BANK OF GHANA

Banking Sector Report

JULY 2018

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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

Monetary Policy in Ghana

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. Price stability in this context is defined as a medium-term inflation target of 8 percent with a symmetric band of ±2 percent. This target band is consistent with the objective of attaining the desired long-term average rate of growth for the economy. Other objectives spelt out in the amended Bank of Ghana Act 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 taken into account in monetary policy formulation.

Monetary Policy Strategy

To achieve the objective of price stability, Bank of Ghana was granted operational independence to employ the appropriate policy tools needed to stabilise inflation around the medium-term target. The Bank of Ghana's framework for conducting monetary policy is Inflation Targeting (IT) which entails the use of the Monetary Policy Rate (MPR) as the key policy tool that provides guidance on the monetary policy stance and also used to anchor inflation expectations.

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 is the Chairman) and two external members appointed by the Minister of Finance. The MPC meets bi-monthly in the course of the year to assess economic conditions and risks to the inflation and growth outlook. The committee, after assessing recent economic conditions and taking a forward looking view of the evolution of key macroeconomic indicators votes to position the MPR through a process of consensus building with each member assigning reasons for the stated or preferred direction of interest rate move.. Each interest rate decision provides a signalling of the stance of monetary policy The MPC meeting dates are determined well in advance at the beginning of each year. In line with the transparency aspects of the framework, 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 Committee's decisions to the financial markets and the general public.

2. SUMMARY

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

Broadly, key financial soundness indicators improved moderately since the last MPC meeting, although some weaknesses remain. In particular, a significant portion of the banks' loan books remained impaired. The NPL ratio increased between June 2017 and June 2018 although the annual rate of growth of non-performing loans declined in June 2018.

Earnings from investments constituted the major source of income for the banks in June 2018. With the decline in revenue from loans, banks explored other income generating sources to make up for the shortfall. There was a slight pickup in growth in outstanding credit balances over the last reported position (April 2018) although credit growth remained much lower than the June 2017 level. The June 2018 Credit Conditions Survey round indicated net tightening on loans to enterprises while inflation and lending rate expectations eased marginally between the April and June 2018 survey rounds.

Banks have intensified efforts towards meeting the minimum capital requirement by December 2018 alongside emerging signs of balance sheet repairs within the banking sector. The on-going regulatory reforms including the issuance of directives are expected to address challenges and strengthen banking operations.

3. BANKING SECTOR DEVELOPMENTS

3.1 Banks' Balance Sheet

Total assets of the banking sector stood at GH¢100.35 billion by end-June 2018. Year-on-year growth in total assets, however, slowed to 15.7 percent in June 2018 from 30.8 percent in June 2017. With the exception of fixed assets, the slowdown was reflected in all components of total assets, both domestic and foreign. In particular, growth in investments, the largest component of total assets, was 41.1 percent in June 2018 down from 54.9 percent in June 2017. Net advances (gross loans net of provisions and interest in suspense) also recorded a modest 3.5 percent growth in June 2018 compared with 10.6 percent growth same period last year. Similarly, growth in the banking sector's foreign assets slowed sharply to 2.5 percent in June 2018 from 21.7 percent in June 2017, on the back of a decline in banks' placements abroad.

The banking sector's outstanding stock of gross loans of GH¢38.67 billion recorded a moderate growth of 3.1 percent in June 2018, compared with 15.9 percent growth a year earlier. Improvements in loan recoveries (partly due to proceeds from the ESLA bond) and increased write-offs partly offset new advances granted by the banks, led to slower growth in the sector's loan book in June 2018. Compared with June 2017, investments of GH¢35.82 billion gained prominence (over net advances) on the balance sheet of banks with the biggest share of total assets of 35.7 percent in June 2018. Although growth in both components of investments slowed within the review period, the share of securities in total assets increased while the share of bills in total assets declined, indicating a shift in banks' preference towards longer-dated investment securities.

With the exception of the internally generated funds, growth in the banking industry's other major funding sources moderated in June 2018 compared with June 2017, partly accounting for the slower growth of assets. The banks' primary source of funding, deposits, increased from GH¢54.48 billion to GH¢61.78 billion during the period under review. A quarter of these deposits were denominated in foreign currency. On year-on-year, basis, however, deposit growth moderated to 13.4 percent in June 2018 compared with 31.2 percent growth in June 2017. Total borrowings for the banks increased to GH¢17.95 billion, representing a 14.4 percent growth in June 2018 (42.4% growth in June 2017).

