.0	7.6	0.6	0.2	0.5	3.5	3.2
<b>TOTAL LIABILITIES AND CAPITAL</b>	<b>133,803.0</b>	<b>152,034.6</b>	<b>155,719.8</b>	<b>21.7</b>	<b>16.4</b>	<b>3.7</b>	<b>1.8</b>	<b>4.3</b>	<b>100.0</b>	<b>100.0</b>
<b>Total Deposits</b>	<b>84,411.4</b>	<b>103,975.1</b>	<b>104,856.5</b>	<b>15.5</b>	<b>24.2</b>	<b>1.1</b>	<b>0.2</b>	<b>1.0</b>	<b>63.1</b>	<b>67.3</b>
of which Foreign Currency	22,341.4	27,749.3	28,379.9	15.6	27.0	(6.9)	3.1	5.4	16.7	18.2
Total Borrowings	17,954.8	14,250.7	15,554.8	23.0	(13.4)	(12.2)	(1.8)	7.2	13.4	10.0
Foreign Liabilities	9,641.9	8,002.8	9,775.2	20.2	1.4	(2.8)	(2.8)	18.7	7.2	6.3
i. Short-term borrowings	6,044.1	3,222.7	4,525.5	24.6	(25.1)	(9.9)	(7.8)	29.4	4.5	2.9
ii. Long-term borrowings	3,144.8	3,907.0	4,315.9	15.0	37.2	10.1	(2.1)	8.1	2.4	2.8
iii. Deposits of non-residents	453.0	873.1	933.8	3.8	106.1	27.2	16.8	24.9	0.3	0.6
Domestic Liabilities	105,473.3	121,762.3	122,061.5	22.1	15.7	4.0	1.6	1.9	78.8	78.4
i. Short-term borrowing	7,726.2	5,072.0	4,688.7	18.6	(39.3)	(20.8)	1.5	(6.2)	5.8	3.0
ii. Long-term Borrowings	1,039.7	2,049.0	2,024.7	108.8	94.7	(7.2)	1.2	(0.0)	0.8	1.3
iii. Domestic Deposits	83,958.4	103,101.9	103,922.7	15.6	23.8	1.0	0.0	0.8	62.7	66.7
Other Liabilities	12,769.1	11,649.4	11,640.4	90.2	(8.8)	70.7	19.4	19.3	9.5	7.5
Paid-up capital	9,763.2	9,757.2	10,570.3	9.7	8.3	1.3	(0.0)	8.3	7.3	6.8
Shareholders' Funds	18,667.7	22,159.4	23,668.0	20.4	26.8	6.1	4.3	11.4	14.0	15.2

Source: Bank of Ghana

Deposits continue to drive the funding of total assets with a robust growth of 24.2 percent to GH¢104.9 billion as at end-April 2021, higher than the 15.5 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.

