Banking Sector Stability Report

MARCH 2017

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1. PREFACE

The Banking Sector Stability Report is published after each Monetary Policy Committee (MPC) meeting. The report highlights key 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.

A Brief Note on Monetary Policy Formulation in Ghana

Objective of Monetary Policy

The primary objective of the Bank of Ghana is to pursue sound monetary policies aimed at price stability and creating an enabling environment for sustainable economic growth. Price stability in this context is defined as a medium-term inflation target of 8 per cent with a symmetric band of ±2 per cent at which the economy is expected to grow at full potential without excessive inflation pressures. Other tasks for the Bank of Ghana include promoting and maintaining a sound financial sector and payment systems through effective regulation and supervision. This is important for intermediation since risks associated with financial markets are 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 whichever policy tools were deemed appropriate to stabilise inflation around the medium-term target. The Bank of Ghana's framework for conducting monetary policy is Inflation Targeting (IT), in which the central bank uses the Monetary Policy Rate (MPR) as the primary policy tool to set the monetary policy stance and anchor inflation expectations in the economy.

The MPC Process

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

2. EXECUTIVE SUMMARY

This report covers developments in the Ghanaian banking sector as at the end of February 2017. The sector comprised thirty-three (33) banks, sixteen (16) of which were domestically controlled and the remaining seventeen (17) foreign controlled. The branch network of banks increased from 1,342 in December 2016 to 1,367 in February 2017 and spread across the ten (10) regions.

The performance of the banking sector broadly improved over the first two months of 2017, reflected in some key financial soundness indicators (FSIs). Relative to December 2016, the industry recorded strong asset growth on account of sharp increases in foreign assets and investments, as well as a pickup in the credit extension over the review period. The industry's Capital Adequacy Ratio (CAR) posted a 37-month high of 18.5 per cent in February 2017, signaling the sector's improved ability to absorb losses. Asset quality, as measured by the non-performing loans (NPL) ratio, improved to 17.7 per cent in February 2017, from 18.0 per cent in January, but worsened in comparison to the 15.6 per cent recorded in February 2016. The increase in the NPL ratio over the one year period was partly due to the downgrade of some loans by banks after the 2016 Asset Quality Review (AQR), with no commensurate increase in gross advances.

The findings from the Bank of Ghana's credit conditions survey conducted in February 2017 to assess developments in banks' lending practices pointed to a net ease in the credit stance on loans. The results largely supported the gradual pickup in private sector credit observed over the first two months of 2017. The survey also showed a decline in the industry's inflation and lending rates expectations one year from February 2017, influenced by improved perceptions on economic performance and declining trends in Treasury bill rates.

In the outlook, the high NPLs continue to pose upside risks to the banking industry, despite the marginal decline in the energy-sector related debt exposures. This notwithstanding, the industry's NPL ratio is expected to improve following the conclusion of restructuring arrangements for the industry's exposure to the Bulk Oil Distribution Companies (BDCs). As government continues to pay down the energy-related State-Owned enterprises (SOEs) debts according to the agreed quarterly schedule, banks' exposure to the energy sector will decline. This, together with additional efforts by banks to tighten credit risk management practices and intensify loan recovery efforts, particularly for large non-oil related exposures, could lead to further reduction in the NPL ratio.

3. CREDIT CONDITIONS SURVEY

(I) Loans (or Credit Lines) to Enterprises & Households

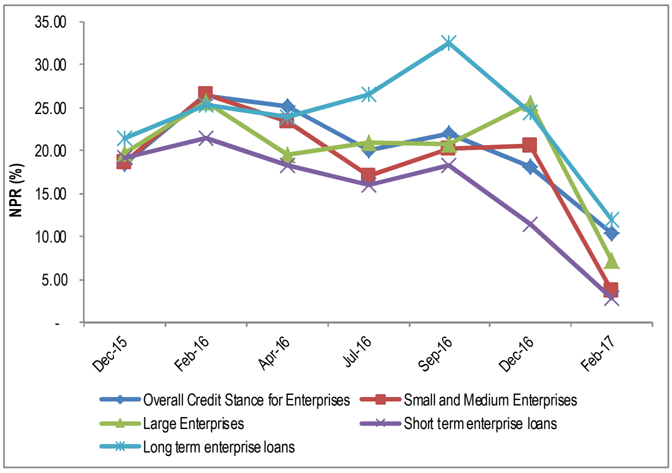
The February 2017 survey results on banking sector credit conditions showed a net ease in banks' overall credit stance to enterprises and households relative to the December 2016 survey round. The latest survey also reported a net ease in credit stance for short and long-term loans, as well as loans to small, medium and large enterprises. In addition, banks' credit stance on loans to households for house purchase and other consumer lending eased, in contrast to the observed tight stance during the December 2016 survey. The ease in credit stance across all sectors largely reflects improved perception on economic prospects by the banking sector.