Fresh capital as well as additional capital injection by some banks (due to the December 2018 recapitalisation deadline) contributed to the increase in paid-up capital in the banking industry during the period under review. The banking sector's paid-up capital increased by 41.1 percent to

GH¢5.97 billion in June 2018 compared with a growth of 32.2 percent last year. Similarly, banks' shareholders' funds (a combination of banks' paid-up capital and reserves) grew by 26.0 percent in June 2018 compared with 18.3 percent growth in June 2017.

Table 1: Key Developments in DMBs' Balance Sheet

	GH¢million				Y-on-Y Growth (%)			Shares (%)	
	Jun-16	Jun-17	Apr-18	Jun-18	Jun-17	Apr-18	Jun-18	Jun-17	Jun-18
TOTAL ASSETS	**66,294.1**	**86,718.0**	**97,782.2**	**100,347.2**	**30.8**	**15.7**	**15.7**	**100.0**	**100.0**
A. Foreign Assets	5,659.1	6,887.3	7,606.1	7,060.4	21.7	3.0	2.5	7.9	7.0
B. Domestic Assets	60,635.0	79,830.7	90,176.1	93,286.8	31.7	17.0	16.9	92.1	93.0
Investments	16,387.3	25,388.2	35,098.9	35,822.4	54.9	41.5	41.1	29.3	35.7
i. Bills	13,280.8	17,662.5	19,362.0	19,369.4	33.0	8.5	9.7	20.4	19.3
ii. Securities	3,106.5	7,725.7	15,736.9	16,453.0	148.7	126.3	113.0	8.9	16.4
Advances (Net)	28,499.6	31,534.6	30,837.6	32,648.9	10.6	(0.5)	3.5	36.4	32.5
of which Foreign Currency	9,010.5	8,963.5	8,593.6	9,415.1	(0.5)	1.9	5.0	10.3	9.4
Gross Advances	32,364.1	37,510.8	36,754.8	38,670.3	15.9	2.2	3.1	43.3	38.5
Other Assets	2,629.9	4,481.5	4,545.5	3,912.3	70.4	18.4	(12.7)	5.2	3.9
Fixed Assets	2,492.9	3,177.7	4,197.9	4,363.3	27.5	36.2	37.3	3.7	4.3
TOTAL LIABILITIES AND CAPITAL	**66,294.1**	**86,718.0**	**97,782.2**	**100,347.2**	**30.8**	**15.7**	**15.7**	**100.0**	**100.0**
Total Deposits	41,535.3	54,484.9	61,079.9	61,778.4	31.2	15.6	13.4	62.8	61.6
of which Foreign Currency	12,351.4	14,689.2	15,079.2	15,686.8	18.9	8.8	6.8	16.9	15.6
Total Borrowings	11,020.8	15,690.5	16,409.8	17,949.8	42.4	12.7	14.4	18.1	17.9
Foreign Liabilities	3,353.9	5,196.7	5,927.6	6,580.4	54.9	27.4	26.6	6.0	6.6
i. Short-term borrowings	1,452.7	2,819.8	3,396.0	3,769.7	94.1	50.1	33.7	3.3	3.8
ii. Long-term borrowings	1,654.0	2,008.7	2,124.6	2,397.4	21.4	5.2	19.4	2.3	2.4
iii. Deposits of non-residents	247.3	368.3	407.0	413.3	49.0	9.8	12.2	0.4	0.4
Domestic Liabilities	53,477.3	70,407.6	77,774.2	79,444.7	31.7	14.0	12.8	81.2	79.2
i. Short-term borrowing	7,036.2	9,438.5	9,539.3	10,466.8	34.1	6.8	10.9	10.9	10.4
ii. Long-term Borrowings	877.9	1,423.6	1,349.9	1,315.9	62.2	0.8	(7.6)	1.6	1.3
iii. Domestic Deposits	41,288.0	54,116.5	60,672.9	61,365.2	31.1	15.7	13.4	62.4	61.2
Other Liabilities	4,374.1	5,463.6	6,552.6	6,655.2	24.9	18.4	21.8	6.3	6.6
Paid-up capital	3,201.3	4,230.8	5,220.1	5,969.5	32.2	25.9	41.1	4.9	5.9
Shareholders' Funds	9,363.8	11,079.0	13,739.9	13,963.8	18.3	18.8	26.0	12.8	13.9

3.1.1 Asset and Liability Structure

Unlike previous years, investments were the most prominent on the banks' balance sheet in June 2018. Of the stock of total assets in the banking industry, 35.7 percent was allocated to investments while 32.6 percent was allocated to net advances. The declining share of loans and the increasing share of investments in total assets are indications that banks are gradually reallocating their portfolio in favour of less risky assets.