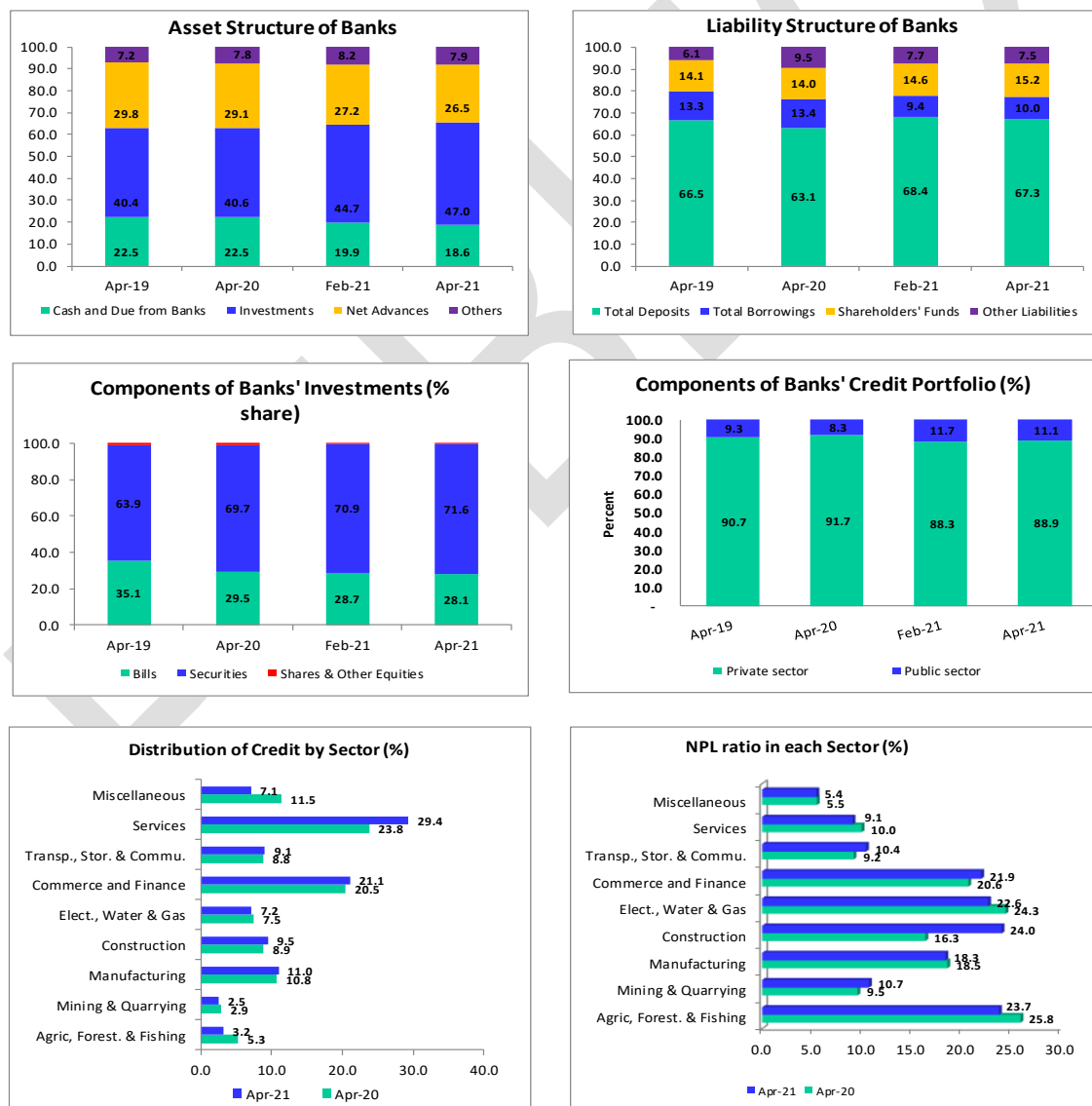
Total borrowings contracted by 13.4 percent in April 2021 from a growth of 23.0 percent in the previous year, due to the higher increase in deposits, coupled with higher loan repayments and the liquidity release from the reduction in the reserve requirement of banks which have added to banks'

pool of funds vis-à-vis the slowdown in credit growth. The decline in borrowings was mostly at the short end of the market, with both short-term foreign borrowings and short-term domestic borrowings recording contractions during the 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 26.8 percent to GH¢23.7 billion as at end-April 2021, higher than the 20.4 percent growth achieved a year ago. The strong shareholders' funds position reinforced the stability and resilience of the banking sector.

In summary, the industry posted a strong balance sheet position at the end of the first four months 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 continued to tilt towards less risky assets during the review period. Investments continued to dominate the asset mix, with a share of 47.0 percent in April 2021, compared with 40.6 percent share in April 2020. Loans and advances (net) followed with a share of 26.5 percent in April 2021 from 29.1 percent as at April 2020. The share of "Cash and Due from Other Financial Institutions" also declined during the period from 22.5 percent to 18.6 percent, due in part to the reduction in the primary reserve requirement by 2 percentage points. Non-earning assets (fixed assets and other assets) inched up marginally to 7.8 percent from 7.7 percent (Annexes Table 1).

On the liability side, deposits remain the main source of funding for banks, with its share increasing to 67.3 percent from 63.1 percent over the two corresponding periods. Following the contraction in total borrowings during the period, the share of borrowed funds declined from 13.4 percent in April 2020 to 10.0 percent in April 2021. The Shareholders' Funds component, however, increased to 15.2 percent from 14.0 percent due to the higher profit growth observed during the period. The share of "Other liabilities" however, declined by 200 basis points to 7.5 percent from 9.5 percent in the previous year (Annexes Table 1).

## **2.2 Share of Banks' Investments**

Banks' investment portfolio as at end-April 2021 remained in favour of long-term debt instruments (securities). The share of securities increased to 71.6 percent in April 2021 from 69.7 percent in April 2020. The share of short-term bills in total investments declined to 28.1 percent from 29.5 percent during the same comparative periods. The share of equity investments however, remained insignificant at 0.3 percent (Figure 1).