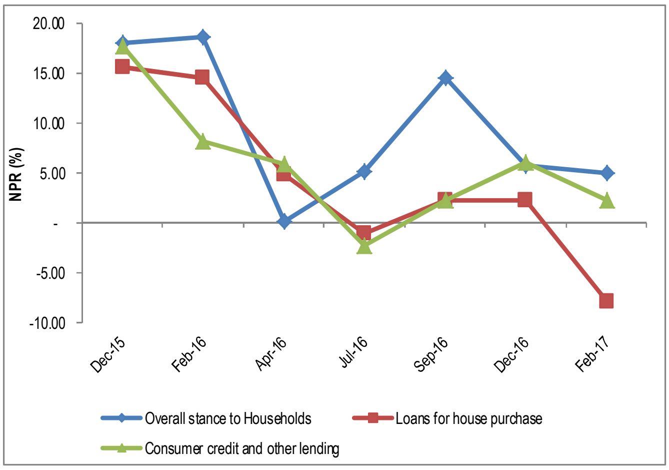
Inflation and lending rate expectations within the banking industry continued to trend downwards. As indicated by the February 2017 survey round, inflation expectations by banks declined to 12.9 per cent from 17.1 and 15.1 per cent during the September and December 2016 survey rounds respectively. Banks attributed the lowering inflation expectations to the continued decline in headline inflation and improved expectations regarding performance of the economy. The survey findings also suggest that banks expect lending rates to trend downwards in line with the benchmark 91-day Treasury bill rates.

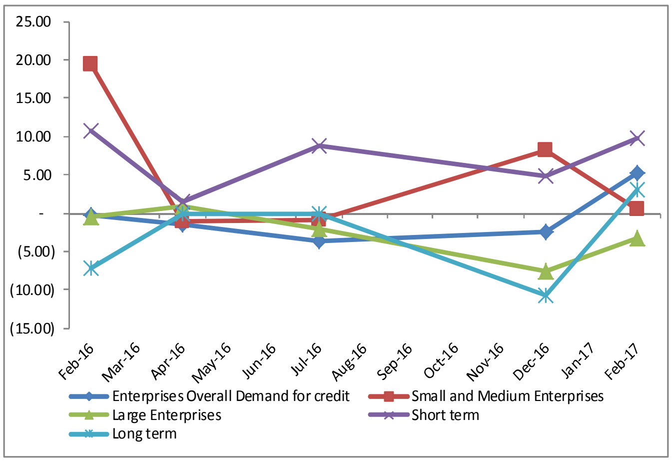
(II) Loan Demand for Enterprises & Households

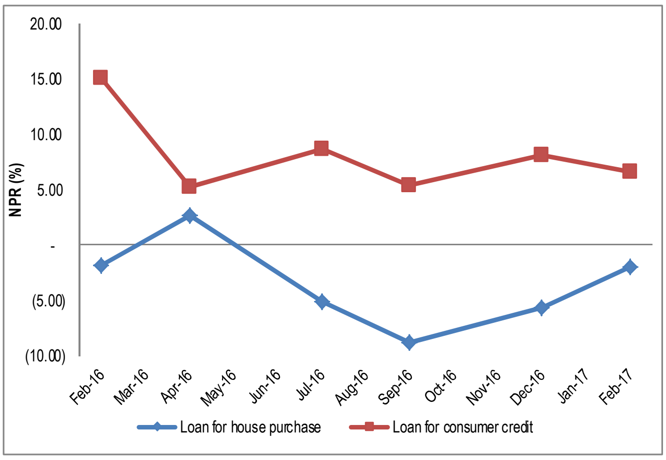
Banks reported a net increase in overall credit demand between December 2016 and February 2017, on the back of rising demand for both short and long-term loans by large enterprises. In contrast, demand for loans by small and medium enterprises showed a net decline over the same period. Household's demand for house purchase loans showed a net increase, while demand for consumer credit declined over the first two months of 2017.

Credit Conditions Survey









Note: A rise in the line graph denotes tightening of credit stance and a decline reflects easing on credit stance. On demand by households and enterprises, a rise denotes increased demand and a decline represents fall in demand.

4. BANKING SECTOR STABILITY ANALYSIS

4.1 DEVELOPMENTS IN BANKS' BALANCE SHEET

The size of bank's balance sheet expanded at a much faster pace in the year to February 2017. Total assets recorded a year-on-year growth of 33.5 per cent to GH¢83.6 billion in February 2017 from GH¢62.7 billion (17.3% y/y growth) in February 2016. The pickup in asset growth was attributed to significant increases in banks' investment portfolio and foreign assets. In particular, the stock of banks' foreign assets grew by 66.2 per cent year-on-year to GH¢8.3 billion in February 2017, compared with a contraction of 3.8 per cent in February 2016. The significant growth in foreign assets was driven in part by the depreciation of the Ghana cedi over the review period. The domestic component of total assets of the banking sector was GH¢75.3 billion (90% share of the total) representing an annual growth of 30.6 per cent at the end of February 2017, against a 19.6 per cent year-on-year growth in February 2016.

Credit extension picked up pace during the last quarter of 2016 and has continued into the first two months of 2017, reflected by higher growth in gross credit. Net loans and advances of the banking industry stood at GH¢31.3 billion in February 2017, representing a yearly growth of 16.3 per cent compared with the 15.5 per cent growth recorded in the corresponding period of last year. Banks' investment portfolio (bills and securities) also increased significantly to GH¢24.4 billion (66.9% y/y growth) in February 2017, against GH¢14.6 billion (20.4% y/y growth) in February 2016.

The banking sector continued to rely on deposits as the main source of funding. Accounting for 63.6 per cent of total assets, total deposits of the banking industry increased to GH¢53.2 billion (33.1% y/y growth) in February 2017 from GH¢40.0 billion in February 2016 (20.0% y/y growth). Banks' borrowings also picked up significantly by 50.9 per cent growth in February 2017, from a moderate 8.3 per cent growth in February 2016, driven largely by sharp increases in both long and short-term domestic borrowing.