The banking sector remained highly leveraged with total deposits funding constituting 61.6 percent of banks' total assets in June 2018. Borrowings were the second highest source of funding for the banks accounting for 17.9 percent of total liabilities and capital. The shares of both deposits and borrowings in total liabilities and capital however declined between June 2017 and June 2018. While the share of 'borrowed' funds fell, the share of banks' internally generated funds comprising paid up capital and reserves increased. The proportion of shareholders' funds in banking sectors' total liabilities and capital increased from 12.8 percent in June 2017 to 13.9 percent in June 2018 [See Annexes Table 1].

3.1.2 Share of Banks' Investments

More than half of the banking industry's investments were in short-term investments, however, the share of bills in total investments declined in favour of longer-dated instruments as inflation expectations continue to ease. The share of bills in total investments declined to 54.1 percent in June 2018 from 69.6 percent a year earlier, while the share of securities increased from 28.8 to 44.7 percent over the same comparative period. The proportion of banks' investment in shares and other equities remained low at 1.2 percent in June 2018, down from 1.7 percent a year ago.

3.2 Credit Risk

Credit risk within the banking sector remained elevated with about a fifth of all loans within the industry being classified as non-performing. The non-performing loans (NPL) ratio however declined marginally from April 2018. The pace of loan impairment also slowed in June 2018 compared with a year earlier. As part of measures to ensure that banks manage credit risks efficiently and also have enough capital to absorb losses, Bank of Ghana has issued the Capital Risk Directives.

3.2.1 Credit Portfolio Analysis

The banking industry's stock of gross loans and advances (both domestic and foreign) was GH¢38.71 billion as at end June 2018. The banks' loan book contracted by 6.2 percent year-on-year in real terms compared with a growth of 3.3 percent in the same period last year, following the exclusion of gross loans and advances of the defunct UT and Capital banks. Similarly, private sector credit (comprising loans to private enterprises and households) recorded a contraction of 4.2 percent, compared with the 2.6 percent growth recorded in the previous year. Credit to households, however, grew by 28.4 percent in real terms, in June 2018 compared with 0.7 percent contraction recorded in the same period of last year [See Annexes Table 2].

Relatively, more of outstanding credit balances for the banking industry were attributed to the private sector than the public sector in June 2018. The share of banks' credit to the private sector went up to 88.9 percent in June 2018 from 86.9 percent in June 2017, while that attributed to the public sector declined from 13.1 percent to 11.1 percent within the same comparative period. Most of the public sector credit was attributed to the public enterprises. Credit to indigenous private enterprises constituted the largest component of private sector credit, however, its share in total credit declined from 62.3 percent in June 2017 to 59.7 percent in June 2018. The share of industry credit to households remained smaller compared with the proportion attributed to the indigenous private enterprises. However, its percentage share in total credit increased from 14.3 percent in June 2017 to 19.6 percent in June 2018 [See Annexes Table 4].

The Commerce & Finance, Services and Electricity, Gas and Water sectors accounted for 56.3 percent of total outstanding credit balances in the banking industry as at end June 2018. A quarter of all loans in the industry were however attributed to the Commerce and Finance sector alone by the end of the review period. The Mining and Quarrying sector as well as the Agriculture, Forestry & Fishing sector accounted for the smallest outstanding credit balances of 2.4 and 3.9 percent respectively.

3.2.2 Off-Balance Sheet Activities

The ratio of banks' contingent liabilities to total banking sector liabilities increased marginally to 10.7 percent in June 2018 from 10.2 percent in June 2017. This represented an increase in trade finance and guarantees from GH¢7.34 billion to GH¢8.92 billion within the review period. Growth in off balance sheet items went up to 21.5 percent in June 2018 from 12.6 percent same period of last year [See Annexes Table 3].