## **3.0 Credit Risk**

The industry's exposure to credit risk increased in April 2021 relative to the same period in 2020, still reflecting the impact of COVID-19 on borrowers' abilities to repay their loans as well as higher loan loss provisions arising from the repayment challenges.

### **3.1 Credit Portfolio Analysis**

The stock of gross loans and advances amounted to GH¢47.9 billion at end-April 2021, representing a lower annual growth of 7.0 percent, compared to 18.3 percent growth in April 2020. This as noted earlier is due to the lingering impact of the pandemic on demand and supply conditions in the credit market. Private sector credit went up by 6.9 percent to GH¢42.8 billion at end-April 2021 compared with 17.8 percent growth in the previous year. Growth in public sector credit also moderated to 7.4 percent from 23.2 percent during the same comparative period. In terms of market share, private sector credit remained somewhat unchanged at 89.5 percent between April 2020 and April 2021, while the share of public sector credit was also virtually at the same level of 10.5 percent during the two periods (see Annexes Tables 2 & 4).

Gross loans and advances recorded a paltry growth of 0.2 percent in the year to April 2021 against a contraction of 0.9 percent for the same period in 2020. Similarly, on a year-to-date basis, private sector credit contracted by 1.6 percent from a growth of 1.7 percent, while public sector credit recorded a rebound in growth to 19.2 percent in April 2021 from the 19.0 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 continued to have the largest share of credit of 29.4 percent as at April 2021, followed by the commerce and finance sector with 21.1 percent and manufacturing with 11.0 percent (Figure 1). These top three sectors together accounted for 61.5 percent of total credit in April 2021 compared with 55.1 percent in April 2020. The other economic sectors accounted for the remaining 38.5 percent in various proportions in April 2021 from 44.9 percent in April 2020 (Figure 1). The mining and quarrying sector remained the lowest recipient of industry credit with a share of 2.5 percent at end-April 2021, close to the 2.9 percent share in the prior year.

### ***3.2 Off-Balance Sheet Activities***

Off-balance sheet transactions (largely comprising trade finance and guarantees) amounted to GH¢13.9 billion as at end-April 2021, representing a 26.7 percent annual growth, compared to the 14.9 percent growth a year ago. Banks' contingent liabilities as a percentage of total liabilities inched up by 1 percentage point to 10.5 percent. On a year-to-date basis, off-balance sheet transactions increased by 12.9 percent reflecting the pick-up in economic activity and gradual resumption of cross-border activities (Annexes Table 3).

### ***3.3 Asset Quality***

Asset quality marginally weakened year-on-year with the NPL ratio increasing from 15.0 percent in April 2020 to 15.5 percent in April 2021. The increase was on the back of an increase in the stock of NPLs by 11.1 percent to GH¢7.44 while the stock of loans recorded only a modest growth of 7 percent over the period. The adjusted NPL ratio (excluding the fully provisioned loan loss category) similarly increased marginally from 6.1 percent to 6.5 percent over the review period.

The higher NPL ratio was driven mainly by the increase in the private sector NPL ratio from 16.3 percent to 17.1 percent, as the public sector NPL ratio marginally declined from 3.2 percent to 2.8 percent during the period. The increase in the industry NPL ratio, reflected in four out of the eight sectors, namely, commerce and finance, construction, mining and quarrying and transport storage and communication sectors, being among the sectors severely impacted by COVID-19. On the other hand, the NPL ratio for agriculture, forestry and fishing declined from 25.8 percent to 23.7 percent; electricity, water and gas dipped from 24.3 percent to 22.6 percent, while manufacturing also improved marginally from 18.5 percent to 18.3 percent. The services sector also saw its NPL ratio decline from 10.0 percent to 9.1 percent (Figure 1).

The inch up in the NPL ratio was moderated by the loan moratorium and repayment holidays that banks granted to customers severely impacted by the pandemic. Total restructured loans, executed by banks to cushion customers severely impacted by the pandemic stood at GH¢4.65 billion as at March 2021, representing some 9.8 percent of industry loan portfolio.