The minimum paid-up capital of the banking sector increased to GH¢4.1 billion in February 2017 from GH¢3.2 billion in February 2016, following injection of additional and new capital by both existing and newly licensed banks. Year-on-year growth in shareholders' funds however moderated to 20.8 per cent in February 2017 from 21.2 per cent in February 2016, on account of slower growth in reserves within the banking sector.

Table 1: Key Developments in DMBs' Balance Sheet

					Y-on-Y Growth (%)				% Shares
	Feb-16	Dec-16	Jan-17	Feb-17	Feb-16	Dec-16	Jan-17	Feb-17	Feb-17
TOTAL ASSETS	**62,655.5**	**81,220.1**	**81,874.9**	**83,632.2**	***17.3***	***28.3***	***29.8***	***33.5***	***100.0***
A. Foreign Assets	5,020.2	7,283.4	8,198.7	8,342.4	*-3.8*	*36.7*	*66.8*	*66.2*	*10.0*
B. Domestic Assets	57,635.2	73,936.7	73,676.2	75,289.8	*19.6*	*27.5*	*26.7*	*30.6*	*90.0*
Investments	14,614.3	21,936.0	23,021.7	24,389.0	*20.4*	*53.9*	*53.3*	*66.9*	29.2
i. Bills	11,497.3	17,142.0	17,557.6	18,618.9	*23.8*	*52.1*	*48.5*	*61.9*	22.3
ii. Securities	2,707.1	4,377.4	5,044.3	5,344.9	*11.5*	*70.2*	*81.6*	*97.4*	6.4
Advances (Net)	26,864.2	30,960.3	30,434.2	31,254.5	*15.5*	*14.3*	*12.6*	*16.3*	37.4
of which Foreign Currency	8,759.6	8,818.0	8,891.4	9,110.7	*8.6*	*0.3*	*-2.0*	*4.0*	10.9
Gross Advances	30,119.8	35,409.0	35,070.3	35,976.0	*19.5*	*17.1*	*16.0*	*19.4*	43.0
Other Assets	3,347.3	3,137.0	3,610.3	3,578.0	*50.6*	*5.9*	*6.2*	*6.9*	4.3
Fixed Assets	2,217.6	2,955.0	2,951.4	2,997.0	*44.5*	*35.5*	*35.2*	*35.1*	3.6
TOTAL LIABILITIES AND CAPITAL	**62,655.5**	**81,220.1**	**81,874.9**	**83,632.2**	***17.3***	***28.3***	***29.8***	***33.5***	***100.0***
Total Deposits	39,977.9	51,664.4	51,753.9	53,205.5	*20.0*	*25.2*	*28.4*	*33.1*	*63.6*
of which Foreign Currency	12,143.6	13,584.1	14,201.2	15,081.1	*15.9*	*13.0*	*18.8*	*24.2*	*18.0*
Total Borrowings	9,189.1	13,636.8	14,651.6	13,863.0	*8.3*	*43.5*	*57.9*	*50.9*	*16.6*
Foreign Liabilities	3,463.8	4,320.9	4,336.9	4,361.1	*-24.4*	*2.4*	*4.5*	*25.9*	5.2
i. Short-term borrowings	1,447.2	2,152.6	2,156.6	2,076.2	*-43.5*	*-3.7*	*-2.1*	*43.5*	2.5
ii. Long-term borrowings	1,740.1	1,752.8	1,760.9	1,898.5	*-1.7*	*2.2*	*1.9*	*9.1*	2.3
iii. Deposits of non-residents	276.5	415.5	419.3	386.4	*10.7*	*55.2*	*92.2*	*39.7*	0.5
Domestic Liabilities	49,526.7	66,164.8	66,464.2	67,685.9	*21.4*	*32.8*	*34.7*	*36.7*	80.9
i. Short-term borrowing	5,125.4	8,355.8	9,373.2	8,534.9	*38.0*	*71.2*	*100.0*	*66.5*	10.2
ii. Long-term Borrowings	876.4	1,375.6	1,360.8	1,353.5	*97.9*	*104.8*	*105.0*	*54.4*	1.6
iii. Domestic Deposits	39,701.4	51,248.8	51,334.6	52,819.1	*20.1*	*25.0*	*28.0*	*33.0*	63.2
Other Liabilities	3,927.9	5,112.5	4,392.7	4,999.0	*7.4*	*50.8*	*9.5*	*27.3*	6.0
Paid-up capital	3,200.9	3,734.1	3,744.2	4,135.1	*17.9*	*16.6*	*17.0*	*29.2*	4.9
Shareholders' Funds	9,560.5	10,699.9	11,036.2	11,546.2	*21.2*	*16.9*	*16.7*	*20.8*	*13.8*

(I) Asset and Liability Structure of the Banking Industry

Net advances remained the largest component of banks' assets though its share declined to 37.4 per cent in February 2017 from 42.9 per cent a year earlier. However, the share of investments in total assets increased to 29.2 per cent in February 2017 from 23.3 per cent in February 2016, while the share of cash and short term funds rose to 25.4 from 24.7 per cent over the same comparative periods.

Deposits constituted 63.6 per cent of total assets as at the end of February 2017, marginally down from 63.8 per cent recorded in the corresponding period last year. The proportion of shareholders' funds used in funding total assets was 13.8 per cent in February 2017, declining from a share of 15.3 per cent in February 2016.