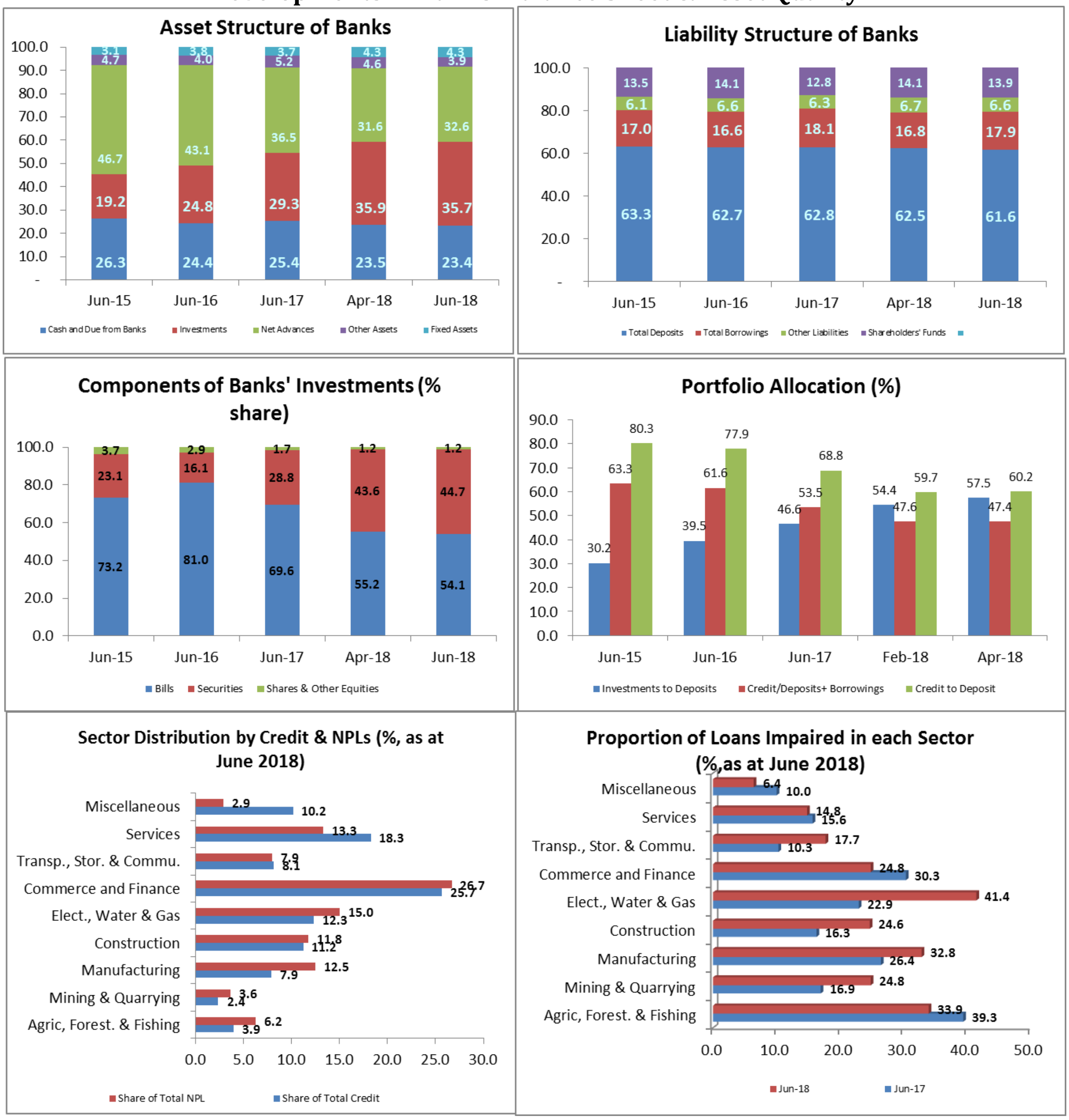
3.2.3 Asset Quality

The ratio of banks' total loans classified as impaired remained high in June 2018. However, the NPL ratio fell to 22.6 percent in June 2018 from the last reported position of 23.5 percent in April 2018. The comparative position for June 2017 was 21.2 percent. Adjusting the industry's NPL ratio for the fully provisioned loan loss category, reduces the ratio to 12.3 percent in June 2018 compared with an adjusted NPL ratio of 11.3 percent in June 2017. In spite of the increase in the NPL ratio over the one-year period, growth in non-performing loans slowed down considerably to 9.7 percent as at end June 2018, compared with an annual growth of 30.7 percent in June 2017. The stock of non-performing loans stood at GH¢8.74 billion by the end of the second quarter of 2018.