## **4.0 Financial Soundness Indicators**

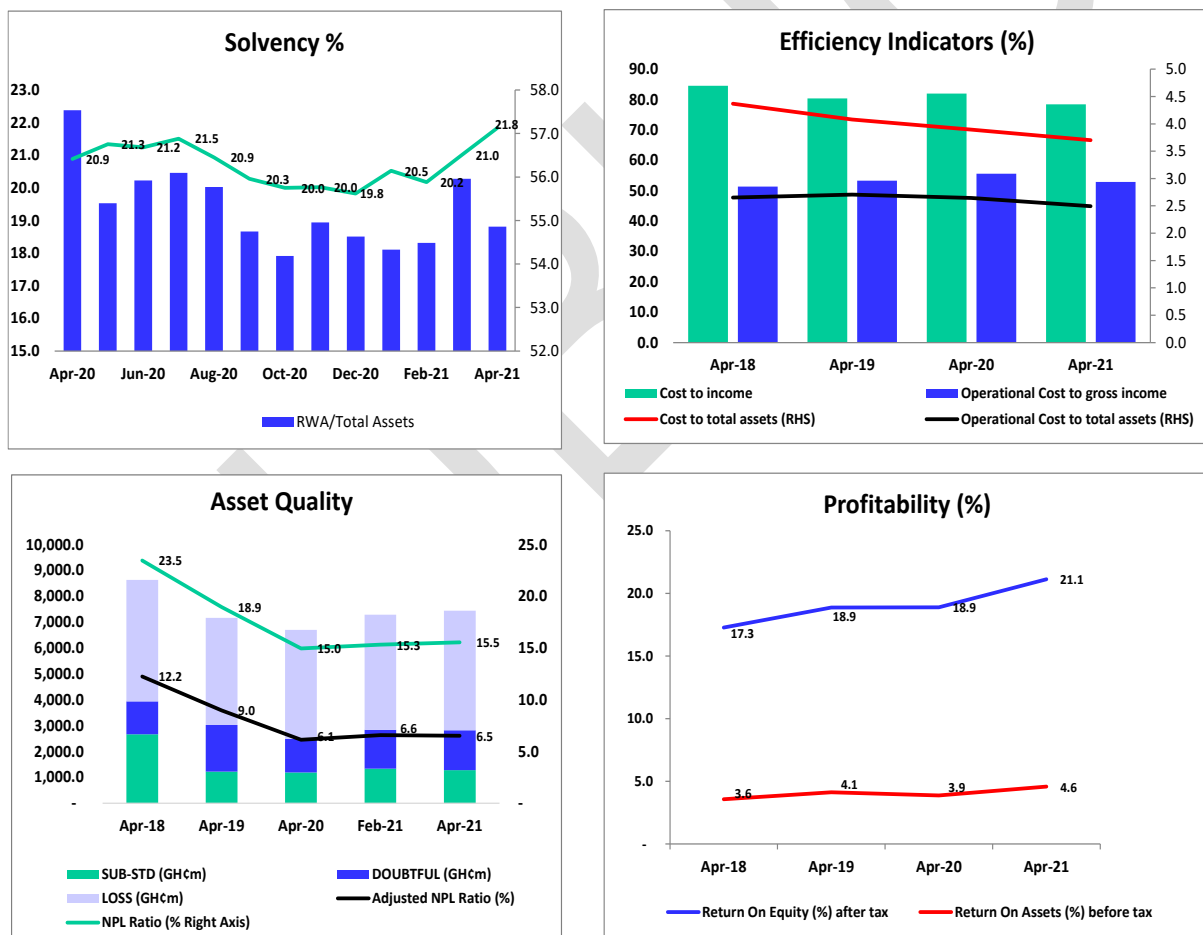
The banking sector remains sound as evidenced by the strong financial soundness indicators (FSIs) of the sector as of April 2021. Key FSIs such as liquidity, solvency, efficiency, and profitability remained broadly healthy during the review period.

#### 4.1 Liquidity Indicators

The ratio of core liquid assets (mainly cash and due from banks) to total deposits declined to 27.6 percent in April 2021 from 35.6 percent at 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 18.6 percent from 22.5 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, recorded improvements with the increase in long-term securities. Broad liquid assets to total assets increased to 65.5 percent from 62.7 percent while broad liquid assets to total deposits softened to 97.2 percent from 99.4 percent, partly on account of the strong growth in total 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 the April 2021 CAR of 21.8 percent 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 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 has recovered strongly as the annual growth in profit-after-tax increased sharply from 5.6 percent in April 2020 to 38.2 percent in April 2021.

The pick-up in the growth of the key income lines during the period contributed to the profit growth outturn. Net interest income grew by 18.4 percent in April 2021 from 18.8 percent a year earlier. Growth in interest income increased marginally from 16.1 percent in April 2020 to 16.3 percent in April 2021, while interest expense growth inched up from 10.9 percent to 12.0 percent during the same comparative period. Net fees and commissions recorded a strong growth of 26.5 percent from 8.8 percent, whereas other income sources for banks contracted, culminating in an increase in the growth of gross income from 14.0 percent to 15.5 percent during the review period.