(II) BANKS' INVESTMENTS

The share of total investments in treasury bills declined to 76.3 per cent in February 2017 from 78.7 per cent in February 2016, although a larger proportion of banks' investments were in treasury bills (short-term investments). Similarly, the proportion of investments in shares and other equities also declined to 1.7 from 2.8 per cent over the same comparative period. The share of securities in total investments, however, increased to 21.9 per cent in February 2017 from 18.5 per cent in February 2016, while investments to deposit ratio rose to 45.8 from 36.6 per cent over the same comparative periods.

4.2 CREDIT RISK

(III) Credit Portfolio Analysis

Annual growth in gross loans and advances picked up, in real terms, to 5.5 per cent in February 2017 from a modest 0.8 per cent in February 2016, on the back of increases in gross advances and declining inflation. Private sector credit growth also increased, in real terms, to 3.8 per cent in February 2017 from 1.2 per cent in February 2016.

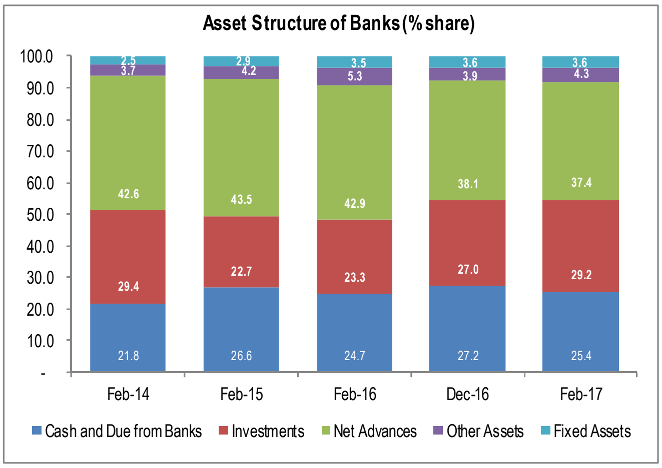
The private sector remained the largest recipient of bank credit with a share of 97.1 per cent in February 2017, slightly up from 87.4 per cent in February 2016. The share of household credit however, declined from 15.4 per cent to 13.7 per cent during the same comparative period. The shares of bank credit to government, public institutions and public enterprises declined marginally to 1.5, 5.1 and 7.4 per cent respectively in February 2017 from 1.6, 5.6 and 7.6 per cent in the same period last year.

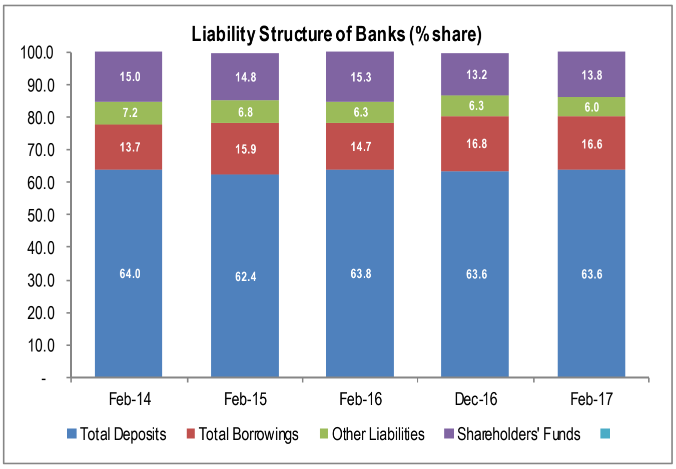
In terms of sector credit allocation, Commerce & Finance accounted for the largest share with 25.6 per cent of outstanding credit balances. Cumulatively, the three sectors of Commerce & Finance, Services, and Electricity, Gas & Water held the largest share of 57.6 per cent in total banking sector credit in February 2017, compared with 58.8 per cent share in February 2016. The proportion of credit allocated to the Mining and Quarrying, Services, and Agriculture, Forestry & Fishing sectors declined during the review period.