The bulk of NPLs in the industry as at end June 2018 were attributed to the private sector, though its share in total NPLs declined to 89.9 percent from 94.9 percent in June 2017. On the other hand, the proportion of impaired assets attributed to the public sector increased from 5.1 to 10.1 percent over the same comparative period. With the increase in the share of household credit in total credit within the review period, the share of household NPLs in total NPLs also went up from 5.1 percent in June 2017 to 6.3 percent in June 2018 [See Annexes Table 4].

A breakdown of NPLs into sectors indicated that the Commerce and Finance sector (with the greatest share of outstanding credit balances) held the highest share of 26.7 percent of the industry NPLs. Together with the Services and the Electricity, Water & Gas sectors, the three largest sectors (in terms of outstanding credit balances) accounted for 55.0 percent of total NPLs as at end June 2018. The Mining and Quarrying sector accounted for the least share of 3.6 percent. Further analysis to identify the proportion of loans impaired in each sector indicated that the Electricity, Water & Gas sector had 41.4 percent of its loans being classified as non-performing as at end-June 2018. The Agriculture, Forestry and Fishing Sector had the second highest sectoral NPL ratio of 33.9 percent while the Services sector appeared the most efficient in terms of management of its credit risk with a sectoral NPL ratio of 14.8 percent.

Developments in Banks' Balance Sheet & Asset Quality



3.3 Financial Soundness Indicators

3.3.1 Liquidity Indicators

Operational liquidity indicators in the banking sector recorded a mixed performance with core liquidity measures (core liquid assets to total deposits and core liquid assets to total assets) declining marginally in June 2018 compared with last year, while broad liquidity indicators (broad liquid assets to total deposits and broad liquid assets to total assets) recorded some improvements. Despite the decline in the core liquidity measures, the banking industry remained adequately liquid to meet its short-term obligations [See Annexes Table 5].

3.3.2 Capital Adequacy Ratio (CAR)

The banking industry remained solvent with the CAR well above the statutory requirement of 10.0 percent. Efforts by the banks to improve their capital levels to the required minimum of GH¢400.00 million by 31st December 2018, contributed to the increase in the capital adequacy ratio (CAR) to 19.3 percent in June 2018 from 14.8 percent in the same period of last year. The proportion Risk-Weighted Assets (RWA) in total assets also declined to 62.9 percent in June 2018 from 64.5 percent in June 2017, signalling some moderation in the industry's risk-taking activities.

3.3.3 Profitability

The banking industry reported profits of GH¢1.22 billion for the first six months of the year, 21.7 percent higher than the profits recorded in the same period last year. Although net interest income grew at a slower pace by 3.0 percent in June 2018- compared with 12.0 percent in June 2017, the net effect of moderating growth in operating expenses and provisions resulted in a higher net income growth for the period ending June 2018. Low yields on money market instruments as well as the high stock of NPLs in the banking industry accounted for the lower interest income banks derived on loans within the first half of 2018 [See Annexes Table 7].

(a) Return on Assets and Return on Equity

In spite of the increase in net income for the banking industry, the net profit that banks derived for every unit of asset or equity utilised declined. The industry's main annualised 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 June 2018 compared with the same period last year. The ROA declined to 3.5 percent in June 2018 from 3.7 percent in June 2017. Similarly, the industry ROE fell to 16.8 percent from 17.7 percent in the same comparative period [See Annexes Table 6].

Financial Soundness Indicators (FSIs)

(b) Interest Margin and Spread

Banks' interest spread narrowed, while the ratio of gross income to total assets (asset utilisation) also declined to 8.8 percent in June 2018 from 9.8 percent in June 2017, an indication that for every unit of asset utilised by the banks, less income was generated in June 2018 compared with June 2017. Similarly, banks' interest margin to total assets declined to 3.7 from 4.1 percent over the same review period.