Growth in operating expenses moderated from 17.8 percent in April 2020 to 1.7 percent in April 2021, reflecting effective cost containment measures of banks. The slower growth in operating expenses reflected in all the major components of operational expenses. For instance, growth in staff cost slowed to 4.1 percent in April 2021 from 14.1 percent in April 2020. Similarly, other operating expenses, generally related to administrative costs, contracted by 1.0 percent in April 2021 from a growth of 22.4 percent in the prior year (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 April 2021 compared with the same period last year due to the higher profit outturn. The sector's Return on Assets (ROA) increased to 4.6 percent from 3.9 percent during the comparative period, in line with the higher growth in profit-after-tax. The Return on Equity

(ROE) also increased to 21.1 percent in April 2021 from 18.9 percent in April 2020 (Figure 2 and Annexes Table 6).

*(b) Interest Margin and Spread*

Banks' interest spreads remained unchanged at 3.8 percent between April 2020 and April 2021 on account of unchanged gross yields and interest payable. The sector's interest margin to total assets also remained unchanged at 2.6 percent over the period, while the interest margin to gross income ratio edged up to 55.7 percent from 54.3 percent.

The ratio of gross income to total assets (asset utilisation) marginally declined to 4.7 percent from 4.8 percent over the period, implying that for each asset in use, the income generated remained broadly unchanged between April 2020 and April 2021. The industry's profitability ratio went up significantly to 21.6 percent in April 2021 from 18.0 percent a year earlier (Annexes Table 6).

*(c) Composition of Banks' Income*

A little over a half of banks' income came from investments in April 2021. Income from investments constituted 50.9 percent of banks' income at end-April 2021 from 44.1 percent in the prior year. Interest income from loans, the second largest source of banks' income, declined to 30.3 percent from 36.6 percent during the same comparative periods. Similarly, the share of banks' income from fees and commissions increased to 12.5 percent from 11.4 percent, in line with the higher growth of fees and commissions. The share of other income, however, dipped to 6.3 percent from 7.9 percent during the period under review (See Figure 3).

#### **4.4 Operational Efficiency**

All the key efficiency indicators were enhanced in April 2021 compared with the same period in 2020, reflecting a more efficient banking sector. The cost-to-income ratio of the industry improved from 81.9 percent in April 2020 to 78.4 percent in April 2021, while cost-to-total assets improved marginally from 3.9 percent to 3.7 percent during the same comparative period. The ratio of operational cost to total assets also improved marginally from 2.6 percent to 2.5 percent, while the ratio of operational cost to gross income improved from 55.6 percent to 52.9 percent (See Figure 2). Operational cost control measures by banks contributed to the improved operational efficiency.

#### **4.5 Banks' Counterparty Relationships**

Growth in offshore balances moderated in April 2021 relative to April 2020. Offshore balances contracted by 2.6 percent in April 2021 from the 5.7 percent growth in April 2020. Nostro balances also recorded a slower growth of 3.5 percent from 19.8 percent during the review period. The contraction in placements deepened from 5.8 percent in April 2020 to 9.0 percent in April 2021. Offshore balances also represented a lower share of 36.5 percent of the industry's net worth in April 2021 compared with 47.6 percent a year ago (See Annexes Table 8).