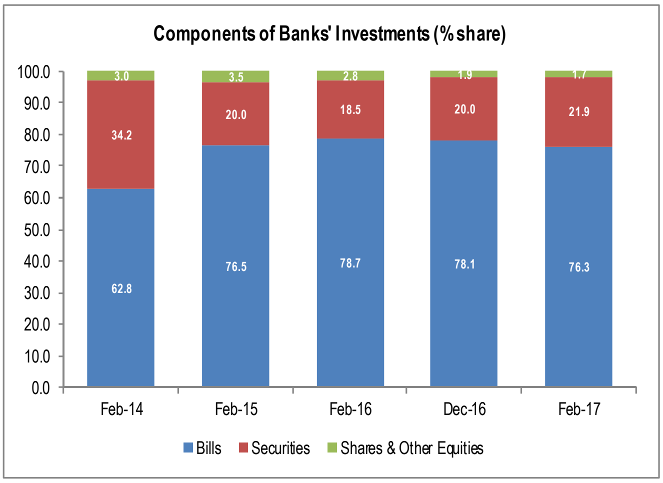
(IV) Off-Balance Sheet Activities

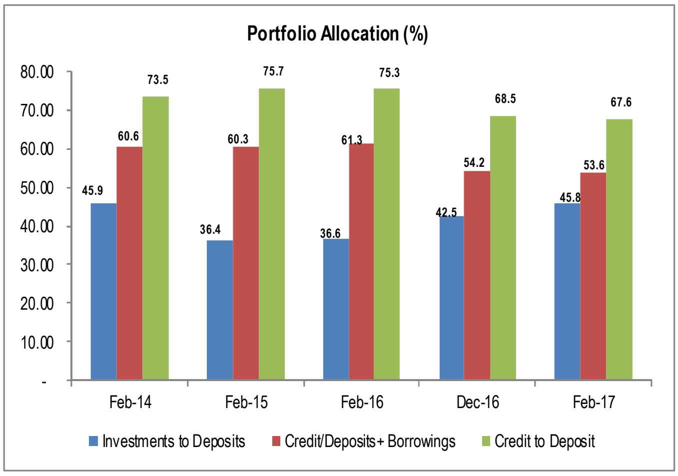
Banks' off-balance sheet items (contingent liabilities) stood at GH¢7.3 billion in February 2017, representing a year-on-year growth of 8.8 per cent from GH¢6.6 billion recorded in February 2016. The pickup in the off–balance sheet exposures was due to uptick in trade finance and guarantees. However, off-balance sheet exposures as a percentage of total banking sector liabilities declined to 10.2 per cent in February 2017 from 12.7 per cent in February 2016.

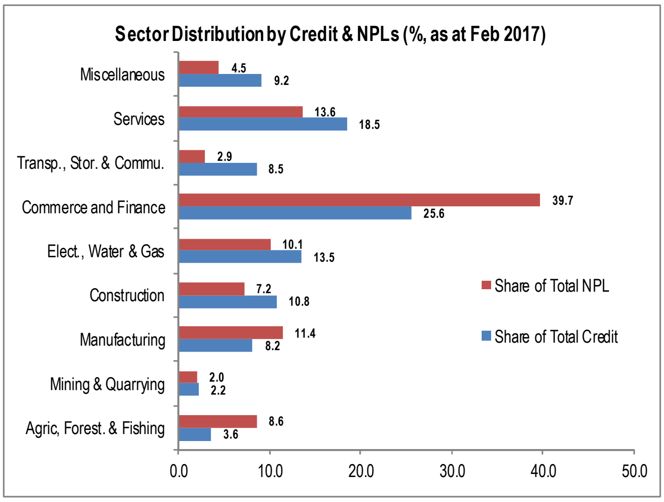
Developments in Banks' Balance Sheet

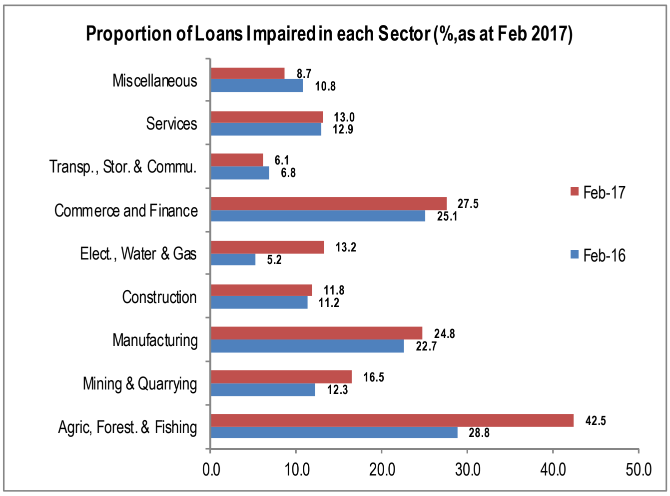












(V) ASSET QUALITY

The industry's stock of NPLs increased to GH¢6.4 billion in February 2017 from GH¢4.7 billion in February 2016. The increase in the stock of NPLs, with no commensurate increase in gross advances, led to a higher NPL ratio of 17.7 per cent in February 2017, compared with 15.6 per cent in the same period last year. The deterioration in asset quality was largely attributed to the Asset Quality Review of bank loans in 2016 which led to the downgrade of some existing loans by banks. The February 2017 NPL ratio of 17.7 per cent however, signalled an improvement over the January 2017 NPL ratio of 18.0 per cent. Adjusting for the fully provisioned loan loss category, the NPL ratio was 8.6 per cent in February 2017, against 7.6 per cent in February 2016.

The high non-performing loans were driven mainly by Commerce & Finance (39.7%), Services (13.6%) and the Electricity, Gas & Water (10.1%) sectors. Together, these three sectors represented 63.4 per cent of the total NPLs of the banking sector.

4.3 FINANCIAL SOUNDNESS INDICATORS

(VI) Liquidity Indicators

Liquidity in the banking sector eased, with both core and broad liquidity indicators improving over the review period. The banking sector's operational liquidity measures also remained well above acceptable thresholds during the review period.