(c) Composition of Banks' Income

In line with the shifts in banks' asset structure, income from investments formed the major source of earning for the banks, with the share in earnings increasing to 43.2 percent in June 2018 from 40.3 percent in June 2017. Interest income from loans, however, slowed with its share in total income declining to 36.2 percent from 44.1 percent over the same review period. To make up for the reduction in earnings from loans advanced, banks relied on other income generating sources as well. The percentage share of fees and commissions in total income increased to 12.7 percent from 10.0 percent within the period under review, while the share of banks' other income sources went up to 7.9 percent from 5.7 percent.

3.3.4 Operational Efficiency

The banking industry's efficiency indicators pointed towards a general improvement in efficiency. With the exception of the industry's operational cost to income ratio, all other indicators declined within the period under review. The banking industry's cost to income ratio declined to 84.3 percent in June 2018 from 87.3 percent in June 2017.

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¢6.47 billion as at end June 2018, representing a 2.0 percent annual growth compared with the 24.1 percent growth recorded in the previous year. The contraction in banks' placements abroad accounted for the sharp decline in offshore balances in June 2018. Banks' nostro balances abroad grew by 47.2 percent in June 2018 following a contraction of 19.8 percent in June 2017 [See Annexes Table 8].

Banks borrowed more from domestic sources than from their foreign counterparties in June 2018. The share of banks' borrowing from domestic sources in total borrowed funds however declined to 65.6 percent in June 2018 from 69.2 percent in June 2017 as the share of foreign borrowing in total borrowing increased to 34.4 percent from 30.8 percent during the same review period. A greater proportion of banks' foreign borrowings were short-term in nature, with the share of banks' short-term borrowing in total external borrowing increasing to 61.1 percent in June 2018 from 58.4 percent in June 2017.

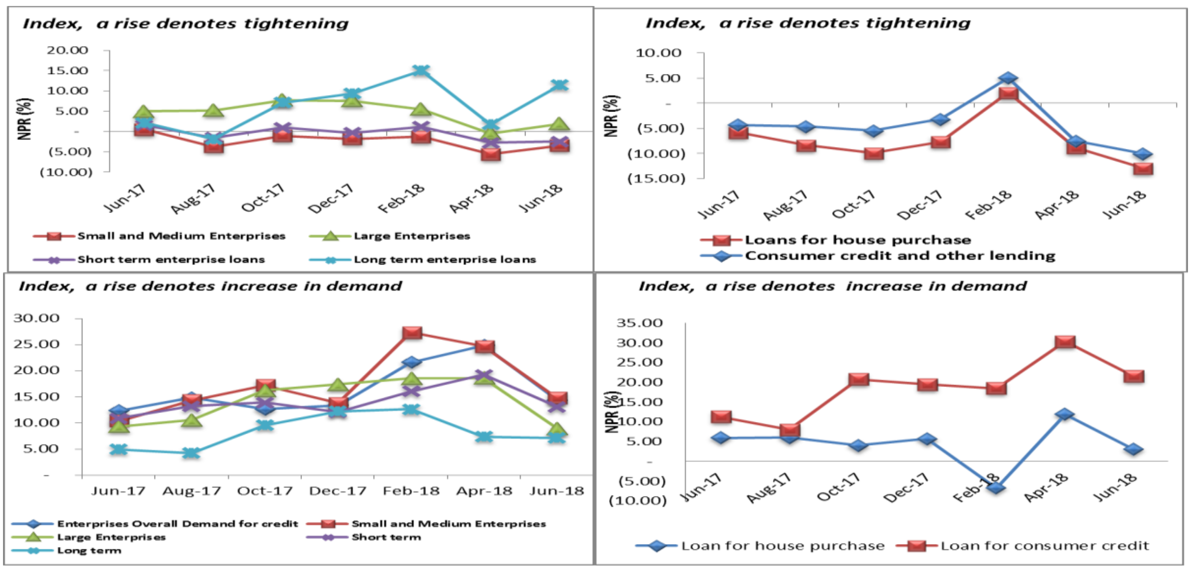
4. CREDIT CONDITIONS SURVEY

The Credit Conditions survey conducted in June 2018 indicated net tightening in banks' credit stance on loans to corporates. Banks tightened their credit stance on loans to Small and Medium Enterprises (SMEs) and large enterprises as well as on short-term and long-term enterprise loans. There was however a net easing of banks' credit stance on loans to households for house purchases and consumer credit. Banks cited high NPLs as well as balance sheet constraints as reasons for the tight credit stance on loans to corporates.