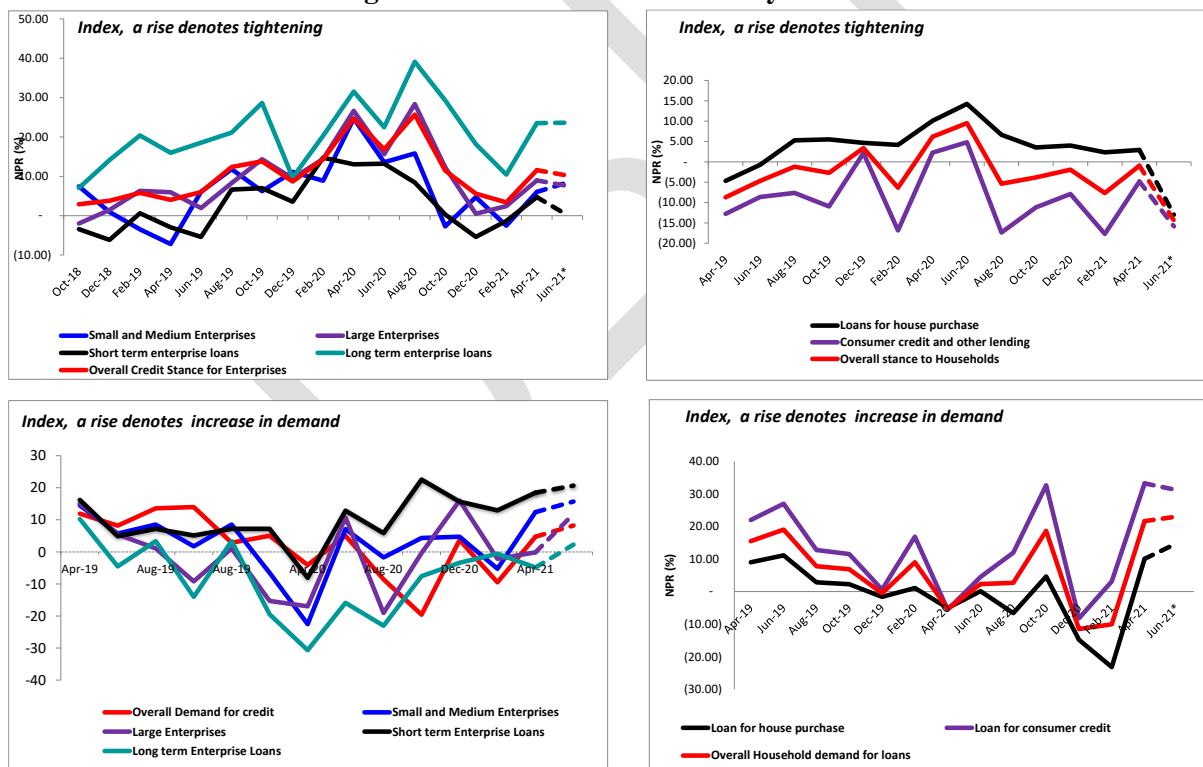
The share of banks' external borrowings in total borrowings increased to 56.8 percent in April 2021 from 51.2 percent in April 2020, while that of domestic borrowing declined to 43.2 percent from 48.8 percent during the review period. Banks' external borrowings were mainly short-term in nature, though the share of long-term external borrowing picked up significantly during the period, from 34.2 percent to 48.8 percent. The share of short-term funds in total external borrowing however, declined to 51.2 percent from 65.8 percent over the review period (Figure 3).

## 5.0 Credit Conditions Survey

Results from the April 2021 credit conditions survey pointed to a net tightening in overall credit stance on loans to enterprises. This net tightening in credit stance was reflected in all components of enterprise loans between February and April 2021. The tight credit stance continues to reflect the impact of the lingering uncertainty of the COVID-19 pandemic on the credit market. Banks have however, signalled a net easing in overall credit stance on loans to enterprises over the next two months (between April and June 2021). The projected net ease in banks' stance on loans to corporates will apply to almost all the sub-categories of enterprise loans except for loans to SMEs which is projected to remain tight. This can be attributed to the significant loan repayment challenges that SMEs have faced during the pandemic for which banks may want to maintain a net tightened stance towards that segment of the market.

The overall credit stance on household loans also recorded a net tightening between February 2021 and April 2021, driven by a net tightened stance on loans for consumer credit and other lending, while the stance on loans for house purchases recorded a net ease during the survey period. Over the next two months from April 2021, banks project the stance on loans to households to record a net ease, 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

Demand for loans by enterprises recorded a net increase during the current survey period from increases in the demand for all the sub-components of enterprise credit, apart from long-term enterprise credit which recorded a net decline. Banks' project the net increase in the enterprise demand for credit to persist over the next two months during which all the sub-components are projected to record net increases. The observed net increases in the demand for enterprise loans highlight the gradual and continuous pick-up in economic activity. Demand for loans by households also recorded a net increase during the survey period from increases in the two sub-components of

household credit. Over the next two months, banks expect the net increase in the demand for loans by households to continue, even though loans for consumer credit are projected to record a net decline (see Figure 4).

Banks' inflation expectations for six months ahead from April 2021 recorded a marginal uptick during the current survey period, attributable to the recent increases in fuel prices and implementation of the new taxes. Banks also expected lending rates to edge up marginally over the next six months due to the expected inch up in inflation and higher NPLs due to the elevated credit risks induced by the pandemic.