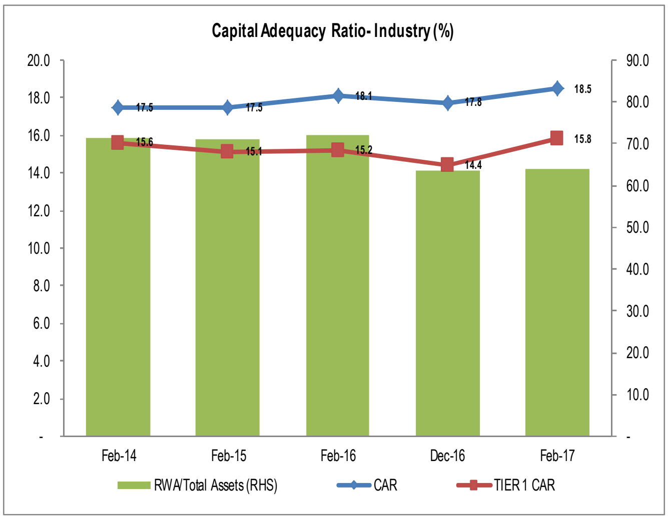
(VII) Capital Adequacy Ratio

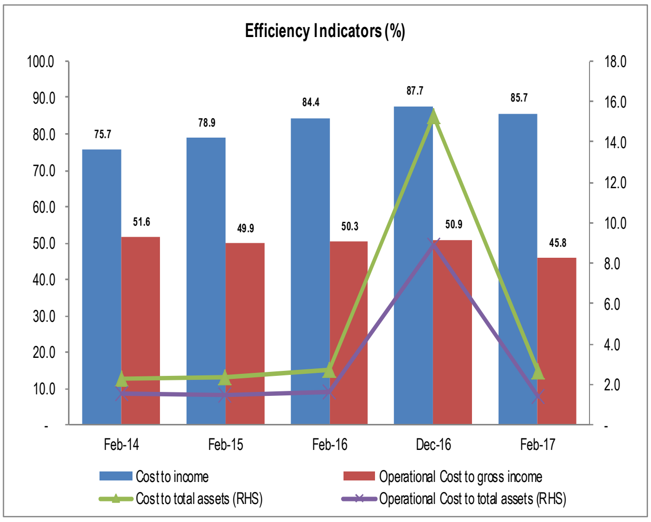
The industry's capital adequacy ratio (CAR) increased to 18.5 per cent in February 2017 from 18.1 per cent in February 2016. The industry's Risk-Weighted Assets (RWA) to total assets also declined to 64.1 per cent from 72.0 per cent over the same comparative period due to the significant increase in banks' total assets.

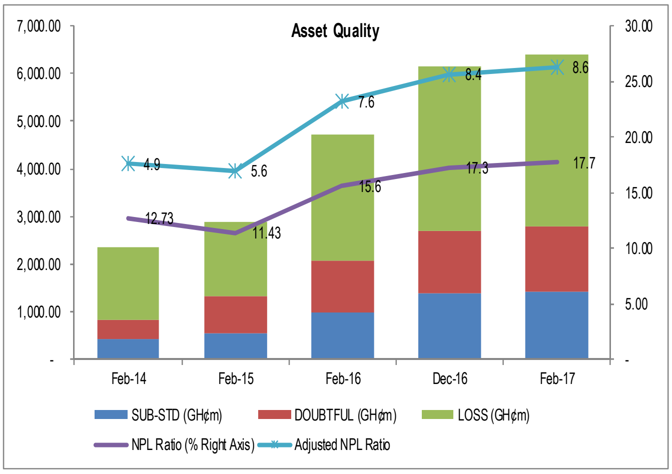
(VIII) Profitability

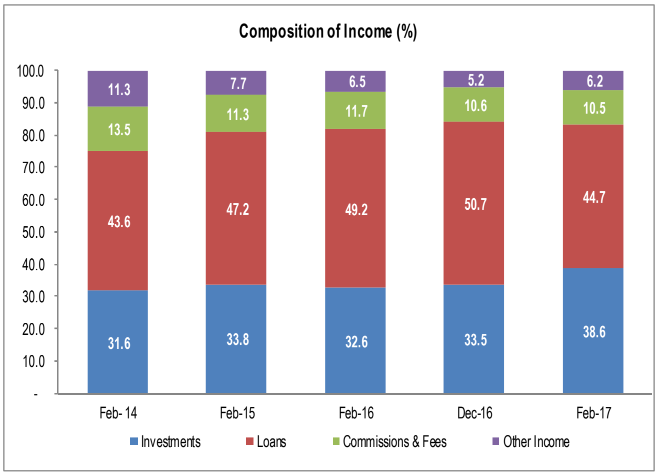
The banking industry's income before tax registered an annual growth of 14.8 per cent for the period ending February 2017, after contracting by 3.2 per cent in February 2016. Net profit after tax also increased to GH¢366.7 million in February 2017 from GH¢316.3 million in February 2016, representing a year-on-year growth of 15.9 per cent. Annual growth in banks' net interest income also picked up from 14.6 per cent to 17.8 per cent during the same comparative periods.

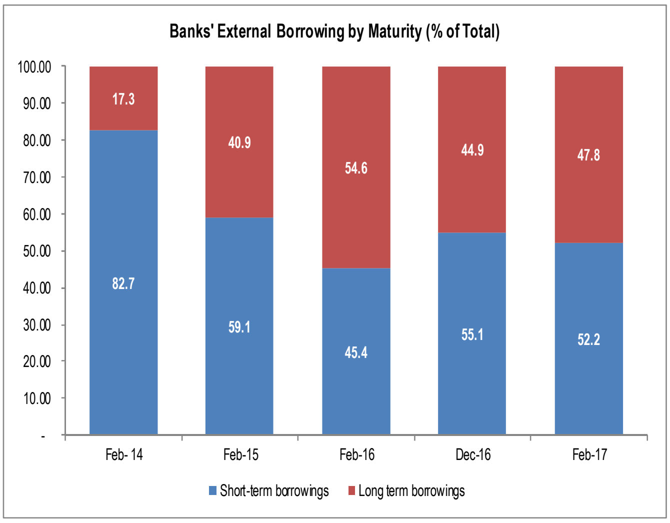
Financial Soundness Indicators (FSIs)