Overall demand for credit by both households and enterprises declined during the June 2018 survey round and was reflected mainly in low demand for loans by SMEs and large enterprises as well as for short-term enterprises. Similarly, demand for loans for house purchases and consumer credit dipped during the June 2018 survey round.

There was a marginal decline in inflation expectations, one year ahead, from 11.0 percent in April 2018 to 10.9 percent during the June 2018 survey round. Expectations that the recently observed disinflation process will continue into the near future as well as expectations that the economy would continue to improve accounted for the lower inflation expectations by banks. Banks however noted that volatility in the exchange rate posed an upside risk to inflation. Banks' lending rate expectations, also dipped marginally to 22.7 percent in June 2018 compared with the April 2018 survey results of 22.9 percent. Banks continued to cite the implementation of the recently introduced Ghana Reference Rate (GRR) as the main reason for the decline in lending rates expectations, despite concerns about asset quality.

Credit Conditions Survey



5. CONCLUSION AND OUTLOOK

The banking industry remains safe and sound despite pockets of weaknesses. By the end of the second quarter of 2018, banks were generally solvent and sufficiently liquid. There were clear signs of continued efforts to recapitalise to meet the December 2018.

On the supervision front, Bank of Ghana continued to put in extra measures to address weaknesses in the banking sector. These included the issuance of the Capital Requirements Directive towards the implementation of Basel II/III in the banking sector, the exposure draft directives on 'Fit and Proper' requirements, as well as financial holding company's directives to address corporate governance issues currently facing the banking system. The outlook for the industry remains positive in the short to medium-term as measures being introduced will address weaknesses within the banking system.

ANNEXES

Table 1: Asset and Liability Structure of the Banking Sector

	Jun-15	Jun-16	Jun-17	Apr-18	Jun-18
Components of Assets (% of Total)					
Cash and Due from Banks	26.29	24.37	25.39	23.55	23.44
Investments	19.21	24.77	29.32	35.93	35.73
Net Advances	46.71	43.13	36.46	31.58	32.58
Other Assets	4.66	3.97	5.17	4.65	3.90
Fixed Assets	3.13	3.76	3.66	4.29	4.35
Components of Liabilities & Shareholders Funds(% of Total)					
Total Deposits	63.32	62.65	62.83	62.47	61.56
Total Borrowings	17.04	16.62	18.09	16.78	17.89
Other Liabilities	6.15	6.60	6.30	6.70	6.63
Shareholders' Funds	13.49	14.12	12.78	14.05	13.92

Table 2: Gross Loans and Real Credit Growth

	Jun-15	Jun-16	Jun-17	Apr-18	Jun-18
Gross Loans and Advances (GH¢m)	29,793.22	32,364.10	37,510.76	36,797.13	38,713.76
Real Growth (y-o-y)	15.4	(8.2)	3.3	(6.8)	(6.2)
Private Sector Credit (GH¢m)	26,142.65	28,385.14	32,653.99	32,842.77	34,423.57
Real Growth (y-o-y)	13.9	(8.2)	2.6	(3.7)	(4.2)
Household Loans (GH¢m)	4,186.50	4,836.69	5,383.67	7,196.37	7,604.26
Real Growth (y-o-y)	3.8	(2.3)	(0.7)	28.6	28.4

Table 3: Contingent Liability

	Jun-15	Jun-16	Jun-17	Apr-18	Jun-18
Contingent Liabilities (GH¢)	7,173.2	6,518.9	7,339.3	8,941.2	8,919.9
Growth (y-o-y)	36.2	- 9.1	12.6	30.1	21.5
% of Total Liabilities	14.2	11.5	10.2	11.0	10.9