## **6.0 Conclusion and Outlook**

The banking sector continues to show resilience amid the COVID-19 pandemic. The industry has witnessed sustained growth in deposits, total assets, profits, and shareholder funds. Contributing to this strong industry performance are the policy measures and regulatory reliefs introduced by the Bank of Ghana to cushion the sector against the adverse impact of the pandemic. These COVID-19 policy and regulatory response measures have also somewhat helped to mute the effect of the pandemic on corporates and households and are being maintained in the near-term. The projected ease in credit stance and increase in credit demand from the latest credit conditions survey is expected to lead to improved credit performance in the near-term. The outlook for the banking industry therefore remains positive, and supportive of growth in the medium-term.

## ANNEXES

**Table 1: Asset and Liability Structure of the Banking Sector**

	<u>Apr-18</u>	<u>Apr-19</u>	<u>Apr-20</u>	<u>Feb-21</u>	<u>Apr-21</u>
<b>Components of Assets (% of Total)</b>					
Cash and Due from Banks	23.5	22.5	22.5	19.9	18.6
Investments	35.9	40.4	40.6	44.7	47.0
Net Advances	31.5	29.8	29.1	27.2	26.5
Others	8.0	8.4	7.0	7.5	7.8
<b>Components of Liabilities and Shareholders' Funds (% of Total)</b>					
Total Deposits	62.5	66.5	63.1	68.4	67.3
Total Borrowings	16.8	13.3	13.4	9.4	10.0
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(%)		
	Apr-19	Apr-20	Feb-21	Apr-21	Apr-20	Apr-21	Apr-20	Feb-21	Apr-21
Public Sector	3,816.49	4,701.19	4,347.05	5,049.55	23.2	7.4	-19.0	2.6	19.2
Private Sector	34,007.59	40,049.94	43,216.14	42,816.79	17.8	6.9	1.7	-0.7	-1.6
- Private Enterprises	24,669.94	28,999.48	31,644.35	31,784.09	17.5	9.6	0.7	-3.4	-3.0
o/w Foreign	3,758.35	3,888.09	4,118.07	4,054.27	3.5	4.3	2.9	7.1	5.5
Indigeneous	20,911.59	25,111.39	27,526.28	27,729.82	20.1	10.4	0.3	-4.8	-4.1
- Households	8,373.41	9,126.83	10,279.02	9,910.98	9.0	8.6	-3.0	7.6	3.7
Gross Loans	37,824.1	44,751.1	47,563.2	47,866.3	18.3	7.0	-0.9	-0.4	0.2

*Bank of Ghana Staff Calculations*

**Table 3: Contingent Liability**

	<u>Apr-18</u>	<u>Apr-19</u>	<u>Apr-20</u>	<u>Feb-21</u>	<u>Apr-21</u>
<b>Contingent Liabilities (GH¢)</b>	8,941.2	9,032.3	10,958.9	11,912.5	13,870.0
<b>Growth (y-o-y)</b>	26.5	2.2	14.9	7.4	26.7
<b>% of Total Liabilities</b>	10.6	9.6	9.5	9.2	10.5

*Bank of Ghana Staff Calculations*

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

	Apr-19		Apr-20		Feb-21		Apr-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
<b>a. Public Sector</b>	<b>10.1</b>	<b>2.7</b>	<b>10.5</b>	<b>2.2</b>	<b>9.1</b>	<b>1.9</b>	<b>10.5</b>	<b>1.9</b>
i. Government	4.0	0.8	3.8	0.3	3.7	0.5	4.6	0.5
ii. Public Institutions	1.4	0.3	2.8	0.2	2.6	0.0	2.8	0.0
iii. Public Enterprises	4.6	1.6	4.0	1.8	2.8	1.4	3.2	1.4
<b>b. Private Sector</b>	<b>89.9</b>	<b>97.3</b>	<b>89.5</b>	<b>97.8</b>	<b>90.9</b>	<b>98.1</b>	<b>89.5</b>	<b>98.1</b>
i. Private Enterprises	65.2	84.0	64.8	81.6	66.5	87.9	66.4	88.0
o/w Foreign	9.9	8.9	8.7	9.9	8.7	4.1	8.5	3.9
Indigeneous	55.3	75.1	56.1	71.8	57.9	83.8	57.9	84.1
ii. Households	22.1	12.1	20.4	8.3	21.6	8.6	20.7	8.5
iii. Others	2.5	1.2	4.3	7.8	2.7	1.6	2.3	1.5