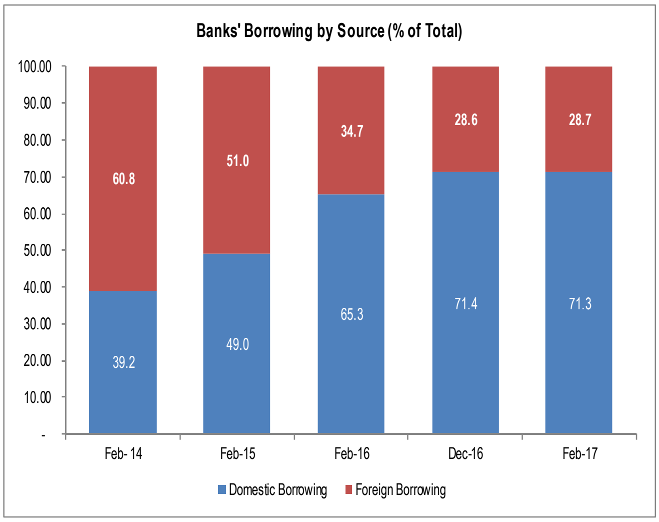












a) Return on Assets and Return on Equity

After-tax return on equity (ROE) and pre-tax return on assets (ROA) declined during the period under review, indicating a decline in the industry's ability to generate more income per unit of equity or assets employed. The banking industry's ROA decreased from 4.6 per cent in February 2016 to 4.0 per cent in February 2017, while the ROE declined from 20.7 per cent to 19.6 per cent over the same review period.

b) Interest Margin and Spread

Gross income to total assets (i.e. assets utilisation) within the banking sector declined marginally to 3.1 per cent in February 2017 from 3.2 per cent in February 2016, while banks' interest spreads, also declined to 1.9 from 2.5 per cent over the same comparative periods.

c) Composition of Banks' Income

Interest income from loans constituted 44.7 per cent of total income in February 2017 compared with 49.2 per cent in February 2016. Bank's share of investment income in total income increased to 38.6 per cent in February 2017 from 32.6 per cent in February 2016. The proportion of fees and commission in total income however, declined to 10.5 per cent from the 11.7 per cent recorded over the same comparative periods.

d) Operational Efficiency

The banking sector's cost to total assets ratio was 2.7 per cent in February 2017, same as a year earlier. Cost to income ratio, however, increased to 85.7 per cent in February 2017 from 84.4 per cent in February 2016, indicating a general decline in efficiency within the banking industry.

4.4 BANKS' COUNTERPARTY RELATIONSHIPS

Banks continued to trade actively with both domestic and foreign counterparties.

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

Banks' balances with foreign banks (nostro balances) recorded an annual growth of 4.5 per cent in February 2017 compared with 8.3 per cent contraction a year ago. Banks' other claims on non-residents (placements) grew by 29.4 per cent year-on-year in February 2017 from a negative growth of 4.0 per cent in February 2016 as banks' increased their investments abroad.

Developments in banks' borrowings showed preference for domestic sources of borrowing than foreign sources. The proportion of domestic borrowing in banks' total borrowed funds increased to 71.3 per cent in February 2017 from 65.3 per cent in February 2016, while foreign borrowing declined to 28.7 per cent from 34.7 per cent over the same period.

Banks’ short term sources of external borrowing increased relative to long term sources during the period under review. The proportion of short term borrowing in banks’ external funds increased to 52.2 per cent in February 2017 from 45.4 per cent in February 2016; while the share of long term external borrowing declined to 47.8 per cent from 54.6 per cent.

5. CONCLUSION AND OUTLOOK

The overall performance of the banking sector in the year to February 2017 showed improvement in some financial soundness indicators. Liquidity and capital adequacy were well above prudential and statutory requirements, although asset quality as measured by the NPL ratio remained high.

The outlook for the industry remains broadly positive over the medium term following the conclusion of discussions on the new minimum capital requirement and plans to introduce the Internal Capital Adequacy Assessment Process (ICAAP) under the Basel II framework in July 2017. These initiatives would enhance the capital position of banks and boost overall performance of the industry.

ANNEXES

Table 1: Asset and Liability Structure of the Banking Sector					
	Feb-14	Feb-15	Feb-16	Dec-16	Feb-17
Components of Assets (% of total)					
Cash and Due from Banks	21.8	26.6	24.7	27.2	25.4
Investments	29.4	22.7	23.3	27.0	29.2
Net Advances	42.6	43.5	42.9	38.1	37.4
Other Assets	3.7	4.2	5.3	3.9	4.3
Fixed Assets	2.5	2.9	3.5	3.6	3.6
Components of Liabilities & Shareholders (% of total)					
Total Deposits	64.0	62.4	63.8	63.6	63.6
Total Borrowings	13.7	15.9	14.7	16.8	16.6
Other Liabilities	7.2	6.8	6.3	6.3	6.0
Shareholders' Funds	15.0	14.8	15.3	13.2	13.8

Table 2: Gross Loans and Real Credit Growth				
	Feb-15	Feb-16	Dec-16	Feb-17
Gross Loans and Advances (GH¢m)	25,210.8	30,119.8	35,409.0	35,976.0
Real Growth (y-o-y)	*17.5*	*0.8*	*1.9*	*5.5*
Private Sector Credit (GH¢m)	22,005.6	26,397.4	30,222.1	31,015.6
Real Growth (y-o-y)	*16.2*	*1.2*	*-0.3*	*3.8*
Household Loans (GH¢m)	4,480.7	4,639.5	4,754.6	4,955.7
Real Growth (y-o-y)	*24.8*	*-12.6*	*-8.0*	*-5.7*