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

	Jun-16		Jun-17		Apr-18		Jun-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	**12.6**	**12.7**	**13.1**	**5.1**	**10.7**	**9.3**	**11.1**	**10.1**
i. Government	1.9	1.4	1.6	1.0	2.5	1.0	2.6	1.0
ii. Public Institutions	2.6	2.0	4.3	0.1	1.1	0.4	1.0	0.3
iii. Public Enterprises	8.0	9.2	7.2	4.0	7.2	7.9	7.5	8.8
b. Private Sector	**87.4**	**87.3**	**86.9**	**94.9**	**89.3**	**90.7**	**88.9**	**89.9**
i. Private Enterprises	70.0	80.9	71.2	89.3	67.8	84.5	67.6	82.9
o/w Foreign	9.2	7.9	8.9	12.1	7.3	7.6	7.9	7.5
Indigeneous	60.8	73.0	62.3	77.2	60.5	76.9	59.7	75.4
ii. Households	14.9	6.0	14.3	5.1	19.6	5.6	19.6	6.3
iii. Others	2.5	0.4	1.4	0.5	1.9	0.6	1.7	0.6

Table 5: Liquidity Ratios

	Jun-18	Jun-16	Jun-17	Apr-18	Jun-18
Liquid Assets (Core) - (GH¢'million)	23,520.4	16,154.9	22,014.6	23,023.7	23,520.43
Liquid Assets (Broad) -(GH¢'million)	58,912.6	32,072.3	46,980.1	57,693.6	58,912.65
Liquid Assets to total deposits (Core)-%	38.1	38.9	40.4	37.7	38.07
Liquid Assets to total deposits (Broad)- %	95.4	77.2	86.2	94.5	95.36
Liquid assets to total assets (Core)- %	23.4	24.4	25.4	23.5	23.44
Liquid assets to total assets (Broad)- %	58.7	48.4	54.2	59.0	58.71

Table 6: Profitability Indicators (%)

	Jun-15	Jun-16	Jun-17	Jun-18
Gross Yield	10.9	13.4	11.8	8.8
Int Payable	4.5	5.5	5.5	3.6
Spread	6.4	7.8	6.3	5.3
Asset Utilitisation	9.0	9.8	9.2	8.8
Interest Margin to Total Assets	4.6	4.8	4.1	3.7
Interest Margin to Gross income	50.7	49.3	45.2	47.5
Profitability Ratio	19.8	16.3	12.6	15.7
Return On Equity (%) after tax	29.1	22.9	17.7	16.8
Return On Assets (%) before tax	5.6	4.9	3.7	3.5

Table 7: DMBs' Income Statement Highlights

	Jun-16	Jun-17	Jun-18	Jun-17	Jun-18
	(GH ¢'million)			Y-on-y Growth (%)	
Interest Income	5,483.53	6,722.13	6,198.01	22.6	(7.8)
Interest Expenses	(2,271.24)	(3,125.23)	(2,494.88)	37.6	(20.2)
Net Interest Income	**3,212.29**	**3,596.90**	**3,703.13**	12.0	3.0
Fees and Commissions (Net)	698.27	792.62	988.63	13.5	24.7
Other Income	332.43	450.75	616.52	35.6	36.8
Operating Income	**4,242.99**	**4,840.27**	**5,308.28**	14.1	9.7
Operating Expenses	**(2,162.16)**	**(2,690.30)**	**(2,833.79)**	24.4	5.3
Staff Cost (deduct)	(1,158.44)	(1,349.96)	(1,274.42)	16.5	(5.6)
Other operating Expenses	(1,003.73)	(1,340.34)	(1,559.37)	33.5	16.3
Net Operating Income	**2,080.82**	**2,149.97**	**2,474.49**	3.3	15.1
Total Provision (Loan losses, Depreciation & others)	(541.45)	(616.62)	(672.38)	13.9	9.0
Income Before Tax	**1,539.37**	**1,533.35**	**1,802.11**	(0.4)	17.5
Tax	(479.48)	(528.60)	(579.06)	10.2	9.5
Net Income	**1,059.89**	**1,004.75**	**1,223.06**	(5.2)	21.7

Table 8: Developments in Offshore Balances

	Jun-15	Jun-16	Jun-17	Apr-18	Jun-18
Offshore balances as % to Networth	73.2	54.6	57.3	50.7	46.3
Annual Growth in Offshore balances (%)	55.8	(11.6)	24.2	1.5	2.0
Annual Growth in Nostro Balances (%)	41.7	(13.4)	(19.8)	25.1	47.2
Annual Growth in Placement (%)	90.6	(8.5)	100.6	(19.0)	(29.5)