



BANK OF GHANA

**Explanatory Notes on Guidelines on
Management and Measurement of Credit
Concentration Risk**

*for Banks, Savings and Loans Companies, Finance Houses
and Financial Holding Companies*

September 2025

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INTRODUCTION

Pursuant to Section 92(1) of the Banks and Specialised Deposit-Taking Institutions Act, 2016 (Act 930), the Bank of Ghana (BOG) has issued the Guidelines on Management and Measurement of Credit Concentration Risk in September 2025, following consultation with the banking industry (herein called “the industry”) as well as the IMF Resident Advisor.

The Guidelines on Management and Measurement of Credit Concentration Risk are aimed at ensuring that banks, savings and loans companies, finance houses, and financial holding companies (FHCs), hereafter referred to as Regulated Financial Institutions (RFIs), implement an appropriate risk management framework to effectively identify and manage credit concentration risk. This is aimed at ensuring financial resilience under credit shocks due to default arising from exposure to a sector, large counterparties or geographical location and to prevent the potential adverse effect of credit concentration risk on their solvency position and overall risk profile.

The Bank of Ghana has carefully considered the feedback, comments and contributions received during the public consultation of the Guidelines on Management and Measurement of Credit Concentration Risk. This has culminated in the revised Guidelines dated September 2025, which address material issues identified in the Exposure Draft of the Guidelines.

This document therefore explains the significant revisions reflected in the final version of the Guidelines titled “Guidelines on Management and Measurement of Credit Concentration Risk”.

NOTES EXPLAINING REVISIONS REFLECTED IN THE GUIDELINES ON MANAGEMENT AND MEASUREMENT OF CREDIT CONCENTRATION RISK.

Preamble

Introduction has been changed to Preamble, and the numbering of the paragraphs under Preamble has also been changed to roman numerals. This is to ensure consistency with the structure of BOG directives.

Part I – Application

- i. Paragraph 3 has been revised to ensure the directive is read in conjunction with other relevant BOG directives.

Part I – Definition and Interpretation

- i. Definition for Board has been inserted to mean the board of directors of an RFI.
- ii. Definition for CRM has been inserted to ensure clarity.
- iii. Definition of Risk Appetite has been inserted to mean the aggregate level and type of risk an RFI is willing to assume, decided in advance and within its risk capacity, to achieve its strategic objectives and plan.
- iv. Definition of Senior Management has been inserted to align with its definition in other BOG directives.

Part III – Measurement of Credit Concentration Risk

- i. Paragraph 48 under Part III (Credit Concentration Risk with the ICAAP), which indicates some proposed metrics to assess Credit Concentration Risk, has been moved to the above section (Part III – Measurement of Credit Concentration Risk) for proper alignment.

Part III – Credit Concentration Risk with the ICAAP

- i. A footnote has been inserted to indicate that this section only applies to banks. Consequently, the word RFIs has been replaced with banks.

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