Table 3: Contingent Liability					
	Feb-14	Feb-15	Feb-16	Dec-16	Feb-17
Contingent Liabilities (GH¢)	5,405.3	7,399.3	6,748.6	7,370.4	7,341.8
Growth (y-o-y, %)	*40.9*	*36.9*	*-8.8*	*-0.2*	*8.8*
% of Total Liabilities	*16.3*	*16.3*	*12.7*	*10.5*	*10.2*

Table 4: Distribution of Loans and NPLs By Economic Sector (%)						
	Feb-16		Dec-16		Feb-17	
	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**	**3.8**	**14.9**	**3.2**	**14.0**	**2.9**
i. Government	2.6	1.6	1.6	1.4	1.5	1.1
ii. Public Institutions	1.5	0.1	5.6	0.1	5.1	0.1
iii. Public Enterprises	8.5	2.0	7.6	1.7	7.4	1.7
b. Private Sector	**87.4**	**96.2**	**85.1**	**96.8**	**86.0**	**97.1**
i. Private Enterprises	70.7	87.7	70.1	92.0	71.0	90.9
o/w Foreign	10.2	8.9	9.0	13.2	8.8	12.6
Indigeneous	60.5	78.8	61.1	78.9	62.2	78.3
ii. Households	15.4	8.0	13.4	4.4	13.7	5.6
iii. Others	1.4	0.5	1.6	0.3	1.2	0.6

Table 5: Liquidity Ratios					
	Feb-14	Feb-15	Feb-16	Dec-16	Feb-17
Liquid Assets (Core) - (GH¢'million)	8,522.0	14,225.5	15,505.5	22,100.9	21,283.5
Liquid Assets (Broad) - (GH¢'million)	19,672.9	25,938.2	29,710.0	43,620.3	45,247.3
Liquid Assets to total deposits (Core)-%	*34.0*	*42.7*	*38.8*	*42.8*	*40.0*
Liquid Assets to total deposits (Broad)- %	*78.5*	*77.9*	*74.3*	*84.4*	*85.0*
Liquid assets to total assets (Core)- %	*21.8*	*26.6*	*24.7*	*27.2*	*25.4*
Liquid assets to total assets (Broad)- %	*50.3*	*48.6*	*47.4*	*53.7*	*54.1*

Table 6: Profitability Indicators (%)					
	Feb-14	Feb-15	Feb-16	Dec-16	Feb-17
Gross Yield	3.0	3.6	4.3	26.6	3.7
Int Payable	1.2	1.4	1.8	11.6	1.8
Spread	1.9	2.2	2.5	15.0	1.9
Asset Utilitisation	3.0	3.0	3.2	17.4	3.1
Interest Margin to Total Assets	1.5	1.6	1.5	8.2	1.4
Interest Margin to Gross income	51.2	52.0	47.6	47.4	43.4
Profitability Ratio	23.6	21.1	15.6	12.3	14.0
Return On Equity (%) after tax	29.4	27.5	20.7	18.0	19.6
Return On Assets (%) before tax	6.0	6.0	4.6	3.8	4.0

Table 7: DMBs' Income Statement Highlights							
	Feb-15	Feb-16	Dec-16	Feb-17	Feb-16	Dec-16	Feb-17
	(GH ¢'million)				Y-on-Y Growth (%)		
Interest Income	1312.9	1656.8	11906.6	2182.7	*26.2*	*28.9*	*31.7*
Interest Expenses	-470.7	-691.5	-5207.1	-1045.8	*46.9*	*48.1*	*51.2*
Net Interest Income	**842.3**	**965.3**	**6699.4**	**1136.9**	*14.6*	***17.1***	*17.8*
Fees and Commissions (Net)	183.2	238.0	1497.8	275.6	*29.9*	*13.0*	*15.8*
Other Income	125.0	131.5	741.3	161.2	*5.3*	*-15.0*	*22.5*
Operating Income	**1150.4**	**1334.8**	**8938.5**	**1573.7**	*16.0*	***12.9***	*17.9*
Operating Expenses	**-561.5**	**-692.7**	**-4814.0**	**-848.3**	*23.4*	***21.9***	*22.5*
Staff Cost	-301.8	-371.2	-2521.0	-435.9	*23.0*	*23.1*	*17.4*
Other operating Expenses	-259.7	-321.5	-2293.0	-412.4	*23.8*	*20.7*	*28.3*
Net Operating Income	**588.9**	**642.2**	**4124.5**	**725.4**	*9.0*	***3.9***	*13.0*
Total Provision (Loan losses, Depreciation & others)	-101.8	-171.6	-1509.2	-175.7	*68.6*	*9.3*	*2.4*
Income Before Tax	**487.1**	**471.3**	**2612.6**	**541.2**	*-3.2*	***0.9***	*14.8*
Tax	-144.9	-155.0	-875.0	-174.5	*7.0*	*13.2*	*12.6*
Net Income	**342.3**	**316.3**	**1737.5**	**366.7**	*-7.6*	***-4.3***	*15.9*
Gross Income	**1621.1**	**2026.4**	**14145.7**	**2619.5**	*25.0*	***23.7***	*29.3*

Table 8: Developments in Offshore Balances				
	Feb-15	**Feb-16**	**Dec-16**	**Feb-17**
Offshore balances as % to Networth	61.6	47.2	63.4	67.4
Annual Growth in Offshore balances (%)	69.3	-7.0	50.2	14.7
Annual Growth in Nostro Balances (%)	82.4	-8.3	25.1	4.5
Annual Growth in Placement (%)	45.6	-4.0	111.2	29.4