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Table 5: Liquidity Ratios

	Apr-18	Apr-19	Apr-20	Feb-21	Apr-21
<b>Liquid Assets (Core) - (GHC'million)</b>	23,023.75	24,725.55	30,065.3	30,216.39	28,902.69
<b>Liquid Assets (Broad) -(GHC'million)</b>	57,693.57	68,698.07	83,932.7	97,917.44	101,939.42
<b>Liquid Assets to total deposits (Core)-%</b>	37.7	33.8	35.6	29.1	27.6
<b>Liquid Assets to total deposits (Broad)- %</b>	94.5	94.0	99.4	94.2	97.2
<b>Liquid assets to total assets (Core)- %</b>	23.5	22.5	22.5	19.9	18.6
<b>Liquid assets to total assets (Broad)- %</b>	59.0	62.5	62.7	64.4	65.5

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Table 6: Profitability Indicators (%)

	Apr-18	Apr-19	Apr-20	Apr-21
<b>Gross Yield</b>	6.3	5.6	5.7	5.6
<b>Interest Payable</b>	2.6	1.9	1.9	1.8
<b>Spread</b>	3.7	3.7	3.8	3.8
<b>Asset Utilisation</b>	5.2	5.1	4.8	4.7
<b>Interest Margin to Total Assets</b>	2.4	2.6	2.6	2.6
<b>Interest Margin to Gross income</b>	47.3	52.1	54.3	55.7
<b>Profitability Ratio</b>	15.5	19.5	18.0	21.6
<b>Return On Equity (%) after tax</b>	17.3	18.9	18.9	21.1
<b>Return On Assets (%) before tax</b>	3.6	4.1	3.9	4.6

Source: Bank of Ghana Staff Calculations

**Table 7: DMBs' Income Statement Highlights**

	Apr-18	Apr-19	Apr-20	Apr-21	Apr-19	Apr-20	Apr-21
	<u>(GH c'million)</u>				<u>Y-on-y Growth (%)</u>		
Interest Income	4,068.8	4,417.3	5,128.2	5,963.8	8.6	16.1	16.3
Interest Expenses	1,677.22	1,510.04	1,674.15	1,874.66	(10.0)	10.9	12.0
<b>Net Interest Income</b>	<b>2,391.6</b>	<b>2,907.2</b>	<b>3,454.1</b>	<b>4,089.2</b>	<b>21.6</b>	<b>18.8</b>	<b>18.4</b>
Fees and Commissions (Net)	638.9	666.6	725.4	917.6	4.3	8.8	26.5
Other Income	346.5	491.7	504.8	464.7	41.9	2.7	(7.9)
Operating Income	3,376.9	4,065.4	4,684.3	5,471.5	20.4	15.2	16.8
Operating Expenses	1,836.14	2,010.60	2,369.13	2,409.01	9.5	17.8	1.7
Staff Cost (deduct)	973.65	1,103.02	1,258.46	1,309.92	13.3	14.1	4.1
Other operating Expenses	862.48	907.58	1,110.67	1,099.09	5.2	22.4	(1.0)
<b>Net Operating Income</b>	<b>1,540.8</b>	<b>2,054.8</b>	<b>2,315.1</b>	<b>3,062.5</b>	<b>33.4</b>	<b>12.7</b>	<b>32.3</b>
Total Provision (Loan losses, Depreciation & others)	422.15	499.85	643.07	728.10	18.4	28.7	13.2
<b>Income Before Tax</b>	<b>1,118.6</b>	<b>1,555.0</b>	<b>1,672.1</b>	<b>2,334.4</b>	<b>39.0</b>	<b>7.5</b>	<b>39.6</b>
Tax	336.41	468.34	524.95	749.05	39.2	12.1	42.7
<b>Net Income</b>	<b>782.2</b>	<b>1,086.7</b>	<b>1,147.1</b>	<b>1,585.3</b>	<b>38.9</b>	<b>5.6</b>	<b>38.2</b>
Gross Income	5,054.1	5,575.5	6,358.4	7,346.2	10.3	14.0	15.5

*Bank of Ghana Staff Calculations*

**Table 8: Developments in Offshore Balances**

	Apr-18	Apr-19	Apr-20	Feb-21	Apr-21
<b>Offshore balances as % to Networkth</b>	50.9	54.2	47.6	44.5	36.5
<b>Annual Growth in Offshore balances (%)</b>	1.5	20.1	5.7	6.8	-2.6
<b>Annual Growth in Nostro Balances (%)</b>	25.1	-5.8	19.8	15.3	3.5
<b>Annual Growth in Placement (%)</b>	-19.0	55.2	-5.8	-1.9	-9.0

*Source: Bank of Ghana Staff Calculations*